

DATED 26 APRIL 2018

PARAGON BANK PLC
PARAGON MORTGAGES (NO.25) PLC
AND
CITICORP TRUSTEE COMPANY LIMITED

CROSS-COLLATERAL MORTGAGE RIGHTS DEED
RELATING TO THE EXERCISE OF CERTAIN RIGHTS
UNDER CERTAIN MORTGAGES ORIGINATED BY
PARAGON BANK PLC

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THIS CROSS-COLLATERAL MORTGAGE RIGHTS DEED is dated 26 April 2018 and made

BETWEEN:

- (1) **PARAGON BANK PLC** (registered number 05390593), a company incorporated under the laws of England and Wales whose registered office is at 51 Homer Road, Solihull, West Midlands, B91 3QJ ("**Paragon Bank**");
- (2) **PARAGON MORTGAGES (NO.25) PLC** (registered number 9777963) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ ("**PM25**", which term where the context permits shall include its successors and permitted assigns); and
- (3) **CITICORP TRUSTEE COMPANY LIMITED** (registered number 235914) whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB ("**Citicorp**").

WHEREAS:

- (A) The Mortgage Conditions in respect of the Mortgage Loans contain Cross-collateral Rights.
- (B) The parties to this Deed wish to postpone certain priorities with respect to Cross-collateral Rights

IT IS AGREED as follows:

1. **DEFINITIONS AND INTERPRETATION**

1.1 **Definitions**

In this Deed:

"**Accession Deed**" means a deed substantially in the form set out in Schedule 1 (*Form of Cross-collateral Mortgage Rights Accession Deed*) duly completed with the appropriate details and executed and delivered by the parties thereto.

"**Additional Mortgagee**" means a person defined as being the "Additional Mortgagee" in an Accession Deed.

"**Additional Security Deed**" means the deed defined as being the "Additional Security Deed" in an Accession Deed.

"**Additional Security Holder**" means a person or persons defined as being the "Additional Security Holder" in an Accession Deed.

"**Amount Secured**" means the aggregate amount from time to time due or owing to the relevant Mortgage Interest Holder by a Borrower in respect of the Mortgage Loan owing by such Borrower to such Mortgage Interest Holder.

"**Attorney**" means Citicorp in relation to each Party other than Citicorp.

"Borrower" means in relation to each Mortgage and Mortgage Loan, the same person or persons as named and defined as such in the Mortgage Deed relating thereto and any person undertaking the obligations of the Borrower (other than as surety or guarantor).

"Cross-collateral Rights" means the rights, pursuant to condition 9 of the Offer Conditions (or such other numbered condition as may be specified in future and previous editions of the Offer Conditions) relating to Mortgage Loans:

- (a) to apply the proceeds of enforcement in respect of each of the Properties charged by a Borrower against the Amount Secured in respect of such Borrower; and/or
- (b) to declare immediately due and repayable or repayable on demand each Mortgage Loan in the name of the same Borrower and to exercise the statutory power of sale in respect of each of the Properties charged by such Borrower as security for the Amount Secured in respect of such Borrower if such Borrower is in breach of its obligations in respect of any one of such Mortgage Loans or being in breach of its obligations under any Offer Letter relating to the Amount Secured.

"Mortgage" means a mortgage, charge or standard security originally granted in favour of Paragon Bank pursuant to a Mortgage Deed, in relation to a Mortgage Loan.

"Mortgage Conditions" means the conditions applicable to the Mortgages, as amended by the Mortgage Legal Holder from time to time, and comprising the Offer Letter and the Offer Conditions.

"Mortgage Deed" means in relation to each Mortgage, the deed creating the mortgage, charge or standard security over the relevant Property including the terms and conditions governing that Mortgage and the Mortgage Loan secured by it.

"Mortgage Interest Holder" means at any time each person who at that time has any right, title and/or interest in or to a Mortgage Loan and/or related Mortgage (in each case whether present or future, legal or beneficial, heritable or personal and whether or not a Security Interest and whether or not as a trustee or beneficiary of a trust) including, at the date of this Deed, Paragon Bank, PM25 and their respective successors and assigns.

"Mortgage Legal Holder" means Paragon Bank.

"Mortgage Loan" means in respect of a Mortgage, the mortgage loan, any further advance and/or all moneys advanced from time to time outstanding which are secured by such Mortgage.

"Mortgage Successor" means in relation to a Party a person who is a direct successor, assignee or transferee of such Party in relation to any right, title and/or interest in or to a Mortgage Loan and/or related Mortgage (in each case whether present or future, legal or beneficial, heritable or personal and whether or not a Security Interest and whether or not as a trustee or beneficiary of a trust).

