

DATED 23 JULY 2015

STRUCTURED FINANCE MANAGEMENT LIMITED
AS SFM CORPORATE SERVICES PROVIDER

SFM CORPORATE SERVICES LIMITED
AS SHARE TRUSTEE

PARAGON MORTGAGES (NO.23) HOLDINGS LIMITED
AS HOLDINGS

PARAGON MORTGAGES (NO.23) PLC
AS THE ISSUER

CITICORP TRUSTEE COMPANY LIMITED
AS THE TRUSTEE

AND

PARAGON MORTGAGES (2010) LIMITED
AS SELLER

SFM CORPORATE SERVICES AGREEMENT

IN RELATION TO

NOTES ISSUED BY PARAGON MORTGAGES
(NO.23) PLC

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SFM CORPORATE SERVICES AGREEMENT (the "**Agreement**") dated 23 July 2015

BETWEEN:

- (1) **STRUCTURED FINANCE MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales with registered number 03853947, whose registered office is at 35 Great St. Helen's, London EC3A 6AP (the "**SFM Corporate Services Provider**");
- (2) **SFM CORPORATE SERVICES LIMITED**, a private limited company incorporated under the laws of England and Wales with registered number 03920255, whose registered office is at 35 Great St. Helen's, London EC3A 6AP (the "**Share Trustee**");
- (3) **PARAGON MORTGAGES (NO.23) HOLDINGS LIMITED**, a private limited company incorporated under the laws of England and Wales with registered number 9304318 whose registered office is 51 Homer Road, Solihull, West Midlands B91 3QJ ("**Holdings**");
- (4) **PARAGON MORTGAGES (NO.23) PLC**, a public company incorporated under the laws of England and Wales with registered number 9386326, whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ (the "**Issuer**");
- (5) **CITICORP TRUSTEE COMPANY LIMITED**, a private limited company incorporated under the laws of England and Wales under company number 235914 and having its registered office at Citigroup Centre, Canada Square Canary Wharf, London E14 5LB (the "**Trustee**"); and
- (6) **PARAGON MORTGAGES (2010) LIMITED**, a private company incorporated under the laws of England, registered number 6595834, with its registered office at 51 Homer Road, Solihull, West Midlands B91 3QJ ("**PML**").

BACKGROUND:

- (A) The Issuer has a share capital of £50,000 of fifty thousand ordinary shares of £1.00, 49,999 of which are quarter paid-up and one of which is fully paid-up. Holdings holds the fifty thousand ordinary shares of £1.00 in the Issuer.
- (B) Holdings has a share capital of £1.00 of one ordinary share of £1.00, which is fully paid-up. The Share Trustee holds the one ordinary share of £1.00 in Holdings pursuant to a declaration of trust made by the Share Trustee (the "**Share Declaration of Trust**").
- (C) The election of officers to the Issuer is governed by the Issuer's Articles of Association. The existing directors of the Issuer are SFM Directors Limited, SFM Directors (No. 2) Limited, J-P Nowacki and John Harvey and the existing company secretary of the Issuer is Pandora Sharp.
- (D) The Issuer wishes to appoint the SFM Corporate Services Provider to provide certain corporate administration services to the Issuer.

- (E) The election of officers to Holdings is governed by Holdings' Articles of Association. The existing directors of Holdings are SFM Directors Limited, SFM Directors (No. 2) Limited, J-P Nowacki and John Harvey and the existing company secretary of Holdings is Pandora Sharp.
- (F) Holdings wishes to appoint the SFM Corporate Services Provider to provide certain corporate administration services to Holdings (together with the Issuer, the "**Appointing Parties**", each an "**Appointing Party**").
- (G) Pursuant to the terms and conditions set out in this Agreement, the parties to this Agreement wish to make further arrangements with respect to the obligations of and services to be provided by the SFM Corporate Services Provider to the Issuer and Holdings.

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

- 1.1 The expressions defined in the Relevant Documents and Conditions (each as defined below) shall, unless otherwise defined in this Clause 1.1, or in the recitals above, have the same meanings in this Agreement except so far as the context otherwise requires:

"**Agency Agreement**" means the agency agreement dated on or about the date of this Trust Deed appointing the initial Registrar, Principal Paying Agent and Reference Agent in respect of the Notes, and any other agreement for the time being in force appointing further or other Registrars, Paying Agents or another Reference Agent in respect of the Notes, or in connection with their duties, the terms of which in each case have been previously approved in writing by the Trustee, together with any agreement for the time being in force amending or modifying with the prior written approval of the Trustee any of the aforesaid agreements;

"**Charged Property**" has the meaning given to it in the Deed of Charge;

"**Class A Noteholders**" means the several persons who are for the time being Holders (as defined in Condition 1(d)) of the Class A Notes (being, if and to the extent that the Class A Notes are represented by the Definitive Class A Notes, the holders thereof and, if and to the extent that the Class A Notes are represented by the Global Class A Notes, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class A Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the principal amount of Class A Notes standing to the account of any person shall be conclusive and binding for all purposes hereof (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Trustee, solely in the holder of the Class A Notes in accordance with and subject to their respective terms and the terms of this Agreement) and the words "**holder**" and "**holders**" shall (where appropriate) be construed accordingly;

"**Class A Notes**" means, as the context may require:

- (a) the €105,000,000 Class A1 mortgage backed floating rate notes due January 2043 (the "**Class A1 Notes**"); and
- (b) the £188,600,000 Class A2 mortgage backed floating rate notes due January 2043 (the "**Class A2 Notes**"),

hereby constituted by the Trust Deed or the amount thereof from time to time outstanding or, as the context may require, a specific number thereof and includes the Class A Global Note of each class (or any part thereof) and the Definitive Class A Notes of each class (or any of them);

"**Class B Noteholders**" means the several persons who are for the time being Holders (as defined in Condition 1(d)) of the Class B Notes (being, if and to the extent that the Class B Notes are represented by the Definitive Class B Notes, the holders thereof and, if and to the extent that the Class B Notes are represented by the Global Class B Notes, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class B Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the principal amount of Class B Notes standing to the account of any person shall be conclusive and binding for all purposes hereof (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Trustee, solely in the holder of the Class B Notes in accordance with and subject to their respective terms and the terms of this Agreement) and the words "**holder**" and "**holders**" shall (where appropriate) be construed accordingly;

"**Class B Notes**" means, the £14,800,000 Class B mortgage backed floating rate notes due January 2043, constituted by the Trust Deed or the amount thereof from time to time outstanding or, as the context may require, a specific number thereof and includes the Class B Global Note of each class (or any part thereof) and the Definitive Class B Notes of each class (or any of them);

"**Class C Noteholders**" means the several persons who are for the time being Holders (as defined in Condition 1(d)) of the Class C Notes (being, if and to the extent that the Class C Notes are represented by the Definitive Class C Notes, the holders thereof and, if and to the extent that the Class C Notes are represented by the Global Class C Notes, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class C Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the principal amount of Class C Notes standing to the account of any person shall be conclusive and binding for all purposes hereof (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Trustee, solely in the holder of the Class C Notes in accordance with and subject to their respective terms and the terms of this

Agreement) and the words "**holder**" and "**holders**" shall (where appropriate) be construed accordingly;

"**Class C Notes**" means, the £15,800,000 Class C mortgage backed floating rate notes due January 2043, constituted by the Trust Deed or the amount thereof from time to time outstanding or, as the context may require, a specific number thereof and includes the Class C Global Note of each class (or any part thereof) and the Definitive Class C Notes of each class (or any of them);

