

IDEM MORTGAGE SALE AGREEMENT

made on

17 July 2014

between

IDEM CAPITAL SECURITIES LIMITED

as the Purchaser

and

IDEM (NO.3) LIMITED

as the Seller

THIS MORTGAGE SALE AGREEMENT is made by way of deed on 17 July 2014

BETWEEN:

- (1) **IDEM CAPITAL SECURITIES LIMITED** (registered number 07350538) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ ("**ICSL**", which term where the context permits shall include its successors and permitted assigns); and
- (2) **IDEM (NO.3) LIMITED** (registered number 06595544) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ (the "**Seller**", which term where the context permits shall include its successors and permitted assigns).

IT IS HEREBY AGREED as follows:

1. **INTERPRETATION**

1.1 *Definitions*

In this Agreement, except so far as the context otherwise requires and subject to any contrary indication:

"**Annexures**" means the annexure to this Agreement and signed by or on behalf of the parties hereto for the purposes of identification;

"**Accrued Arrears**" means, in respect of any Mortgage, the amount of all sums which have accrued as due and payable by the Borrowers in respect of such Mortgage in respect of the period up to but excluding the Sale Date and which remain due and payable at the Sale Date (**provided that** the principal moneys payable under any such Mortgage shall not be deemed to be due for the purpose of this paragraph merely because the legal date for redemption of the relevant Mortgage has passed as at the Sale Date);

"**Arrears Mortgage**" means a Mortgage in respect of which, on the Sale Date, the Accrued Arrears exceeds in aggregate an amount equal to one current monthly payment under that Mortgage;

"**Borrower**" means, in relation to each Mortgage, the same as in the Mortgage Conditions;

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for business in London;

"**Consideration**" has the meaning indicated in Clause 3 (*Consideration*);

"**FRS 26 Adjustment**" means the postings required to adjust the carrying volume of a mortgage to that calculated under the "amortised cost basis"(as defined Financial Reporting Standard 26 under UK GAAP) and as calculated by ICSL on the Sale Date;

"**Insurance Contracts**" means in respect of the Mortgages:

- (a) the "Mortgage Impairment Contingency Policy" written by Chubb Insurance Company of Europe S.A. in respect of any loss suffered by the insured arising by reason of damage to Property occurring as a direct result of the failure of the Borrower to effect or renew adequate insurance cover, to make or pursue a legitimate insurance claim or to utilise the proceeds of any claim to repair such damage (being at the date hereof the policy numbered no. 35758567), to the extent it relates to the Mortgages;
- (b) those building insurance policies on the Properties (not being any of the Block Buildings Policies) where, among others, PML or Idem or one or more of them is a named insured or where any of their respective interests are noted
- (c) the "Fidelity Insurance Policy" written by certain underwriters at Lloyd's of London through the agency of Willis Limited in relation to loss suffered as a result of fraud, forgery or computer crime, the acts or omissions of the Administrators, the Sellers, the Administrators' employees or the Sellers' employees and any similar policy in relation to the acts or omissions of any person performing the Services or any part of them on behalf of the Administrators or any other insurance policy of similar effect written by certain underwriters at Lloyd's of London being at the date hereof the policy numbered 10117P14; and
- (d) the "Block Policy" with AXA Insurance UK plc which carries on insurance business within the U.K. and whose address is 5 Old Broad Street, London EC2N 1AD (being at the date hereof the policy numbered no. LPBDX6335079), to the extent it relates to the Mortgages;

"Mortgage Conditions" means the terms and mortgage conditions applicable to the Mortgages and which are comprised in the mortgage documentation used by the original mortgagee, as the case may be, from time to time;

"Mortgagee" means the Seller as mortgagee;

"Mortgages" means the mortgages (and the liabilities secured thereby) brief details of which are set out in the Annexure to this Agreement;

"PFPLC" means Paragon Finance PLC

"Property" means, in relation to each Mortgage, the freehold or leasehold residential property upon which the relevant loan under that Mortgage are secured;

"Sale Date" means the 17 July 2014;

"Trustee" means Citicorp Trustee Company Limited;

"Trusts Account" means the account of ICSL numbered 58728902 (code 55-50-15), with National Westminster Bank Plc at its branch at 4 High Street, Solihull, West Midlands, B91 3WL;

1.2 *Headings and clause references*

The headings and contents pages in this Agreement shall not affect its interpretation. References in this Agreement to clauses shall, unless the context otherwise requires, be construed as references to clauses of this Agreement and references to sub-clauses shall, unless the context otherwise requires, be construed as references to sub-clauses of the clause in which the references appear.