"Mortgage Successor Security Holder" means in relation to a Mortgage Successor a person in whose favour such Mortgage Successor creates any Security Interest in respect of all or any part of such Mortgage Successor's right, title and/or interest as a Mortgage Interest Holder.

"Offer Conditions" means the conditions applied to an offer of a Mortgage Loan, as amended by the Mortgage Legal Holder, as the case may be, from time to time.

"Offer Letter" means a letter written to a Borrower by or on behalf of the Mortgage Legal Holder or any agreement between them settling out the terms upon which the Mortgage Legal Holder is prepared to advance the Mortgage Loan to the Borrower, and any revision or variation to or substitution of such letter.

"Party" means at any time each party to this Deed at that time including each Additional Mortgagee and each Additional Security Holder who at or before that time has become a party to this Deed by virtue of an Accession Deed.

"PM25 Security Holder" means the trustee or trustees from time to time of the trusts created under or pursuant to a deed of charge and assignment dated 26 April 2018 between, among others, Citicorp as the initial sole trustee in respect of such trusts and PM25 (and Citicorp still being the sole trustee in respect of each of such trusts as at the date of this Deed).

"Property" means in relation to each Mortgage, the freehold, heritable or leasehold residential property in England and Wales, Scotland or Northern Ireland on which the relevant Mortgage Loan is secured.

"Security Interest" means any mortgage or sub-mortgage, standard security, fixed or floating charge or sub-charge, pledge, lien, assignment or assignation by way of security or subject to a proviso for redemption, encumbrance, hypothecation, retention of title, or other security interest whatsoever howsoever created or arising and its equivalent or analogue whatever called in any other jurisdiction, and any agreement or arrangement having substantially the same economic or financial effect as any of the foregoing (including any "hold back" or "flawed asset" arrangement).

1.2 Interpretation

In this Deed:

- (a) 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;
- (b) a reference to clause or schedule is a reference to a clause of or a schedule to this Deed;
- (c) headings and sub-headings are inserted for convenience only;
- (d) references to any person shall include references to his successors, transferees and assigns and any person deriving title under or through him;

- (e) references to "including" and "in particular" shall not be construed restrictively but shall mean, "including, without prejudice to the generality of the foregoing" and "in particular, but without prejudice to the generality of the foregoing" respectively;
- (f) references to law shall include any present or future common law, statute, statutory instrument, treaty, regulation, directive, order, decree, other legislative measure, code, circular, notice, demand, or injunction, including those with which it is customary for persons to whom it is directed to comply, even if compliance is not mandatory; and
- (g) references to "writing" include telex, email and facsimile transmission legibly received and "written" has a corresponding meaning.

2. REGULATION OF MORTGAGE RIGHTS

2.1 Cross-collateral Rights

Each Party irrevocably:

- (a) agrees and confirms with each other Party that throughout each period that it is a Mortgage Interest Holder in relation to a Mortgage Loan and/or Mortgage, that notwithstanding the Cross-collateral Rights set out in the Mortgage Conditions, it shall only have Cross-collateral Rights in respect of Mortgage Loans and Mortgages that it beneficially owns and, as the case may be, against Properties securing Mortgage Loans which it beneficially owns;
- (b) throughout each period that it is a Mortgage Interest Holder in relation to a Mortgage Loan and/or Mortgage, waives in favour of each other Party:
 - (i) all rights to exercise Cross-collateral Rights in respect of other Mortgage Loans and Mortgages in the name of the same Borrower not beneficially owned by it;
 - (ii) all rights to take any action or proceedings against any other Mortgage Interest Holder to exercise the Cross-collateral Rights of that other Mortgage Interest Holder in respect of Mortgage Loans and Mortgages that are beneficially owned by such other Mortgage Interest Holder;
 - (iii) all rights to exercise Cross-collateral Rights against other Properties charged by the same Borrower in respect of other Mortgage Loans in the name of the same Borrower not beneficially owned by it; and
 - (iv) all rights to the proceeds of enforcement of other Mortgage Loans and Mortgages in the name of the same Borrower not beneficially owned by it,
- (c) agrees and confirms with each other Party that throughout each period that it is a Mortgage Interest Holder in relation to a Mortgage Loan and/or Mortgage, that if it enforces a Mortgage Loan and related Mortgage in respect of which Cross-collateral Rights attach, it shall apply the proceeds of such enforcement

or shall procure that the proceeds of such enforcement are applied, after deduction of all related costs and expenses, as applicable:

- (i) *firstly*, to repay all amounts owing by the Borrower under the enforced Mortgage Loans beneficially owned by the Mortgage Interest Holder in accordance with the Mortgage Conditions; and
- (ii) *secondly*, to the extent there are additional proceeds of enforcement, apply such proceeds in accordance with the Mortgage Conditions;

provided that in each such case throughout each period in which such Party is the Mortgage Legal Holder of a Mortgage Loan or Mortgage but is not the beneficial owner of such Mortgage Loan or Mortgage, such Party shall retain all its Cross-collateral Rights but shall only exercise its Cross-collateral Rights in accordance with the instructions of the relevant beneficial owner (or the holder of a Security Interest granted by that beneficial owner) and in the manner contemplated in this Clause 2.1 and in Clause 2.2.

2.2 Mortgage Interest Holders and the Mortgage Legal Holder

In relation to each Mortgage Loan and Mortgage in respect of which a Mortgage Interest Holder is not also the Mortgage Legal Holder, such Mortgage Interest Holder irrevocably directs the Mortgage Legal Holder to observe and comply with the terms of this Deed in relation to such Mortgage Loan and Mortgage throughout each period that such Mortgage Interest Holder is not also the Mortgage Legal Holder.

2.3 No effect on rights and obligations of Borrowers

Each of the parties hereto confirm that the provisions of this Deed are intended to take effect only between the Parties and do not in any way affect the rights and obligations between a Borrower and the Mortgage Legal Holder and, if different, each relevant Mortgage Interest Holder.

3. SECURITY HOLDER PROVISIONS

3.1 Consents by trustees

- (a) The PM25 Security Holder consents to PM25 entering into this Deed.
- (b) In relation to each Additional Security Deed the relevant Additional Security Holder consents to the relevant Additional Mortgagee entering into this Deed and each subsequent Accession Deed.

3.2 Notice of Security Interests

Each Party acknowledges that:

- (a) PM25 has, by way of security, assigned and/or charged its interest in this Deed to the PM25 Security Holder; and

- (b) where an Accession Deed includes an Additional Security Holder, the relevant Additional Mortgagee has, by way of security, assigned and/or charged its interest in this Deed to the relevant Additional Security Holder.

Each Party agrees to execute a written acknowledgment of such assignment and/or charge in the form set out in the relevant document pursuant to which such assignment and/or charge is made.

3.3 No assumption of liabilities of others

Each Party agrees that the PM25 Security Holder and each Additional Security Holder shall not by being a Party assume any of the obligations, responsibilities or liabilities of any other Party in relation to this Deed.

4. BENEFIT OF DEED

4.1 Successors and assigns

This Deed shall be binding upon and enure to the benefit of each Party and its successors and assigns.

4.2 Accession of Mortgage Successors and Mortgage Successor Security Holders

Each Party shall use its best endeavours to ensure that on or before each date that a Mortgage Successor of such Party becomes a Mortgage Interest Holder (or as soon as practicable thereafter):

- (a) such Mortgage Successor executes and delivers an Accession Deed as an Additional Mortgagee; and
- (b) each Mortgage Successor Security Holder in relation to that Mortgage Successor executes and delivers an Accession Deed as an Additional Security Holder.

Each Party shall execute such documents and take such actions as reasonably necessary for the purposes of making each Mortgage Successor and such a party to this Deed.

4.3 Creditor Accession Undertaking

With effect from the date of acceptance by Citicorp of an Accession Deed (which shall in each case be accepted as soon as reasonably practicable after receipt by it of a duly completed Accession Deed) or, if later, the date specified in that Accession Deed as from that date, the Additional Mortgagee and Additional Security Holder shall assume that same obligations, and become entitled to the same rights, as if it had been an original party to this Deed.

4.4 Additional Parties

Each of the parties appoints Citicorp to receive on its behalf each Accession Deed delivered to Citicorp and to accept and sign it if, in Citicorp's opinion, it is complete

and appears on its face to be authentic and duly executed and until accepted and signed by Citicorp, that document shall not be effective.

5. POWERS OF ATTORNEY

5.1 Appointment

Each Party (other than the Attorney):

- (a) appoints the Attorney severally (each with full power of appointing substitutes and delegates) to be such Party's true and lawful attorney for such Party and in such Party's or the Attorney's name and on such Party's behalf to execute and deliver each Accession Deed from time to time as such Party's deed and such other acts or things in each case in such manner and to such standard as the Attorney, in its absolute discretion, may decide is incidental thereto;
- (b) covenants with and undertakes to the Attorney to ratify and confirm any deed, document, act or thing and all transactions which the Attorney and any such substitute or delegate may lawfully execute or do pursuant to such appointment;
- (c) covenants with and undertakes to the Attorney to indemnify the Attorney and keep the Attorney indemnified against all costs, claims and liabilities which the Attorney may reasonably incur as a result of anything done by the Attorney in the exercise of any of the powers conferred, or purported to be conferred, on the Attorney by such appointment; and
- (d) irrevocably agrees that such appointment may only be terminated by such Party by five working days prior written notice to the Attorney.