"**Class E Noteholders**" means the several persons who are for the time being Holders (as defined in Condition 1(d)) of the Class E Notes (being, if and to the extent that the Class E Notes are represented by the Definitive Class E Notes, the holders thereof and, if and to the extent that the Class E Notes are represented by the Global Class E Notes, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class E Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the principal amount of Class E Notes standing to the account of any person shall be conclusive and binding for all purposes hereof (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Trustee, solely in the holder of the Class E Notes in accordance with and subject to their respective terms and the terms of this Agreement) and the words "**holder**" and "**holders**" shall (where appropriate) be construed accordingly;

"**Class E Notes**" means, the £7,505,000 Class E mortgage backed floating rate notes due January 2043, constituted by the Trust Deed or the amount thereof from time to time outstanding or, as the context may require, a specific number thereof and includes the Class E Global Note of each class (or any part thereof) and the Definitive Class E Notes of each class (or any of them);

"**Clearstream, Luxembourg**" means Clearstream Banking, *société anonyme*, or any successor in business thereto;

"**Closing Date**" means 23 July 2015;

"**Conditions**" means the Conditions applicable to each class of the Notes in the form set out in Schedule 4 of the Trust Deed (but, so long as the Notes of a particular class are represented by the Global Notes of that class, with the deletion therefrom of those provisions which are applicable only to the Definitive Notes of that class), as the same may from time to time be modified in accordance with this Agreement and any reference in this Agreement to a particular numbered Condition shall be construed accordingly;

"**Deed of Charge**" means the deed of sub-charge and assignment dated on or about the date of this Agreement made between, amongst others, the Issuer, the Trustee, Paragon Finance PLC (in its capacity as Subordinated Lender and as Issue Services Provider), the Seller and PML (in its capacity as Administrator) as from time to time modified in accordance with the provisions contained in this Agreement;

"Definitive Class A Notes" means the notes in definitive registered form to be issued in respect of each class of the Class A Notes or the Class A Notes of a particular class, as the context may require, pursuant to, and in the circumstances specified in, Clause 3.2 of the Trust Deed and includes any replacements for the Definitive Class A Notes of that class issued pursuant to Condition 11;

"Definitive Class B Notes" means the notes in definitive registered form to be issued in respect of each class of the Class B Notes or the Class B Notes of a particular class, as the context may require, pursuant to, and in the circumstances specified in, Clause 3.2 of the Trust Deed and includes any replacements for the Definitive Class B Notes issued pursuant to Condition 11;

"Definitive Class C Notes" means the notes in definitive registered form to be issued in respect of each class of the Class C Notes or the Class C Notes of a particular class, as the context may require, pursuant to, and in the circumstances specified in, Clause 3.2 of the Trust Deed and includes any replacements for the Definitive Class C Notes issued pursuant to Condition 11;

"Definitive Class E Notes" means the notes in definitive registered form to be issued in respect of each class of the Class E Notes or the Class E Notes of a particular class, as the context may require, pursuant to, and in the circumstances specified in, Clause 3.2 of the Trust Deed and includes any replacements for the Definitive Class E Notes issued pursuant to Condition 11;

"Definitive Notes" means the Definitive Class A Notes, Definitive Class B Notes, the Definitive Class C Notes and the Definitive Class E Notes or any of them (if any);

"EMIR" means Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators);

"Encumbrance" has the meaning given to it in the Deed of Charge;

"Enforcement Notice" has the meaning ascribed thereto in Condition 9;

"Euroclear" means Euroclear Bank S.A./N.V. or any successor in business thereto;

"FATCA" means the Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act;

"Global Notes" has the meaning ascribed thereto in Condition 1(b) and comprises:

- (a) a **"Global Class A1 Note"** in respect of the Class A1 Notes;
- (b) a **"Global Class A2 Note"** in respect of the Class A2 Notes;
- (c) a **"Class B Global Note"** in respect of the Class B Notes;
- (d) a **"Class C Global Note"** in respect of the Class C Notes; and
- (e) a **"Class E Global Note"** in respect of the Class E Notes;

"Issuer Services Provider" means Paragon Finance PLC with registered number 1917566 whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ;

"Mortgage Sale Agreement" means the agreement dated on or about the date of this Agreement between the Seller, the Warehouse, PML (in its capacity as Administrator), the Issuer and the Trustee, whereby the Issuer acquired or is to acquire the Mortgages, as from time to time supplemented or modified;

"Mortgages" has the meaning ascribed thereto in the Mortgage Sale Agreement;

"Noteholders" means the Class A Noteholders and/or Class B Noteholders and/or the Class C Noteholders and/or the Class E Noteholders or any of them;

"Notes" has the meaning given to it in the Trust Deed;

"outstanding" means all the Notes issued other than:

- (a) those Notes which have been redeemed pursuant to Condition 5 or otherwise pursuant to the Trust Deed;
- (b) those Notes in respect of which the date for redemption in full in accordance with the Conditions has occurred and the redemption moneys for which (including all interest payable thereon) have been duly paid to the Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with Condition 12) and remain available for payment;
- (c) those Notes which have been cancelled in accordance with Condition 5;
- (d) those Definitive Notes which have become void under Condition 8;
- (e) those mutilated or defaced Definitive Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 11;
- (f) (for the purpose only of ascertaining the amount of Definitive Notes outstanding and without prejudice to the status for any other purpose of the relevant Definitive Notes) those Definitive Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 11;
- (g) the Global Notes to the extent that they shall have been exchanged for the Definitive Notes, pursuant to the provisions contained therein and in the Trust Deed;

provided that for each of the following purposes, namely:

- (h) the right to attend and vote at any meeting of the Noteholders;

- (i) the determination of how many and which Notes are for the time being outstanding for the purposes of Clause 7.1 and Clause 18 of the Trust Deed, Conditions 9, 10 and 13 and paragraphs 2, 5, 6 and 9 of Schedule 3 of the Trust Deed;
- (j) any discretion, power or authority contained in the Trust Deed which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of any of the Noteholders; and
- (k) the determination by the Trustee whether any of the events specified in Condition 9 is materially prejudicial to the interests of the Noteholders,

(A) those Notes (if any) which are for the time being held beneficially by or for the account of the Issuer, the Issue Services Provider, PML, PFPLC or any of their respective subsidiaries or holding companies or other subsidiaries of such holding companies (the "**Relevant Persons**"), in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except where all of the Notes of any class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such class of Notes (the "**Relevant Class of Notes**") shall be deemed to remain outstanding except that, if there is any other class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such class, then the Relevant Class of Notes shall be deemed not to remain outstanding; and (B) the Class A1 Notes following the Class A2 Redemption Date, shall be deemed not to remain outstanding.

