



Mortgage Sale Agreement

Paragon Mortgages (2010) Limited
as Administrator, Legal Title Holder and Seller

Paragon Bank plc
as Administrator, Legal Title Holder and Seller

Paragon Mortgages (No.29) PLC
as Issuer

and

Citicorp Trustee Company Limited
as Trustee

1 November 2023

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THIS MORTGAGE SALE AGREEMENT is made by way of deed on 1 November 2023

BETWEEN:

- (1) **PARAGON MORTGAGES (2010) LIMITED** (registered number 6595834) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ in its capacity as a Seller (a "**Seller**"), a Legal Title Holder (a "**Legal Title Holder**") and an Administrator (an "**Administrator**") under this agreement ("**PML**");
- (2) **PARAGON BANK PLC** (registered number 5390593) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ in its capacity as a Seller (a "**Seller**" and together with PML, the "**Sellers**"), in its capacity as a Legal Title Holder (a "**Legal Title Holder**" and together with PML, the "**Legal Title Holders**") and in its capacity as an Administrator (an "**Administrator**" and together with PML, the "**Administrators**") under this agreement ("**Paragon Bank**");
- (3) **PARAGON MORTGAGES (NO.29) PLC** (registered number 15005950) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ (the "**Issuer**", which term where the context permits shall include its successors and permitted assigns); and
- (4) **CITICORP TRUSTEE COMPANY LIMITED** (registered number 235914) whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (the "**Trustee**", which term where the context permits shall include such company and all other persons or companies for the time being acting as the trustee or trustees under the Trust Deed).

THE PARTIES AGREE AS FOLLOWS:

1. **DEFINITIONS**

- 1.1 The expressions defined in the Relevant Documents shall, unless otherwise defined in this clause 1.1, have the same meanings in this agreement and, in this agreement, except in so far as the context otherwise requires:

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

"Additional Mortgage Requests" means, if applicable, a letter addressed to the Issuer, in substantially the same form as that set out in schedule 6;

"Additional Mortgages" means the Individual Mortgages and the Corporate Mortgages to be sold by the Sellers to the Issuer according to and to the extent permitted by the Administration Agreement and this Agreement, brief details of which are to be set out in the Annexure to the Additional Mortgage Request;

"Additional Payment" means the purchase price payable by the Issuer, if applicable, for any Additional Mortgage and, for the avoidance of doubt, includes any necessary Amortised Cost Adjustment Amount;

"Adjusted Mortgage MRF Required Amount" has the meaning given to it in the Administration Agreement;

"Administration Agreement" means the agreement to be executed on or before the Closing Date between, inter alios, the Sellers, the Administrators, the Issuer, and the Trustee relating to, amongst other things, the administration of the Mortgages;

"Administration Manual" has the same meaning as in the Administration Agreement;

"Administrator" has the same meaning as in the Administration Agreement;

"Amortised Cost Adjustment" means the difference between the current balance of the loans in the portfolio and their carrying value for accounting purposes determined on the amortised cost basis, as defined in International Financial Reporting Standards applicable at the time of the relevant Purchase Date, the measurement and recognition criteria of which are applied by the Issuer in accordance with UK GAAP on the relevant Purchase Date;

"Amortised Cost Adjustment Amount" means any amount advanced to the Issuer by the Class S VFN Holder under the Class S VFN to enable the Issuer to pay that part of the consideration for any Mortgages which constitutes the Amortised Cost Adjustment;

"Annexures" means:

- (a) in the case of this agreement, the annexures to this agreement containing brief particulars of the Original Mortgages and signed by or on behalf of the parties hereto for the purposes of identification; and
- (b) in the case of any Additional Mortgage Request, if applicable, the schedule referred to in that Additional Mortgage Request containing brief particulars of certain Additional Mortgages

such annexure and schedules to be provided in either hard copy form or in electronic format;

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

"Basis Hedge Agreement" has the same meaning as in the Trust Deed;

"Block Buildings Policies" has the meaning given in the Administration Agreement;

"Borrower", in relation to each Individual Mortgage, means the person defined as the "Borrower" in the Mortgage Conditions applicable to that Individual Mortgage and, in relation to each Corporate Mortgage, means the company defined as the "Company" or the "Borrower" in the Mortgage Conditions applicable to that Corporate Mortgage;