6. VARIATION

No variation of this Deed shall be effective unless it is in writing and signed by or on behalf of each of the Parties.

7. INVALIDITY OF ANY PROVISION

If any of the provisions of this Deed become invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

8. THIRD PARTY RIGHTS

No person, other than a Party, shall have any right by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term (express or implied) of this Deed but this is without prejudice to any right or remedy of a third party which may exist or be available apart from that Act.

9. GOVERNING LAW

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

IN WITNESS WHEREOF this Deed has been executed and delivered as a deed by each party on the date indicated at the start of this Deed.

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

Signature: Ed Carruthers

Witness Name:

Occupation:

Address: Ed Carruthers
Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
.....

PARAGON BANK PLC

By: SRQ

Name: STEPHEN BOWCOT

Title: Attorney

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

Signature: Ed Carruthers

Witness Name:

Occupation:

Address:

Ed Carruthers
Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

PARAGON MORTGAGES (NO.25) PLC

By: Helena Whitaker

Name: per pro Intertrust Directors 2 Limited
as Director

Title: Director

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

Signature: Ed Carruthers.....

Witness Name:

Occupation:

Address:

Ed Carruthers
.....**Clifford Chance LLP**
10 Upper Bank Street
.....**London.. E14.5JJ.....**

**CITICORP TRUSTEE COMPANY
LIMITED**

By: Georgia Mitchell.....

Name: GEORGIA MITCHELL.....

Title: Attorney

SCHEDULE 1
FORM OF CROSS-COLLATERAL MORTGAGE RIGHTS ACCESSION DEED

THIS ACCESSION DEED is dated [•] and made

BETWEEN:

- (1) [Insert name of Accession Party] (registered number [•]) whose registered office is at [•] (the "**Additional Mortgagee**")];
- (2) [Insert name of Additional Security Holder] who has a place of business at [•] being the holder of certain Security Interests created from time to time by the Additional Mortgagee under or pursuant to the Additional Security Deed (in such capacity the "**Additional Security Holder**"); and
- (3) [**CITICORP TRUSTEE COMPANY LIMITED**] acting on behalf of itself and each Current Party (as defined below).

THIS ACCESSION DEED WITNESSES AS FOLLOWS:

1. Interpretation

1.1 Definitions

In this Accession Deed, except so far as the context otherwise requires:

["**Additional Security Deed**" means a [deed] dated [•] between[, among others,] the Additional Mortgagee and the Additional Security Holder.]

"**Current Party**" means each person who immediately prior to the date of this Accession Deed is a party to the Principal Deed.

"**Principal Deed**" means a cross-collateral mortgage rights deed originally dated 26 April 2018 between Paragon Bank PLC, Paragon Mortgages (No.25) plc and Citicorp Trustee Company Limited and as further amended, restated and supplemented from time to time.

1.2 Definitions in Principal Deed

Except where otherwise defined in this Accession Deed, expressions defined in the Principal Deed shall have the same meaning in this Accession Deed.

1.3 Supplemental to Principal Deed

This Accession Deed is supplemental to the Principal Deed.

2. Accession

The parties to this Accession Deed agree that as from the date of this Accession Deed [each of] the Additional Mortgagee [and Additional Security Holder] shall become and be a party to the Principal Deed and all the provisions shall apply to and between

each of the parties to the Principal Deed (including the Current Parties[, and] the Additional Mortgagee [and the Additional Security Holder]).

3. **Governing law**

This Accession Deed is governed by, and shall be construed in accordance with, English law, other than any terms of this Accession Deed which are particular to Scots law, which shall be construed in accordance with the laws of Scotland, and other than any terms of this Accession Deed which are particular to Northern Irish law, which shall be construed in accordance with the laws of Northern Ireland.

IN WITNESS WHEREOF this Accession Deed has been executed and delivered as a deed by each party on the date indicated at the start of this Accession Deed.

[Execution as a deed by the Additional Mortgagee]

[Execution as a deed by the Additional Security Holder]

[Execution as a deed by [Citicorp Trustee Company Limited] executing for itself and as attorney for each other Current Party]