"**Payment Priorities**" has the meaning given to it in the Conditions;

"**Principal Paying Agent**" means Citibank, N.A., London Branch at its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, or such other Principal Paying Agent in respect of the Notes for the time being as may have been appointed as such by the Issuer with the prior written approval of, and on terms previously approved in writing by, the Trustee and (except in the case of the initial Principal Paying Agent) notice of whose appointment has been given to the Noteholders pursuant to Clause 11(n) of the Trust Deed in accordance with Condition 12;

"**Rating Agencies**" means Fitch Ratings Ltd ("**Fitch**") of 30 North Colonnade, London, E14 5GN and Moody's Investors Service Limited ("**Moody's**") of One Canada Square, Canary Wharf, London E14 5FA;

"**Receiver**" means a receiver, manager, receiver or manager or administrative receiver appointed under the Deed of Charge or pursuant to statutory powers, and includes more than one such receiver and any substituted receiver;

"**Reference Agent**" means Citibank, N.A., London Branch at its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, or such other Reference Agent in respect of the Notes as may (with the prior approval of, and on terms previously approved in writing by, the Trustee) from time to time be appointed as such by the Issuer and (except in the case of the initial Reference Agent) notice of

whose appointment has been given to the Noteholders pursuant to Clause 11(n) of the Trust Deed in accordance with Condition 12;

"**Registrar**" means Citibank, N.A., London Branch;

"**Relevant Documents**" has the meaning ascribed thereto in Condition 3;

"**repay**", "**redeem**" and "**pay**" shall each include both the others and "**repaid**", "**repayable**" and "**repayment**", "**redeemed**", "**redeemable**" and "**redemption**" and "**paid**", "**payable**" and "**payment**" shall be construed accordingly;

"**Secured Amounts**" has the meaning given to it in the Deed of Charge;

"**SFM Corporate Services Fee Letter**" means the letter so named dated on or about the date of this Agreement setting out the remuneration to be provided to the SFM Corporate Services Provider by the Issuer under the SFM Corporate Services Agreement;

"**Trust Deed**" means the trust deed of even date herewith and made between the Issuer and the Trustee constituting the Notes, together with the Schedules thereto, and any document supplemental thereto and the schedules (if any) thereto, all as may from time to time be varied in accordance with the provisions contained therein;

"**Warehousers**" has the meaning given to it in the Mortgage Sale Agreement;

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*.

- 1.2 All references in this Agreement to "**pounds**", "**sterling**", "**pounds sterling**", "**GBP**" or the sign "£" shall be construed as references to the lawful currency of the United Kingdom.
- 1.3 All references in these presents to "**EUR**", "**euro**" or the sign "€" shall be construed as references to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty of Rome of 25 March 1957, as amended from time to time.
- 1.4 All references in this Agreement to any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such re-enactment.
- 1.5 Unless the context otherwise requires words or expressions contained in this Agreement shall bear the same meanings as in the Companies Act 2006.
- 1.6 Unless the context otherwise requires, in this Agreement references to Schedules, Clauses, sub-clauses, paragraphs and sub-paragraphs shall be construed as references to the Schedules to this Agreement and to the Clauses, sub-clauses, paragraphs and sub-paragraphs of this Agreement respectively and, unless otherwise stated,

references to sub-clauses are references to sub-clauses of the Clause in which the reference appears.

- 1.7 References in this Agreement to any action, remedy or method of judicial proceeding for the enforcement of the rights of creditors shall be deemed to include, in respect of any jurisdiction other than England and Wales, references to such action, remedy or method of judicial proceeding for the enforcement of the rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of judicial proceeding described or referred to in this Agreement.
- 1.8 Any reference to and the definition of any document (including this Agreement) shall be deemed to be a reference to such document as from time to time amended, supplemented, modified or replaced (in whole or in part), but disregarding any amendment, supplement, variation or replacement taking place in breach of the terms of this Agreement.
- 1.9 Any reference in this Agreement to any party or person includes any person deriving title therefrom and any of their respective successors or assigns.
- 1.10 Terms not defined herein but defined in the Conditions shall, unless the context otherwise requires, bear the same meaning herein.

2. **DUTIES AND RESPONSIBILITIES**

- 2.1 Each of the Appointing Parties hereby appoint the SFM Corporate Services Provider to provide the services and to perform the obligations (including the Appointing Parties Administration Services in Schedule 1 and Additional Services in Schedule 2 together (the "**Services**")) set out in this Agreement, until such time as this Agreement is terminated pursuant to Clause 13 (*Termination*).
- 2.2 The SFM Corporate Services Provider hereby accepts such appointment and undertakes to exercise due skill, care and diligence in the proper performance of the Services as would be reasonably expected for a commercially appointed corporate services provider.
- 2.3 The SFM Corporate Services Provider shall be responsible for the provision of services to the Appointing Parties and certain matters incidental thereto, with due observance of the following:
 - (a) all requirements of English law and the Articles of Association of the Issuer (as applicable);
 - (b) all requirements of English law and the Articles of Association of Holdings (as applicable); and
 - (c) the provisions of this Agreement (including those set out in Schedule 1 Part I ("**Issuer Administration Services**") and Schedule 1 Part II ("**Holdings Administration Services**", together with the Issuer Administration Services, the "**Appointing Parties Administration Services**"), and Schedule 2 (the "**Additional Services**").

- 2.4 The SFM Corporate Services Provider is entitled not to comply with any instruction or request received in relation to any Appointing Party, if compliance with this instruction or request would result in a violation of any law, regulation or good business practice. The non-compliance with such instruction or request may not result in any liability of the SFM Corporate Services Provider.
- 2.5 All activities engaged in by the SFM Corporate Services Provider on behalf of each Appointing Party under the provisions of this Agreement shall be subject to the overall policies, directions and control of the board of directors of the Issuer ("**Issuer Board**") or the board of directors of Holdings ("**Holdings Board**") (where applicable).

3. NOMINATION

3.1 For so long as this Agreement remains in force:

- (a) the SFM Corporate Services Provider is entitled to, and shall, nominate two corporate bodies and one natural person, each willing to serve in the capacity of director of the Issuer (the "**SFM Issuer Directors**") and has nominated SFM Directors Limited, SFM Directors (No. 2) Limited and J-P Nowacki with effect from 22 May 2015 as its first nominees in such capacity and nothing herein shall prevent the SFM Corporate Services Provider from nominating itself as a corporate director of the Issuer;
- (b) the Sellers are entitled to, and shall, nominate one natural person willing to serve in the capacity of director of the Issuer (and, in each case, the Sellers have nominated John Harvey with effect from 22 May 2015 as its first nominee in such capacity);
- (c) the Sellers are entitled to, and shall, nominate one person willing to service in the capacity as company secretary of the Issuer (the "**Issuer Secretary**") and has nominated Pandora Sharp with effect from 22 May 2015 as its first nominee in such capacity;
- (d) the SFM Corporate Services Provider is entitled to, and shall, nominate two corporate bodies and one natural person, each willing to serve in the capacity of director of Holdings (the "**SFM Holdings Directors**", together with the SFM Issuer Directors, the "**SFM Directors**") and has nominated SFM Directors Limited, SFM Directors (No. 2) Limited and J-P Nowacki with effect from 22 May 2015 as its first nominees in such capacity and nothing herein shall prevent the SFM Corporate Services Provider from nominating itself as a corporate director of Holdings; and
- (e) the Sellers are entitled to, and shall, nominate one natural person willing to serve in the capacity of director of Holdings (and, in each case, the Sellers have nominated John Harvey with effect from 22 May 2015 as its first nominee in such capacity);
- (f) the Sellers are entitled to, and shall, nominate one person willing to service in the capacity as company secretary of Holdings (the "**Holdings Secretary**") and have nominated Pandora Sharp with effect from 22 May 2015 as its first nominee in such capacity.