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

"CCA" and **"Consumer Credit Act"** means the Consumer Credit Act 1974 as amended from time to time;

"Class A and Class B Liquidity Reserve Fund" has the meaning given to it in the Administration Agreement;

"Class A and Class B Liquidity Reserve Fund Required Amount" has the meaning given to it in the Administration Agreement;

"Closing Date" means 1 November 2023;

"Corporate Mortgages" means Mortgages and the loans secured thereby where the borrower thereunder is a limited liability company;

"CRA" means the Consumer Rights Act 2015;

"Current Balance" has the same meaning as in the Deed of Charge;

"Current LTV Ratio" means, on any date, in respect of a Mortgage, the amount (expressed as a percentage) which is obtained by dividing the aggregate of the Current Balance of such Mortgage by the most recently performed valuation in respect of the Property which is the subject of such Mortgage;

"Deed of Charge" means a deed of sub charge and assignment to be entered into on the Closing Date between, inter alios, the Issuer, the Trustee, PML, Paragon Bank and the Hedge Providers and includes, where the context so admits, any further or supplemental charge or security granted pursuant thereto;

"Discretionary Further Advance" has the same meaning as in the Administration Agreement;

"Enforcement Notice" has the same meaning as in the Deed of Charge;

"FCA" means the Financial Conduct Authority;

"Fitch" means Fitch Ratings Limited;

"FSMA 2000" or **"FSMA"** means the Financial Services and Markets Act 2000 as amended from time to time;

"Further Sale Date" means, if applicable, in relation to any sale and purchase of Additional Mortgages, each date on which a sale and purchase is completed subject to, and in accordance with, the terms of this agreement;

"Further Sale Period End Date" means the earlier of (a) the Step-Up Date and (b) the occurrence of a Further Sale Period Termination Event;

"Further Sale Period Termination Event" means:

- (a) an Event of Default;
- (b) an Insolvency Event in respect of either Seller;
- (c) an unremedied breach by either Seller of any of their respective obligations under the Relevant Documents;
- (d) on any Interest Payment Date, the aggregate amount debited to the Principal Deficiency Ledger in respect of enforcement of Mortgages since the Closing Date (including any Additional Mortgages sold on any Further Sale Dates (as applicable)) exceeds 1 per cent. of the Initial Principal Amount of the Notes (excluding for such purposes the Class S Notes and the Class S VFN);
- (e) on any Interest Payment Date, the amount standing to the credit of the General Reserve Fund is less than the General Reserve Fund Required Amount;
- (f) on any Interest Payment Date, the amount standing to the credit of the Class A and Class B Liquidity Reserve Fund is less than the Class A and Class B Liquidity Reserve Fund Required Amount; and
- (g) on any Principal Determination Date, the then Current Balances of Mortgages which are then more than three months in arrears in aggregate constitute more than 3 per cent. of the then aggregate Current Balance of all Mortgages in the Mortgage Portfolio (and for these purposes a Mortgage will be more than three months in arrears at any time if, at such time, amounts totalling in aggregate more than three times the then current monthly payment due from the borrower under such Mortgage have not been paid and/or have been capitalised within the 12 months immediately preceding such time).

"General Reserve Fund" has the meaning given to it in the Administration Agreement;

"General Reserve Fund Required Amount" has the meaning given to it in the Administration Agreement;

"Hedge Provider" has the same meaning as in the Trust Deed;

"Individual Mortgages" means Mortgages and the loans secured thereby where the borrower thereunder is an individual;

"Initial Principal Amount" has the same meaning as in the Administration Agreement;

"Insurance Contracts" means the contracts of insurance specified in schedule 2 (Insurances) to the Administration Agreement or any other policies providing equivalent cover to the extent therein specified;

"Interest Payment Date" has the same meaning as in the Administration Agreement;

"Interest Rate Converted Mortgage" has the same meaning as in the Administration Agreement;

"Interest Rate Converted Mortgage Conditions" has the same meaning as in the Administration Agreement;

"Legal Title Holders" means PML and Paragon Bank;

