

18 MARCH 2014

THE PARAGON GROUP OF COMPANIES PLC  
AS PGC

PARAGON MORTGAGES (2010) LIMITED  
AS PML (2010)

AND

CITICORP TRUSTEE COMPANY LIMITED  
AS THE TRUSTEE

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CRR DEED OF COVENANT

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**THIS DEED OF COVENANT** is made on 18 March 2014

**BY:**

- (1) **THE PARAGON GROUP OF COMPANIES PLC** (registered number 2336032) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ ("PGC");
- (2) **PARAGON MORTGAGES (2010) LIMITED** (registered number 6595834) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ ("PML 2010");

**IN FAVOUR OF:**

- (3) **CITICORP TRUSTEE COMPANY LIMITED** (registered number 235914) whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (in its capacity as the trustee, the "**Trustee**", which expression shall include such person and all other persons for the time being acting as the trustee or trustees under the Trust Deed); and
- (4) **PARAGON MORTGAGES (NO.19) PLC**, a company incorporated with limited liability in England and Wales with registered number 8603520 whose registered office is at 51 Homer Street, Solihull, West Midlands B91 3QJ (the "**Issuer**").

**WHEREAS:**

- (A) The Issuer on the date of this Deed will issue the Notes in order to fund the purchase of the Mortgages from Paragon Mortgages (2010) Limited (in its capacity as a Seller) and Mortgage Trust Limited.
- (B) PGC and PML 2010 are willing to give certain covenants in favour of the Issuer and the Trustee.

**NOW THIS DEED OF COVENANT** witnesses as follows:

**1. INTERPRETATION**

For the purposes of this Deed the expressions defined in the administration agreement dated on or about the date of this Deed (the "**Administration Agreement**") between the Issuer, Paragon Mortgages (2010) Limited (in its capacity as a Seller and Administrator), Mortgage Trust Services plc (in its capacity as Administrator), Mortgage Trust Limited and the Trustee shall, unless otherwise defined herein, have the same meaning in this Deed.

- 1.1 The headings and contents pages in this Deed shall not affect its interpretation. References in this Deed to Clauses are, unless the context otherwise requires, references to clauses of this Deed.
- 1.2 Unless the context otherwise requires, words denoting the singular number only shall include the plural number also and vice versa, words denoting one gender only shall include the other genders and words denoting persons only shall include firms and corporations and vice versa.

1.3 References in this Deed to any person shall include references to his successors, transferees and assigns and any person deriving title under or through him. References in this Deed to any statute or statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof and to any statutory instruments, orders or regulations made thereunder or under any such re-enactment.

1.4 References in this Deed to any agreement or other document shall be deemed also to refer to such agreement or document as modified, novated, supplemented or replaced from time to time.

## 2. COVENANT BY PGC

PGC covenants to the Issuer and the Trustee (on behalf of itself and the Noteholders) that it will procure that PGC or a wholly owned subsidiary of PGC will, whilst any of the Notes remain outstanding, retain on an ongoing basis a material net economic interest of not less than 5 per cent. in the nominal value of the securitisation in accordance with the text of Article 405 of Regulation (EU) No.575/2013 (as amended) (the "CRR") and Article 51 of Regulation (EU) No 231/2013, referred to as the Alternative Investment Fund Managers Regulation (which in each case does not take into account any corresponding national measures).

## 3. COVENANT BY PML 2010

PML 2010 covenants to the Issuer and the Trustee (on behalf of itself and the Noteholders) that it will, whilst any of the Notes remain outstanding, comply with the obligations under Article 409 of the CRR (which does not take into account any implementing rules of the CRR in a relevant jurisdiction), subject always to any requirement of law, provided that PML 2010 shall solely determine what constitutes materially relevant data for the purposes of such Article 409 taking into account generally accepted market practice as to disclosure and reporting and the requirements of the Noteholders as a class.

## 4. NOTIFICATION

Each of PGC and PML 2010 agrees to notify the Issuer and the Trustee in writing of any breach of their respective covenants contained in this Deed as soon as reasonably practicable after it becomes aware of it.

## 5. NOTICES

The provisions of Clause 24 of the Administration Agreement shall, *mutatis mutandis*, apply to this Deed and the giving of notices pursuant hereto.

## 6. THE TRUSTEE

In the event that there is any change in the identity of the Trustee in accordance with the Trust Deed, the retiring Trustee, PGC and PML 2010 and the Issuer shall execute such documents and take such actions as such new Trustee may reasonably require for the purpose of vesting in such Trustee the rights of the Trustee under this Deed and, if so determined by the new Trustee, releasing the retiring Trustee from further obligations hereunder.

**7. EXCLUSION OF THIRD PARTY RIGHTS**

The parties to this Deed do not intend that any term of this Deed should be enforced, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Deed.

**8. GOVERNING LAW**

8.1 This Deed and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

8.2 The courts of England are to have jurisdiction to settle any disputes arising out of or in connection with this Deed. This submission is irrevocable and for the exclusive benefit of the Issuer and the Trustee. It does not prevent proceedings being commenced by the Issuer and the Trustee in the courts of any other country or, subject to applicable law, in the courts of more than one country at the same time. PGC, PML 2010 and the Issuer irrevocably waive any objection, on the ground of *forum non conveniens* or on any other ground, to proceedings in the courts of England and irrevocably agree that a judgement in any proceedings brought in the courts of England will be conclusive and binding on each of them and may be enforced in any other court.

IN WITNESS WHEREOF the parties to this Deed have caused this Deed to be executed as a deed the day and year first above mentioned.

Executed by:  
as its deed as follows:  
Signed for and on its behalf by one  
of its duly authorised attorneys

The Paragon Group of Companies PLC

Signature: A. Johnson

By: 

Name: S. HARKY

Witness Name: ALANVA JOHNSON Title: Attorney

Occupation: TRAINEE SOLICITOR

Address: 10 UPPER BANK STREET

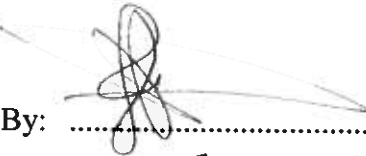
LONDON

E14 5JJ

Executed by:  
as its deed as follows:  
Signed for and on its behalf by one  
of its directors

Paragon Mortgages (2010) Limited

Signature: A. Johnson

By: 

Name: S. HARKY

Witness Name: ALANVA JOHNSON Title: Director

Occupation: TRAINEE SOLICITOR

Address: 10 UPPER BANK STREET

LONDON

E14 5JJ

**Executed by:**  
**as its deed as follows:**  
Signed for and on its behalf by one of its  
duly authorised attorneys

**Citicorp Trustee Company Limited**

Signature: A. Johnson

By: [Signature]

Name: Justin Ng  
Vice President

Witness Name: ALANNA JOHNSON

Title: Attorney

Occupation: TRAINEE SOLICITOR

Address: 10 UPPER BANK STREET  
LONDON  
E14 5JJ

**Executed by:**  
**as its deed as follows:**  
Signed for and on its behalf by one  
of its directors

**PARAGON MORTGAGES (NO.19) PLC**

Signature: A. Johnson

By: [Signature]

Name: per pro SFM Directors Limited  
as Director

Witness Name: ALANNA JOHNSON

Title: Director

Occupation: TRAINEE SOLICITOR

Address: 10 UPPER BANK STREET  
LONDON  
E14 5JJ