- 3.2 Nothing shall prevent the SFM Corporate Services Provider from, upon giving written notice to the then relevant existing SFM Directors, nominating such other person as it may think fit to act as SFM Director. Notwithstanding the foregoing, the SFM Corporate Services Provider shall not be entitled to nominate a person who is an employee of Paragon Finance PLC or any of its associated companies to act as an SFM Director.
- 3.3 The SFM Corporate Services Provider hereby confirms that, if any of the natural persons or corporate bodies nominated by it should resign or retire or for any other reason cease to act as SFM Director, it will promptly:
- (a) procure that such SFM Director shall acknowledge in writing that he has no claim of any nature whatsoever against the Issuer or Holdings (where appropriate) other than a contingent claim pursuant to Clause 14 (*Indemnity*);
 - (b) nominate another natural person or corporate body willing to act in the relevant capacity if as a consequence of such resignation, retirement or other reason there would be less than three SFM Issuer Directors or SFM Holdings Directors, including at least one natural person in each case;
 - (c) procure the consent of that other person to act in that capacity prior to such resignation or retirement;
 - (d) procure that at all times all of the SFM Directors shall be resident for tax purposes in the United Kingdom, or, in the case of a corporate body, incorporated in England & Wales and tax resident in the United Kingdom; and
 - (e) procure that all meetings held by each of the Issuer Board and the Holdings Board will be held in the United Kingdom and that the SFM Issuer Directors and SFM Holdings Directors (where appropriate) will attend such meetings from the United Kingdom.
- 3.4 The SFM Corporate Services Provider shall procure that each of the natural persons or corporate bodies nominated by it as an SFM Director from time to time as provided above is a fit and proper person to act as an SFM Director, accepts the relevant appointment and acts in the relevant capacity without fee or remuneration from the Issuer, save that nothing in this Agreement shall prejudice any right to remuneration or other payments on the part of the SFM Corporate Services Provider under this Agreement or the SFM Corporate Services Fee Letter.

4. OBLIGATIONS OF THE SFM CORPORATE SERVICES PROVIDER AND THE APPOINTING PARTIES

- 4.1 Until termination of this Agreement pursuant to Clause 13 (*Termination*), the SFM Corporate Services Provider agrees to procure that the SFM Directors perform their duties as officers of each Appointing Party, cause each Appointing Party to discharge its obligations under all relevant laws, and provide the Services to or on behalf of each Appointing Party.

- 4.2 In the provision of the Services, the SFM Corporate Services Provider agrees to act at all times in accordance with all reasonable directions, orders and instructions given by the Issuer Board and the Holdings Board (where applicable).
- 4.3 In respect of any payment to be made or action to be taken by the SFM Corporate Services Provider as part of its performance of the Services in respect of which the SFM Corporate Services Provider would be entitled to reimbursement or indemnification under this Agreement or any other Transaction Document, the SFM Corporate Services Provider shall not be required to expend or risk its own funds or otherwise incur financial liability or take such action in the performance of any of its duties referred to in Clauses 2 (*Duties and Responsibilities*), 3 (*Nomination*) and 4 (*Obligations of the SFM Corporate Services Provider and the Appointing Parties*) above or in the exercise of any of its rights or powers hereunder if there are any grounds for believing that the reimbursement of such expenditure or indemnity satisfactory to it against such risk or liability is not assured to it.
- 4.4 The SFM Corporate Services Provider shall not take any steps which, so far as it is aware after such due and appropriate enquiry as is consistent with the Services, would cause either Appointing Party to be in breach of any law or any obligations under any agreement by which they are bound or would constitute a breach of any provision of the Memorandum and Articles of Association of the Issuer or of the Memorandum and Articles of Association of Holdings.

5. **DISCLOSURE OF INFORMATION**

- 5.1 The SFM Corporate Services Provider agrees to procure that each SFM Director (regardless of whether or not such person shall still be in office) and each person appointed as a subcontractor, agent or delegate of the SFM Corporate Services Provider shall treat as confidential all documentation and information relating to the business, finances, assets or other matters of either Appointing Party which it may have obtained as a result of its role under this Agreement, and in the case of any SFM Director as a result of his/her position as Director of either Appointing Party, and that each person shall not, disclose to any person, firm or company (other than the Share Trustee or the Trustee) any such documentation or information, and the SFM Corporate Services Provider shall use its best endeavours to prevent such disclosure. However the provisions of this Clause 5.1 (*Disclosure of Information*) shall not apply:
- 5.1.1 to the disclosure of any information already known to the recipient otherwise than as a result of entering into any of the Transaction Documents;
- 5.1.2 to any information subsequently received by the recipient which it would otherwise be free to disclose;
- 5.1.3 to the disclosure of any information which is or becomes public knowledge otherwise than as a result of a breach of this Clause 5 (*Disclosure of Information*) or other unauthorised or improper conduct of such person;
- 5.1.4 to the extent that the disclosure is required pursuant to any proceedings arising out of or in connection with this Agreement or to any law or order of any court or pursuant to any direction, request or requirement (whether or not having the

force of law) of any central bank or any governmental or other authority (including, but without limitation, any official bank examiners, or regulators);

- 5.1.5 to the disclosure of any information to the Share Trustee, the Trustee, the auditors, professional advisers, subcontractors, agents, delegates or other duly authorised representatives of the Issuer, Holdings, SFM Corporate Services Provider, the Sellers, the Share Trustee, or the Trustee;
 - 5.1.6 to the extent that the recipient needs to disclose the same for the protection or enforcement of any of its rights under any of the agreements referred to in Clause 5.1.1 above or in connection herewith or for discussion with HM Revenue & Customs ("**HMRC**") concerning any tax liability arising in connection with this Agreement or any other agreement entered into by the Issuer, or in the case of the Trustee, for the purpose of discharging, in such manner as it thinks fit, its duties under or in connection with such agreements in each case to such persons as require to be informed of such information for such purposes;
 - 5.1.7 to any information which the Rating Agencies may require to be disclosed to them (such disclosure to be made only if it does not result in the contravention of any applicable law or regulation);
 - 5.1.8 to the disclosure of any information to any permitted or proposed assignee of the SFM Corporate Services Provider, who receives such information under a duty of confidentiality subject to such permitted or proposed assignee agreeing to provide an undertaking to keep the contents of this Agreement confidential on the same terms as this Clause 5 (*Disclosure of Information*);
 - 5.1.9 to the disclosure of any information with the consent of the parties hereto; and
 - 5.1.10 to the disclosure to persons on behalf of either Appointing Party of any information reasonably required and/or appropriate in relation to such Appointing Party whether pursuant to the terms of the Relevant Documents or any other documents to which such Appointing Party is now, or hereinafter becomes, a party or otherwise.
- 5.2 The SFM Corporate Services Provider hereby agrees to indemnify and hold harmless either Appointing Party and the Share Trustee, in accordance with Clause 14 (*Indemnity*) for all losses, damages, expenses, costs, claims and charges reasonably incurred arising from or caused by any disclosure of information by any of the SFM Corporate Services Provider, its employees or agents or any nominated SFM Director which is made contrary to the provisions of Clause 5.1 (*Disclosure of Information*).