"Lending Guidelines" means the lending guidelines set out in schedule 4 or such other guidelines which (to the extent that they differ from those set out in schedule 4) PML (as Administrator) has certified, in its reasonable opinion, will not have an adverse effect on the then current ratings of the Notes (and a copy of which has been supplied to the Trustee);

"Loan" means mortgage loans originated by the Sellers, the beneficial interests in which are sold to the Issuer pursuant to this agreement;

"Mandatory Further Advance" has the same meaning as in the Administration Agreement;

"Moody's" means Moody's Investors Service Limited;

"Mortgage Conditions" means the terms and mortgage conditions applicable to the Mortgages and which are comprised in the Mortgage Documentation;

"Mortgage Documentation" means, in the case of any Individual Mortgage and any Corporate Mortgage, the documents listed in schedule 1 or such other documents as may have been used in connection with such Mortgages, the use of which (in the reasonable opinion of PML as Administrator) would not adversely affect the then current ratings of the Notes;

"Mortgage Margin Reserve Fund" has the meaning given to it in the Administration Agreement;

"Mortgage Portfolio" means the portfolio of loans, mortgages and all moneys derived therefrom sold to the Issuer by each of the Sellers on the Closing Date and thereafter on any Purchase Date by the Sellers in accordance with the terms of this Mortgage Sale Agreement;

"Mortgagee" means the relevant Legal Title Holder as mortgagee, chargee or heritable creditor, as the context requires;

"Mortgages" means the Original Mortgages and, if applicable, the Additional Mortgages;

"Notes" has the same meaning as in the Administration Agreement;

"Optional Repayment Mortgage" means a Mortgage where the Issuer or the relevant Administrator can convert the Mortgage from an Interest only Mortgage to a Repayment Mortgage after the initial fixed rate period, subject to a 28 day notice period;

"Original Mortgages" means the Individual Mortgages and the Corporate Mortgages to be sold by each of the Sellers to the Issuer on the Closing Date pursuant to this agreement, brief details of which are set out in the Annexure to this agreement;

"Paragon Bank Depositor Mortgage" means a mortgage where Paragon Bank is the Legal Title Holder and the Borrower also holds a deposit with Paragon Bank in excess of £85,000;

"Paragon Banking Group Company" means PBG or any of its subsidiary undertakings (collectively, the **"Paragon Banking Group Companies"**);

"PBG" means Paragon Banking Group PLC (registered number 2336032);

"Power of Attorney" means a power of attorney to be granted by each of the Sellers in favour of the Issuer and the Trustee in the form set out in schedule 3;

"Principal Determination Date" has the same meaning as in the Administration Agreement;

"Property" means, in relation to each Mortgage, the residential property upon which the relevant loan is secured;

"Prospectus" means the prospectus dated 27 October 2023 in relation to the issue by the Issuer of the Notes;

"Provisional Mortgage Pool" means the provisional mortgage pool comprising mortgages and the loans secured thereby referred to in the Prospectus prepared in connection with the Notes having an aggregate provisional balance in an amount of £918,647,678.64;

"Purchase Date" means (a) in relation to the sale and purchase of the Original Mortgages, the Closing Date; and (b) in relation to any sale and purchase of Additional Mortgages, if any, the relevant Further Sale Date;

"RC1 Payments" has the meaning in Residual Certificate Condition 4;

"RC2 Payments" has the meaning in Residual Certificate Condition 4;

"Registered Land Transfer" means a transfer of Mortgages in the form set out in the Land Registry of England and Wales form TR4 (as may be amended or replaced from time to time);

"Rental Cover" means:

(a) for the purpose of Mortgages originated prior to 12 December 2016:

- (i) for single self-contained units, the annual rental income divided by the annual interest payment due on the mortgage calculated on an interest-only basis at 5 per cent.; or