1.3 *Number, gender and persons*

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.

1.4 *References to documents*

References in this Agreement to any document shall be deemed also to refer to such document as amended, modified, novated or replaced from time to time.

2. **SALE TO ICSL**

2.1 *Agreement to sell and purchase on Sale Date*

Subject to the terms and conditions of this Agreement, the Seller agrees to sell and ICSL agrees to purchase on the Sale Date:

- (a) subject to the subsisting rights of redemption of Borrowers, all right, title, interest, benefit and obligations (to the extent that such obligations are vested in the Seller) of the Seller in the Mortgages, including for the avoidance of doubt:
 - (1) all sums of principal, interest or any other sum payable under and the right to demand, sue for, recover, receive and give receipts for all principal moneys payable or to become payable under such Mortgages or the unpaid part thereof and the interest due or to become due thereon and the other sums due under such Mortgages including the Accrued Arrears in respect of any such Mortgage and the amount of any interest (including capitalised interest (if any)) or other sums due to be paid or accrued in respect of any period up to the Sale Date under or in respect of any Mortgage (**provided that** the principal moneys payable under any such Mortgage shall not be deemed to be due for the purpose of this paragraph merely because the legal date for the redemption of the relevant Mortgage has passed); and
 - (2) the benefit of all securities for such principal moneys and interest and the benefit of and the right to sue on all obligations and covenants with, or vested in, the Mortgagee in each such Mortgage and the right to exercise all powers in relation to such Mortgages and the benefit of all consents to mortgage signed by occupiers of the Properties; and

- (3) all the estate and interest in the Properties vested in the Mortgagee subject to redemption or cesser; and
 - (4) all causes and rights of action against any person in connection with any report, valuation, opinion, certificate, consent or other statement of fact or opinion given in connection with any such Mortgage or affecting the decision to make the relevant advance; and
 - (5) the benefit of any guarantee or surety vested in the Mortgagee relating to any such Mortgage and any other collateral security relating to such Mortgage; and
- (b) all right, title, interest and benefit (whether present or future) in relation to the Insurance Contracts in which the Seller has any interest including the right to receive the proceeds of any claim in any case insofar only as such contracts relate to such Mortgages,

such sale and purchase to take effect on the Sale Date immediately upon satisfaction of all of the conditions indicated in Clause 5.1 (*Sale conditions precedent*) and shall be completed in the manner indicated in Clause 5 (*Completion*).

2.2 *Trust in favour of ICSL of any sold assets held by Seller after Sale Date*

If, on or at any time after the Sale Date, the Seller holds, or there is held to its order, or it receives, or there is received to its order any property, interest, right or benefit hereby agreed to be sold to ICSL and/or the proceeds thereof, it undertakes with ICSL that it will hold such property, interest, right or benefit and/or the proceeds thereof upon trust for ICSL as the beneficial owner thereof or as ICSL may direct and in the case of proceeds shall forthwith pay such proceeds to ICSL or as ICSL may direct to be dealt with as provided herein.