6. **NOMINATION OF DIRECTORS AFTER SERVICE OF AN ENFORCEMENT NOTICE**

- 6.1 In the event that an Enforcement Notice is served on the Issuer, Holdings shall exercise its rights as the sole beneficial owner of all of the shares in the Issuer, and the rights and powers vested in it under the Articles of Association of the Issuer so as to procure that:

- 6.1.1 such new or additional directors of the Issuer as the Trustee may (but shall be under no obligation to) direct shall be duly appointed **provided that** such directors are resident for United Kingdom tax purposes in the United Kingdom; and
- 6.1.2 such of the directors nominated pursuant to Clauses 3.1 (*Nomination*) or Clause 3.2 (*Nomination*) above as the Trustee may (but shall be under no obligation to) request shall tender their resignation, if so requested by the Trustee.
- 6.2 Any director nominated or appointed pursuant to Clause 6.1 above may be appointed upon such terms (including reasonable remuneration) as may be agreed in writing between the appointee and the relevant Appointing Party.
- 6.3 For so long as Holdings is the beneficial holder of the whole of the issued share capital of the Issuer, and in the event (but only in the event) that the provisions of Clause 6.1 above apply, Holdings undertakes and agrees to comply with any requests of the Trustee (which the Trustee shall not be obligated to make) as to:
- 6.3.1 the exercise of its rights as shareholder of the Issuer; and
- 6.3.2 all rights and powers vested in it under the Articles of Association of the Issuer,
- in relation to the appointment and/or removal from office by Holdings of any of the directors of the Issuer.
- 6.4 In the event that an Enforcement Notice is served on the Issuer, any appointment of a director in office at such time validly made pursuant to Clauses 3.1 or Clause 3.2 above shall continue to be effective in accordance with the provisions of this Agreement unless and until such director has resigned pursuant to Clause 6.1.2 above.
- 6.5 References to the Trustee in this Clause 6 (*Nomination of Directors After Service of an Enforcement Notice*) shall, for the avoidance of doubt, not imply any obligation or responsibility on the Trustee to act or refrain from acting and the other parties hereto acknowledge that the Trustee has no obligation or responsibility herein.

7. **ENGAGEMENT OF SERVICES OF THIRD PARTIES**

- 7.1 The SFM Corporate Services Provider may subcontract or delegate the performance of some (but not all) of its obligations under this Agreement to subcontractors, agents and/or delegates:
- 7.1.1 as expressly provided in the Schedules hereto (as applicable);
- 7.1.2 provided that:
- (a) the SFM Corporate Services Provider shall:
- (i) use all reasonable skill and care in the selection of such subcontractor, agent or delegate;

- (ii) procure that any subcontractor, agent or delegate shall devote such time and effort and provide such facilities and make available such staff of such skill and experience as may be reasonably required from time to time to enable the SFM Corporate Services Provider to perform its obligations under this Agreement (including Services) efficiently and in a proper and businesslike manner; and
- (iii) procure that any subcontractor, agent or delegate shall:
 - (A) at all times act in accordance with all reasonable and proper directions, orders and instructions given to it in writing or in board meetings by the Issuer Board or the Holdings Board (where applicable); and
 - (B) not knowingly do or omit to do anything which would constitute a breach by an Appointing Party of any provision of the Transaction Documents to which such Appointing Party is a party or the Memorandum and Articles of Association of such Appointing Party or of any other legally binding restriction applicable to such Appointing Party;
- (b) the appointment of such subcontractor, agent or delegate will not cause the Issuer to become subject to any taxation which it would not otherwise have become subject to, either directly or indirectly, or would not cause the imposition of any withholding tax;
- (c) neither Appointing Party shall have any liability for any costs, charges or expenses payable to or incurred by such subcontractor, agent or delegate or arising from the termination of any such arrangement in addition to the liability which such Appointing Party would have to the SFM Corporate Services Provider under this Agreement if no such subcontracting, appointment of agent or delegation had occurred;
- (d) no subcontractor or delegate shall, himself or itself, be entitled to subcontract or delegate the performance of all or any of the services subcontracted or delegated to him or it by the SFM Corporate Services Provider hereunder without the prior written consent of the relevant Appointing Party; and
- (e) no subcontractor, agent and/or delegate shall be at any time an employee of Paragon Finance PLC, or any of its associated companies.

7.2 Notwithstanding any subcontracting, appointment of agent or delegation of the performance of its obligations under this Agreement (including the Services), the SFM Corporate Services Provider shall not thereby be released or discharged from any liability hereunder and shall remain responsible for the performance of the obligations of the SFM Corporate Services Provider under this Agreement (including the Services).

7.3 Subject to Clause 7.2 (*Engagement of Services of Third Parties*), the performance or non-performance or the manner of performance of any subcontractor, agent or delegate, of any obligation of the SFM Corporate Services Provider under this Agreement by any subcontractor, agent or delegate of the SFM Corporate Services Provider shall not affect the SFM Corporate Services Provider's obligations under this Agreement (including the Services) and any breach in the performance of the obligations under this Agreement (including Services) by such subcontractor, agent or delegate shall be treated as a breach of this Agreement by the SFM Corporate Services Provider.

8. **REMUNERATION, COSTS AND EXPENSES**

8.1 Until termination of this Agreement pursuant to Clause 13 (*Termination*), the SFM Corporate Services Provider shall be entitled to remuneration under this Agreement in accordance with the SFM Corporate Services Fee Letter to be paid by the Issuer in accordance with Payments Priorities.

8.2 The remuneration payable pursuant to this Clause 8 (*Remuneration, Costs and Expenses*) shall be borne by the Issuer and payable in accordance with the terms of the SFM Corporate Services Fee Letter.

8.3 The Issuer, Holdings, the Share Trustee, the Sellers and the Trustee agree that the SFM Corporate Services Provider is not required to advance, expend or use its own funds or otherwise incur any liability on its own account in the provision of the Services.

8.4 The SFM Corporate Services Provider shall be reimbursed (in accordance with the SFM Corporate Services Fee Letter) by the Issuer on demand for all reasonable fees, disbursements, travelling and other out of pocket expenses properly incurred by it, its agents, employees and the SFM Directors in the performance of their duties hereunder and all reasonable fees and disbursements (including, without limitation, those of a legal nature) incurred by it in the negotiation, preparation, execution and administration of this Agreement.

9. **REMUNERATION FOR PROCURING THE SHARE TRUSTEE**

9.1 The parties hereto acknowledge that the Share Trustee will undertake certain duties and provide certain services which shall be of benefit to the Appointing Parties.

9.2 The SFM Corporate Services Provider is entitled to be remunerated for procuring the Share Trustee to perform its duties under the Share Trust Deed and under this Agreement, and the Appointing Parties, in recognition of the benefits to be provided to them, hereby agree that such remuneration shall be paid by it in accordance with the SFM Corporate Services Fee Letter.

10. **VAT**

10.1 All sums set out in this Agreement and the SFM Corporate Services Fee Letter or otherwise payable by the Issuer to the SFM Corporate Services Provider pursuant to this Agreement or the SFM Corporate Services Fee Letter shall be deemed to be

exclusive of any VAT chargeable on any supply or supplies for which such sums (or any part thereof) are the whole or part of the consideration for VAT purposes.

- 10.2 Where, pursuant to the terms of this Agreement or the SFM Corporate Services Fee Letter, the SFM Corporate Services Provider makes a supply to either Appointing Party for VAT purposes and VAT is or becomes chargeable on such supply, the Issuer shall, subject to the receipt of a valid VAT invoice from the SFM Corporate Services Provider, pay to the SFM Corporate Services Provider (in addition to and at the same time as any other consideration for such supply) a sum equal to the amount of such VAT.
- 10.3 Where any person is required by the terms of this Agreement or the SFM Corporate Services Fee Letter to reimburse or indemnify any other person (other than the Issuer) for any cost or expense, such first person shall reimburse or indemnify (as the case may be) such other person for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such other person is entitled to credit or repayment in respect of such VAT from HMRC.
- 10.4 Where any person is required by the terms of this Agreement or the SFM Corporate Services Fee Letter to reimburse or indemnify either Appointing Party for any cost or expense, such person shall reimburse or indemnify (as the case may be) such Appointing Party for the full amount of such cost or expenses, including such part thereof as represents VAT.