- (ii) for non-single self-contained units (HMO properties and multi-unit properties), the annual rental income divided by the annual interest payment due on the mortgage calculated on an interest-only basis at 7 per cent.; and
- (b) for the purpose of Mortgages originated on or after 12 December 2016:
- (i) for Fixed Rate Mortgages with an initial fixed rate term of 5 years or more, the annual rental income divided by the annual interest payment due on the mortgage calculated on an interest-only basis, where the Sellers have used a range of reference rates (as market conditions have changed over time) in accordance with the practices of a reasonably prudent mortgage lender to calculate the annual mortgage interest payment, at (a) 4 per cent.; (b) 4.25 per cent.; (c) 4.5 per cent.; (d) 5 per cent.; (d) 5.5 per cent.; (e) 5.75.; per cent.; (f) 6.5 per cent. and (g) 7 per cent. as applicable or the product charging rate whichever is higher; or
 - (ii) for Fixed Rate Mortgages with an initial fixed rate term of less than 5 years prior to moving to the reversionary rate, the annual rental income divided by the annual interest payment due on the mortgage calculated on an interest-only basis at 5.5 per cent. or the product charging rate plus 2 per cent. whichever is higher.

"Relevant Documents" has the same meaning as in the Deed of Charge;

"Relevant Mortgage" has the same meaning as in clause 7.6;

"Relevant Second Mortgage" has the same meaning as in clause 7.7;

"Retained Pre Purchase Accruals and Arrears" means, in respect of any Mortgage, the Accrued Arrears in respect of such Mortgage and the amount of any interest (including capitalised interest (if any)) or other sum due to be paid or accrued in respect of any period up to the Purchase Date under or in respect of such Mortgage;

"Reversionary Period" means in respect of Fixed Rate Mortgages or any Discretionary Further Advance, the applicable initial fixed rate period until the rate of interest chargeable in relation thereto becomes the Standard Rate;

"Sale Document" means this agreement (in the case of the purchase of the Original Mortgages) and, if applicable, each Additional Mortgage Request (in the case of the purchase of any Additional Mortgages);

"Seller Asset Warranties" means the loan warranties as set out in clause 7.2;

"Transaction Account" has the same meaning as in the Administration Agreement;

"Transfer" means a Registered Land Transfer and/or an Unregistered Land Transfer;

"Trust Deed" has the same meaning as in the Administration Agreement;

"Unregistered Land Transfer" means a transfer of Mortgages in the form set out in schedule 2;

"UTCCR" means, insofar as applicable, the Unfair Terms in Consumer Contracts Regulations 1994 (SI 1994/3159) or the Unfair Terms in Consumer Contracts Regulations 1999 (SI 1999/2083); and

"Waived Prepayment Charge Amount" has the same meaning as in the Administration Agreement.

- 1.2 The headings and contents pages in this agreement shall not affect its interpretation. References in this agreement to clauses and schedules shall, unless the context otherwise requires, be construed as references to clauses of and schedules to, this agreement.
- 1.3 Words denoting the singular number only shall include the plural number also and vice versa, words denoting one gender only shall include the other genders and words denoting persons only shall include firms and corporations and vice versa.
- 1.4 References in this agreement to any agreement or other document shall be deemed also to refer to such agreement or document as amended, modified, novated or replaced from time to time.
- 1.5 The terms of the Relevant Documents are incorporated herein to the extent required for any contract for the disposition of an interest in land (as defined in Section 2(6) of the Law of Property (Miscellaneous Provisions) Act 1989) contained herein to be a valid agreement in accordance with Section 2(1) of that Act.
- 1.6 References to the PML, Paragon Bank, the Issuer, the Trustee, or any other person include references to their successors, transferees and assigns and persons deriving title under or through them respectively. References in this agreement to any statute or statutory provision shall be deemed also to refer to any statutory modification or re enactment thereof and to any statutory instruments, orders or regulations made thereunder or under any such re enactment.