3. **CONSIDERATION**

3.1 *Amount of consideration*

The total consideration payable by ICSL to the Seller for the sale by the Seller referred to in Clause 2.1 (*Agreement to sell and purchase on Sale Date*) shall be the Consideration payable as specified in this Agreement. In this Agreement "**Consideration**" shall be a sum equal to:

- (a) the principal balances in respect of the Mortgages sold by the Seller on the Sale Date as at the Sale Date shown in the Annexure to this Agreement pursuant to which such Mortgages are to be sold on the Sale Date where such amount in the case of each such Mortgage is described as the "Current Principal Balance"; *plus*
- (b) the amount of Accrued Arrears in respect of such Mortgages; *plus*

- (c) the amount of interest and other sums accrued in respect of any period ending before the Sale Date under or in respect of such Mortgage which in each case have not fallen due for payment; *plus*
- (d) the amount (if any) in respect of such Mortgages shown in such Annexure and described as "**FRS 26 Adjustments**"; *less*
- (e) in respect of each Arrears Mortgage, the amount of any provision which has been made against the recovery of amounts due under that Arrears Mortgage as set out in the schedule delivered to ICSL pursuant to Clause 3.2 (*Provisions Schedule*).

3.2 ***Provisions Schedule***

The Seller shall deliver to ICSL prior to the Sale Date a print-out detailing the provisions (if any) against recovery which have been made in respect of certain Mortgages to be sold by the Seller on the Sale Date.

4. **CONTINUING OBLIGATIONS**

4.1 ***Co-operation***

The Seller undertakes with ICSL that it will provide all reasonable co-operation to ICSL during the term of this Agreement and without prejudice to the generality of the foregoing shall:

- (a) upon reasonable notice and during normal office hours permit ICSL and its authorised employees and agents and other persons nominated by it to review its files in relation to the Mortgages and any related books of account and records; and
- (b) give promptly all such information, facilities and explanations relating to its business and any of the Mortgages and all other property, interest, right, benefit or obligation hereby agreed to be sold as any such person may reasonably request.

4.2 ***No announcements in relation to Mortgages***

Prior to the Sale Date, the Seller shall not make any announcement in relation to any of the Mortgages, other than an adjustment of the rate or rates of interest on the Mortgages or as required by or pursuant to a pre-existing contractual obligation, without the prior approval of ICSL (such approval not to be unreasonably withheld or delayed) of the terms of such announcement.

4.3 ***Continuation of Mortgage administration arrangements pending completion***

Without prejudice to the other provisions of this Agreement, throughout the period from the date of this Agreement until performance by the Seller of its obligations under Clause 5.3 (*Completion of transfer of the assets*) on the Sale Date, the Seller shall procure that PFPLC, or any other administrator, shall continue to administer the

Mortgages (in respect of which it remains the administrator up to such date) on the same basis as for all other mortgages administered by it.

5. COMPLETION

5.1 *Sale conditions precedent*

The sale and purchase referred to in Clause 2.1 (*Agreement to sell and purchase on Sale Date*) is conditional upon payment to the Seller (or as the Seller may direct) by or at the request of ICSL of the Consideration payable under Clause 3 (*Consideration*) and subject to such conditions being satisfied on or before the Sale Date, such sale and purchase shall take effect on the Sale Date.

5.2 *Payment of the Consideration*

On the Sale Date, unless ICSL has given written notice to the Seller on or before the Sale Date stating that ICSL is not satisfied that the Seller will comply with its obligations under Clause 5.3 (*Completion of transfer of the assets*) on the Sale Date, then ICSL shall procure the payment of the Consideration payable in accordance with Clause 3 (*Consideration*) for value on the Sale Date.

5.3 *Completion of transfer of the assets*

On the Sale Date, immediately upon satisfaction of the conditions referred to in Clause 5.1 (*Sale conditions precedent*) the Seller shall deliver to ICSL or as ICSL may direct in relation to the Mortgages:

- (a) the Mortgages;
- (b) paper copies of the title deeds to the Properties in respect of the Mortgages;
- (c) electronic copies of the Mortgages registered at the Land Registry of England and Wales; and
- (d) its files relating to each of the Mortgages; and
- (e) one copy of the Annexure to this Agreement, signed by ICSL and the Seller for the purposes of identification.

5.4 *Manner of delivery of certain items*

The items referred to in paragraphs (b), (c), (d) and (e) of Clause 5.3 above shall be delivered on the Sale Date at the offices of ICSL in Solihull.