11. NO RECOURSE AGAINST EMPLOYEES, OFFICERS OR DIRECTORS

The obligations of the SFM Corporate Services Provider under this Agreement (including the Services) and the obligations of the Share Trustee, Holdings and the Issuer under this Agreement are solely the corporate obligations of the SFM Corporate Services Provider, the Share Trustee, Holdings and the Issuer respectively. No recourse shall be had in respect of any obligation, covenant, undertaking or claim arising out of or based upon this Agreement or any of the Transaction Documents against any employee, officer, director or company secretary of the Share Trustee, the SFM Corporate Services Provider or any employee, officer, director or company secretary of the Share Trustee, Holdings and the Issuer, except where the claim, demand, liability, cost or expense in connection therewith arises from the gross negligence, bad faith or wilful default of such employee, officer, director or company secretary of the SFM Corporate Services Provider, the Share Trustee, Holdings or the Issuer.

12. COVENANT BY THE SHARE TRUSTEE

- 12.1 Subject to Clause 12.2 (*Covenant by the Share Trustee*), the Share Trustee hereby covenants with the Issuer, Holdings, the Trustee and the SFM Corporate Services Provider that it shall not nor shall it permit any appointed share nominee to sell, charge, exchange, transfer or otherwise deal in shares at any time prior to the final redemption of the Notes without the prior written consent of the Trustee.
- 12.2 The Share Trustee may permit a share nominee, or any successor nominee trustee, to transfer legal title to any nominee share to a successor nominee trustee provided always that the Share Trustee shall have first procured that such successor nominee

trustee shall execute a nominee share declaration of trust in favour of the Share Trustee principally in the form of a nominee share declaration of trust.

13. TERMINATION

13.1 This Agreement shall have effect from the date of this Agreement and shall terminate automatically upon the Issuer and Holdings commencing liquidation proceedings, or as agreed between each Appointing Party and the SFM Corporate Services Provider (such agreement not to be unreasonably withheld).

13.2 Subject to Clause 13.4 (*Termination*), this Agreement may be terminated by not less than one months' prior written notice given by the Issuer (with the prior written consent of the Trustee) to the SFM Corporate Services Provider or by the SFM Corporate Services Provider to the Issuer and the Trustee. Such termination shall take effect on the date of expiry of the notice or such longer period as the parties may agree.

13.3 Subject to Clause 13.4 (*Termination*):

13.3.1 in addition to its rights in Clause 13.2 (*Termination*), the Issuer (with the prior written consent of the Trustee) shall have the right to terminate this Agreement forthwith at any time by giving notice in writing to the SFM Corporate Services Provider if the SFM Corporate Services Provider:

- (a) commits a material breach of any of the terms or conditions of this Agreement and fails to remedy the same within 30 days (or such other period as shall be agreed between the parties) of being required so to do; or
- (b) enters into liquidation whether compulsorily or voluntarily (other than for the purpose of amalgamation or reconstruction) or compounds with any of its creditors or has a receiver, administrative receiver or administrator appointed over all or any part of its assets or takes or suffers any similar action in consequence of its debt; or
- (c) ceases or threatens to cease to carry on its business or a substantial part of its business; or
- (d) purports to assign this Agreement or any rights under this Agreement without the express written consent of the Issuer and the Trustee, such consent not to be unreasonably withheld; or
- (e) consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity or if control of the SFM Corporate Services Provider changes;

13.3.2 in addition to its rights in Clause 13.2 (*Termination*), the SFM Corporate Services Provider shall have the right to terminate this Agreement forthwith at any time by giving notice in writing to any Appointing Party, copied to the Trustee, if any Appointing Party commits a material breach of any of the terms or conditions of this Agreement or any of the Transaction Documents and fails to remedy the same within 30 days (or such other period as shall be agreed

between the parties) of being required to do so or in the case of the Transaction Documents, within the period permitted under such Transaction Document.

13.4 Any termination of this Agreement pursuant to Clauses 13.1 (*Termination*), 13.2 (*Termination*) and 13.3 (*Termination*):

13.4.1 shall be without prejudice to any claim by a party against another party for any breach of the terms hereof, committed prior to such termination and the obligations of the parties pursuant to Clause 5 (*Disclosure of Information*), Clause 11 (*No recourse against employees, officers or directors*) and Clause 14 (*Indemnity*) shall survive termination of this Agreement; and

13.4.2 shall not take effect until:

(a) a substitute SFM Corporate Services Provider has been appointed (and approved in writing by the Trustee) in accordance with Clause 17.1 (*Assignment and Transfer*); and

(b) such of the SFM Directors and/or the Issuer Secretary and/or Holdings Secretary (as the case may be) nominated pursuant to Clause 3.1 (*Nomination*) and/or Clause 3.2 (*Nomination*) and then in office, as either Appointing Party (with the prior written consent of the Trustee) requires, tender their resignation provided that such resignations are not effective until after the appointment (and approval in writing by the Trustee) of the substitute SFM Corporate Services Provider.

13.5 Subject to Clause 13.4 (*Termination*), on termination of this Agreement, the SFM Corporate Services Provider agrees:

13.5.1 to use all reasonable efforts to co-operate with the Appointing Parties and the substitute SFM Corporate Services Provider, if applicable in effecting the termination of its rights and obligations under this Agreement including the transfer to any substitute SFM Corporate Services Provider of all authority of the SFM Corporate Services Provider to perform the obligations of the SFM Corporate Services Provider, including the Appointing Parties Administration Services and the Additional Services; and

13.5.2 to ensure that the statutory registers and seal of the Appointing Parties and all books of account, records and other registers, correspondence, documents and assets relating to the affairs of or belonging to the Appointing Parties in the possession of or under the control of the SFM Corporate Services Provider shall be delivered to the relevant Appointing Party or as it shall direct, provided that after the termination of this Agreement, the SFM Corporate Services Provider shall be under no obligation to provide any of the Services.

14. **INDEMNITY**

14.1 Without prejudice to Clause 5.2 (*Disclosure of Information*), the SFM Corporate Services Provider hereby undertakes with each of the Issuer, Holdings, the Sellers, the Share Trustee and the Trustee to hold each of the Issuer, Holdings, the Share Trustee

and the Trustee (which in this clause shall include their respective directors, company secretary and officers) fully and effectively indemnified at all times from and against any and all losses, liabilities, damages, expenses, costs, claims and charges suffered or incurred by any of them and all liabilities in respect of any action, suit, claim or proceedings which may be brought, pending or threatened to be brought, whether of a civil, criminal, administrative or investigative nature, against any of them but in each case only to the extent arising out of or in connection with any breach by the SFM Corporate Services Provider of the terms of this Agreement or resulting from the gross negligence, bad faith or wilful default on the part of the SFM Corporate Services Provider or any of its SFM Directors, employees, officers or agents. This indemnity is, for the avoidance of doubt, in addition to and without prejudice to any indemnity or other remedy allowed under any applicable law.

14.2 Notwithstanding Clause 18 (*Exclusion of Contracts Act*), the Appointing Parties shall, from time to time on written demand of the SFM Corporate Services Provider or any of its officers or employees, indemnify and hold harmless the SFM Corporate Services Provider and any SFM Director and any of the directors, officers, employees and agents of the SFM Corporate Services Provider at the time of such demand, against any liabilities, actions, proceedings, claims or demands whatsoever which it or any of them may incur or be subject to in direct or indirect consequence of this Agreement or as a direct or indirect result of the performance of the functions and obligations provided for under this Agreement, except as a result of a breach by the SFM Corporate Services Provider of this Agreement or as a result of the gross negligence, bad faith or wilful default on the part of the SFM Corporate Services Provider, any Director, any Issuer Secretary, any Holdings Secretary or any of the directors, officers, employees or agents of the SFM Corporate Services Provider, as the case may be. This indemnity shall expressly inure to the benefit of any director, officer, employee or agent existing or future of the SFM Corporate Services Provider and to the benefit of any substitute of the SFM Corporate Services Provider under this Agreement.

15. **PERMITTED ENFORCEMENT**

Save as permitted by the Deed of Charge, each of the Sellers and the SFM Corporate Services Provider agree with each of the Companies that it shall not take any steps for the purpose of recovering any sum under or in connection with this Agreement and shall not in any event take any steps to procure the winding-up, administration (including, for the avoidance of doubt, the filing of documents with the court or the service of notice of intention to appoint an administrator) or liquidation of any of the Companies on any account whatsoever.

16. **NOTICES**

Unless stipulated otherwise in this Agreement, any notice or communication to be given pursuant to this Agreement by any of the parties hereto shall be given as set out below and shall be deemed to be received (in the case of facsimile transmission or email) when dispatched or (in the case of post) when it would be received in the ordinary course of the post:

To the SFM Corporate Structured Finance Management Limited
35 Great St. Helen's

Services Provider London
EC3A 6AP

Tel: +44 (0) 20 7398 6300
Fax: +44 (0) 20 7398 6325
Email: directors-uk@sfmeurope.com
Attn: The Directors

To the Share Trustee SFM Corporate Services Limited
35 Great St. Helen's
London
EC3A 6AP

Tel: +44 (0) 20 7398 6300
Fax: +44 (0) 20 7398 6325
Email: directors-uk@sfmeurope.com
Attn: The Directors

To Holdings Paragon Mortgages (No.23) Holdings Limited
51 Homer Road
Solihull
West Midlands
B91 3QJ

Tel: +44 (0) 121 712 2323
Fax: +44 (0) 121 712 2072
Email: Company_Secretary@Paragon-group.co.uk

To the Issuer Paragon Mortgages (No.23) PLC
51 Homer Road
Solihull
West Midlands
B91 3QJ

Tel: +44 (0) 121 712 2323
Fax: +44 (0) 121 712 2072
Email: Company_Secretary@Paragon-group.co.uk

To the Trustee Citicorp Trustee Company Limited
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Fax: +44 (0)207 500 5877
Attn: Agency & Trust

To PML

Paragon Mortgages (2010) Limited
51 Homer Road
Solihull
West Midlands
B91 3QJ

Tel: +44 (0) 121 712 2323

Fax: +44 (0) 121 712 2072

or to such other address, facsimile number, email or marked for the attention of such other person or department as shall have been notified to the other parties hereto.

17. ASSIGNMENT AND TRANSFER

- 17.1 Except as stated in Clauses 17.2 and 17.3 (*Assignment and Transfer*) below, no party to this Agreement (other than the Trustee) is permitted to assign, pledge or transfer all or part of its rights and/or obligations under this Agreement without the prior written consent of the other parties to this Agreement (which, if required, shall not be unreasonably withheld).
- 17.2 The SFM Corporate Services Provider may assign, pledge or transfer all or part of its rights and/or obligations under this Agreement only to a substitute SFM Corporate Services Provider and with the prior written consent of the Trustee and the Issuer.
- 17.3 The Issuer may assign all of its rights under this Agreement to the Trustee pursuant to the Deed of Charge.

18. EXCLUSION OF CONTRACTS ACT

- 18.1 A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 (the "**Third Party Act**") to enforce any term of this Agreement but this does not affect any right or remedy of a third party which exists or is available apart from the Third Party Act.
- 18.2 The parties may rescind, vary, waive, release, assign, novate or otherwise dispose of all or any of their respective rights or obligations under this Agreement without the consent of any person who is not a party to this Agreement.

19. GENERAL PROVISIONS

- 19.1 No amendment to or other variation in this Agreement shall be effective unless it is in writing, dated and signed on behalf of all parties to this Agreement.
- 19.2 The obligations of the SFM Corporate Services Provider as stipulated herein (including the Services) shall not preclude the SFM Corporate Services Provider, any director, officer or employee of the SFM Corporate Services Provider or any director, officer, employee or partner of any of its subsidiaries or its affiliates to engage in any other business or to devote his/her time and attention to the management or other aspects of any other business, whether of a similar or dissimilar nature, nor to limit or restrict the right of the SFM Corporate Services Provider or of any of its subsidiaries

or affiliates to engage in any other business or to render services of any kind to any other corporation, firm, individual or association.

- 19.3 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.
- 19.4 No failure by any party to this Agreement to exercise, nor any delay in exercising any right or remedy of such party under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any other rights or remedies (whether provided by law or otherwise).
- 19.5 If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any relevant jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall be in any way affected or impaired thereby.
- 19.6 This Agreement may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement and any party may enter into this Agreement by executing a counterpart.

20. **FORCE MAJEURE**

No party hereto shall be liable to the other party in respect of any delay in performing or inability to perform its obligations hereunder if the same is due to act of God or public enemy, war, insurrections or riots, fire, flood, explosion, earthquake, accident epidemic or quarantine restrictions or to any acts of government or of any governmental or regulatory or fiscal agency, or to strikes or labour troubles causing cessation, slow down or interruption of work, or due to any other cause whether of the kind mentioned in this Clause 20 or not, to the extent that it is beyond the reasonable foresight and control of the party concerned.

21. **GOVERNING LAW AND JURISDICTION**

- 21.1 This Agreement, including any non-contractual obligations arising out of or in connection with it, shall be governed by, and shall be construed in accordance with, English law.
- 21.2 Each party irrevocably agrees that the English courts have exclusive jurisdiction to hear and determine any proceedings and to settle any disputes (including with respect to any non-contractual obligations) and each party irrevocably submits to the exclusive jurisdiction of the English courts. Any proceedings must be taken in the English courts. This jurisdiction agreement is not concluded for the benefit of only one party. Each party also irrevocably waives (and irrevocably agrees not to raise) any objection which it might at any time have on the ground of forum non conveniens or on any other ground to proceedings being taken in the English courts, and irrevocably agrees that any judgment in proceedings taken in the English courts shall be conclusive and binding on it and may be enforced in any other jurisdiction.

IN WITNESS WHEREOF this Agreement has been entered into on the day and year first above written.

SCHEDULE 1
APPOINTING PARTIES ADMINISTRATION SERVICES

PART I
ISSUER ADMINISTRATION SERVICES

During the continuance of this Agreement, the SFM Corporate Services Provider shall provide or procure the Issuer Administration Services as below.