5.5 *Waiver of vendor's lien*

Where the whole or any part of the consideration payable for a Mortgage is left outstanding on the Sale Date, the Seller shall not be entitled to and hereby expressly waives any unpaid vendor's lien over any of the documents it is required to hand over pursuant to this Clause 5 on the Sale Date or any sums or documents coming into its possession or held to its order for which it is obliged to account under this Agreement.

6. EXCLUSION OF WARRANTIES

ICDS and the Seller agree that all representations, warranties and conditions (expressed or implied, statutory or otherwise) in respect of the Mortgages and/or any of the rights, title and interests sold to ICDS pursuant to this Agreement are expressly excluded (including, without limitation, warranties and conditions as to title, quiet possession, satisfactory quality, fitness for purpose and description).

7. MERGER

Any term of this Agreement to which effect is not given on the Sale Date shall not merge and shall remain in full force and effect notwithstanding the completion and delivery of the documents referred to in Clause 5.3 (*Completion of transfer of the assets*).

8. NO AGENCY OR PARTNERSHIP

Nothing in this Agreement shall be construed as giving rise to any relationship of agency or partnership between any of the parties and in fulfilling its obligations hereunder, each party shall be acting entirely for its own account.

9. PAYMENTS

All payments to be made pursuant to this Agreement shall be made in sterling in immediately available funds and shall be deemed to be made when they are received by the payee.

10. FURTHER ASSURANCE

The parties to this Agreement agree that they will co-operate fully to do all such further acts and things and execute any further documents as may be necessary or desirable to give full effect to the arrangements contemplated by this Agreement.

11. WAIVER

Any exercise or failure to exercise any right under this Agreement shall not (unless otherwise herein provided) constitute a waiver of that or any other right.

12. **NOTICES**

Any notices to be given pursuant to this Agreement shall be sufficiently served if delivered by hand or sent by prepaid first-class post or by telex or facsimile or email transmission and shall be deemed to be given upon receipt and shall be delivered or sent in the case of a party to this Agreement to 51 Homer Road, Solihull, West Midlands B91 3QJ (facsimile number: 0121 712 2072, email address: Company_Secretary@paragon-group.co.uk) marked for the attention of: The Company Secretary, or to such other address or facsimile number or marked for the attention of such other person or department as may from time to time be notified by any party to the other parties by written notice in accordance with the provisions of this Clause.

13. **ASSIGNMENT**

No party to this Agreement may assign or charge any of its rights and obligations to any other person.

14. **VARIATIONS**

This Agreement may be varied in writing signed by duly authorised signatories on behalf of the parties to this Agreement.

15. **EXCLUSION OF THIRD PARTY RIGHTS**

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

16. **GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, the laws of England.

17. **JURISDICTION**

17.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or the consequences of its nullity or any non-contractual obligations arising out of or in connection with this Agreement) (a "**Dispute**").

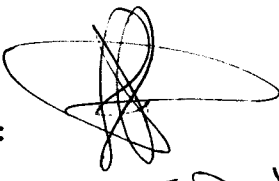
17.2 The parties to this Agreement agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party to this Agreement will argue to the contrary.

IN WITNESS WHEREOF the parties to this Agreement have executed this Agreement as a deed on the date indicated at the start of this document.

Executed by:
as its deed as follows:
Signed for and on its behalf by an
authorised attorney

IDEM CAPITAL SECURITIES LIMITED

Signature: A. Johnson

By: 
Name: J.A. HARLEY

Witness Name: Alanna Johnson Title: Attorney

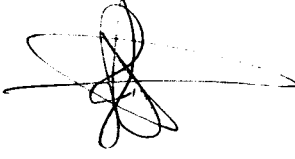
Occupation: Trainee Solicitor

Address: 10 Upper Bank Street
London
E14 5JJ

Executed by:
as its deed as follows:
Signed for and on its behalf by an
authorised attorney

IDEM (NO.3) LIMITED

Signature: A. Johnson

By: 
Name: J.A. HARLEY

Witness Name: Alanna Johnson Title: Attorney

Occupation: Trainee Solicitor

Address: 10 Upper Bank St
London E14 5JJ

Annexure

This is the Annexure referred to in the foregoing Agreement.

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MORTGAGES SOLD BY THE SELLER TO ICSL