1. To provide three SFM Directors, of which at least one shall be a natural person.
2. To procure that each SFM Director performs all obligations incumbent on the directors of a company under the Companies Act 1985 to 2006 (the "**Companies Act**").
3. To participate in two meetings of the Issuer in each calendar year (the annual members' meeting for the Issuer and the annual meeting of the Issuer Board), as may be required.
4. To make prompt notification in writing to the Issuer and the Trustee of any legal proceedings initiated against the Issuer of which the SFM Corporate Services Provider becomes aware.
5. To arrange on or around the original Closing Date for the execution by the SFM Directors of the Transaction Documents to which the Issuer is a party and any documentation required to be entered into by the Issuer pursuant to the Transaction Documents to which the Issuer is a party.
6. To communicate with the Issuer Board as necessary and, in particular, in respect of the Issuer, to forward to the Issuer Board, copies of all notices received by the Issuer pursuant to the Transaction Documents.
7. To deliver, as and when requested by the Issuer Board and/or by the Share Trustee and/or the Trustee (each acting within its rights), all documents as they may reasonably require in relation to the Issuer Administration Services under this Agreement.

PART II
HOLDINGS ADMINISTRATION SERVICES

During the continuance of this Agreement, the SFM Corporate Services Provider shall provide or procure the Holdings Administration Services as below.

1. To provide three SFM Directors, of which at least one shall be a natural person.
2. To procure that each SFM Director performs all obligations incumbent on the directors of a company under the Companies Act.
3. To participate in two meetings of Holdings in each calendar year (the annual members' meeting for Holdings and the annual meeting of the Holdings Board), as may be required.
4. To make prompt notification in writing to Holdings and the Trustee of any legal proceedings initiated against Holdings of which the SFM Corporate Services Provider becomes aware.
5. To arrange on or around the original Closing Date for the execution by the SFM Directors of the Transaction Documents to which Holdings is a party and any documentation required to be entered into by Holdings pursuant to the Transaction Documents to which Holdings is a party.
6. To communicate with the Holdings Board as necessary and, in particular, in respect of Holdings, to forward to the Holdings Board, copies of all notices received by the Issuer pursuant to the Transaction Documents.
7. To deliver, as and when requested by the Holdings Board and/or by the Share Trustee and/or the Trustee (each acting within its rights), all documents as they may reasonably require in relation to the Holdings Administration Services under this Agreement.

SCHEDULE 2 ADDITIONAL SERVICES

During the continuance of this Agreement, the SFM Corporate Services Provider may provide or procure such other services to the Appointing Parties, at an additional cost to the Issuer, as may be agreed upon from time to time between the SFM Corporate Services Provider and each Appointing Party. Such other services may include but are not limited to the following:

1. to obtain legal, financial, accounting and/or taxation advice from the Appointing Parties' professional advisers and act thereon where considered reasonably appropriate;
2. to give, at the reasonable request of the Issuer Board or the Holdings Board (where applicable), any directions and information to any providers of services (such as auditors, accountants, financial or management advisers or attorneys) or other agents appointed by the Issuer Board or the Holdings Board (where applicable);
3. to communicate and liaise as necessary with the Bank and (if applicable) the relevant stock exchange with respect to the provision of such information and documentation as is required to be provided by either Appointing Party under the Transaction Documents to which such Appointing Party is a party;
4. to convene any meetings of each Appointing Party in addition to those outlined in Schedule 1 Part II (*Appointing Parties Administration Services*), including the provision of facilities for holding such meetings and the preparation and keeping of written minutes of such meetings;
5. to prepare, sign and deliver to the relevant person(s), upon completion of prudent due diligence investigations initiated by the SFM Corporate Services Provider, as and when requested or required pursuant to the terms of any Transaction Document any certificate(s) of compliance or no default, in accordance with the Transaction Documents;
6. to sign and deliver to the relevant person(s), as and when requested or required pursuant to the terms of any Relevant Document, any further documents or notices in accordance with the Relevant Documents;
7. to arrange for the establishment of bank accounts in the name of each Appointing Party after the Closing Date as are required, and monitoring any bank accounts of such Appointing Party as required;
8. to perform any services for each Appointing Party as required under the Transaction Documents, including but not restricted to generating, confirming and sending instructions for payments to and from the bank accounts of each Appointing Party; and
9. to assist each Appointing Party in complying with the reporting, documentation and invoicing requirements of any governmental or regulatory body and arrange for any and all necessary accounting, tax, regulatory and company filings including filing

applicable statutory accounts, annual reports and tax returns as required by any such governmental and/or regulatory bodies to be effected, insofar as:

- (a) the requisite information has been made available in due time;
- (b) moneys in respect of applicable fees has been made available; and
- (c) where required, the Issuer Board or the Holdings Board (where applicable) have duly approved, signed and delivered the same,

it being expressly acknowledged by each Appointing Party that the SFM Corporate Services Provider is not responsible for the bookkeeping, preparation of statutory accounts or provision of tax advice for such Appointing Party.

- 10. To perform any other services that are required in order for each Appointing Party to comply with new or amended regulations or statutory requirements not in existence at the date hereof.
- 11. To provide such other services as agreed between each Appointing Party and the SFM Corporate Services Provider from time to time or that the SFM Corporate Services Provider deems necessary in order to comply with the Transaction Documents, regulatory and/or statutory obligations of such Appointing Party. Such services may include but are not limited to:
 - (a) the use of reasonable endeavours to assist the Issuer or Holdings (where applicable) to comply with any requirements which apply under EMIR and, to the extent that the Issuer has delegated any of its obligations under EMIR to a third party, provide assistance and information to such third party as it may reasonably request in order to satisfy the Issuer's obligations under EMIR; and
 - (b) the registration of the Issuer for FATCA if the Issuer is required to be so registered and to use reasonable endeavours to assist the Issuer to comply with its obligations thereunder.

SIGNATORIES

CORPORATE SERVICES PROVIDER

SIGNED by a duly authorised representative
for and behalf of:

**STRUCTURED FINANCE
MANAGEMENT LIMITED**

By: 
Name: **Claudia Wallace**
Title: Director

SHARE TRUSTEE

SIGNED by a duly authorised representative
for and behalf of:

**SFM CORPORATE SERVICES
LIMITED**

By: 
Name: **Claudia Wallace**
Title: Director

HOLDINGS

SIGNED by SFM Directors Limited, as
Director for and behalf of:

**PARAGON MORTGAGES (NO.23)
HOLDINGS LIMITED**

By: 
Name: **Jennifer Jones**
Title: Director

ISSUER

SIGNED by SFM Directors Limited, as
Director for and behalf of:

**PARAGON MORTGAGES
(NO.23) PLC**

By: 
Name: **Jennifer Jones**
Title: Director

SIGNED by)
for and on behalf)
CITICORP TRUSTEE COMPANY LIMITED)
(in its capacity as Trustee))
In the presence of:



 Signature of witness

Olivia Van Walleghe Name of witness

_____ Address of witness

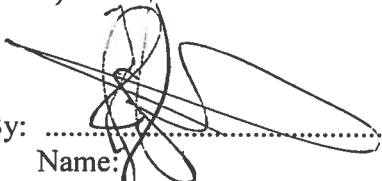
Paralegal Occupation of witness

Clifford Chance LLP
Upper Bank Street
London E14 5JJ

SELLERS

SIGNED by:
acting by its authorised signatory

**PARAGON MORTGAGES
(2010) LIMITED**

By: 
Name:
Title: Director