2. **SALE BY THE SELLERS TO THE ISSUER**

- 2.1 Subject to the terms and conditions of this agreement, (i) PML agrees with the Issuer and the Issuer agrees with PML that PML shall sell, and the Issuer shall purchase the Original Mortgages listed in part 1 of the Annexure to this agreement on the Closing Date, and (ii) Paragon Bank agrees with the Issuer and the Issuer agrees with Paragon Bank that Paragon Bank shall sell, and the Issuer shall purchase the Original Mortgages listed in part 2 of the Annexure to this agreement on the Closing Date.
- 2.2 If either Seller delivers an Additional Mortgage Request in accordance with the terms of this agreement, the Issuer shall be required to purchase the Additional Mortgages specified therein.
- 2.3 Subject to the terms of this agreement, the Sellers and the Issuer agree that each Seller shall sell and the Issuer shall, if applicable, purchase the Additional Mortgages on the date specified in the relevant Additional Mortgage Request **provided that** such date is a Business Day falling prior to the occurrence of a Further Sale Period End Date.
- 2.4 Subject to the terms and conditions of this agreement, each Seller agrees to sell with full title guarantee and the Issuer agrees to purchase on each Purchase Date and subject to the terms and conditions of this agreement, each Seller hereby sells, and the Issuer hereby purchases on the relevant Purchase Date:
- (a) subject to the subsisting rights of redemption of Borrowers, those Mortgages which are set out in the Annexure to the relevant Sale Document pursuant to which such Mortgages are to be purchased on that Purchase Date including for the avoidance of doubt:
- (i) all sums of principal, interest or any other sum payable under and the right to demand, sue for, recover, receive and give receipts for all principal moneys payable or to become payable under such Mortgages or the unpaid part thereof and the interest due or to become due thereon and the other sums due under such Mortgages, in each case other than Retained Pre Purchase Accruals and Arrears which the relevant Seller shall not transfer but shall retain for its own benefit; and

- (ii) the benefit of all securities for such principal moneys and interest, and the benefit of and the right to sue on all obligations, undertakings and covenants with, or vested in, the relevant Mortgagee in each such Mortgage and the right to exercise all the relevant Mortgagee's powers in relation to such Mortgages and, in the case of Individual Mortgages only, the benefit of all consents to mortgage signed by occupiers of the Properties; and
 - (iii) all the estate and interest in the Properties vested in the relevant Mortgagee subject to redemption or cesser; and
 - (iv) all causes and rights of action against any person in connection with any report, valuation, opinion, certificate, consent or other statement of fact or opinion given in connection with any such Mortgage or affecting the decision to make any relevant advance; and
 - (v) the benefit of any guarantee or surety vested in the relevant Mortgagee relating to any such Mortgage and any other collateral security relating to such Mortgage; and
- (b) all its right, title, interest and benefit (whether present or future) in relation to the Insurance Contracts including the right to receive the proceeds of any claim insofar only as they relate to such Mortgages but not insofar as they relate to any amount comprising Retained Pre Purchase Accruals and Arrears.

2.5 Each sale and purchase referred to in clauses 2.1, 2.3 and 2.4 shall be completed as follows:

- (a) in the case of Properties in England or Wales which comprise land registered at the Land Registry of England and Wales or the Land Registry of England and Wales (including any Property which is the subject of an application for first registration), by a transfer in the form of the Registered Land Transfer; and
- (b) in the case of Properties in England or Wales which comprise land which is not registered at the Land Registry of England and Wales (excluding that which is the subject of an application for first registration), by a transfer in the form of the Unregistered Land Transfer; and

provided always that neither the Issuer nor the Trustee shall be entitled to require the Seller to execute and deliver any of the documents referred to in paragraph (a) or (b) above until after the occurrence of any of the events referred to in clauses 4.3(b)(i) to (v) of the Administration Agreement or such other time as the parties may agree, or unless it is entitled to do so in accordance with clause 4.3(c) of the Administration Agreement.

Each Mortgagee acknowledges to the Issuer and the Trustee that, in consideration for the provision of funds for that purpose by or on behalf of the Issuer and/or Trustee, each Discretionary Further Advance and each Mandatory Further Advance made by or on behalf of and in the name of the relevant Seller to a Borrower under and on the security of a Mortgage using such funds is at all times included in and forms part of the relevant Mortgage sold to the Issuer under clauses 2.1, 2.3 and 2.4 of this agreement and will be secured thereby and each Seller acknowledges that it retains no right, title, interest or benefit (whether present or future) in any Discretionary Further Advance and/or each Mandatory Further Advance so funded.

2.6 If on or at any time after the relevant Purchase Date the relevant Seller holds, or there is held to its order, or it receives, or there is received to its order (otherwise than following a repurchase under clause 7 or a reassignment under clause 8) any property, interest, right or benefit hereby agreed to be sold to the Issuer and/or the proceeds thereof, it undertakes with the Issuer that it will hold such property, interest, right or benefit and/or the proceeds thereof upon trust for the Issuer as the beneficial owner thereof or as the Issuer may direct

and in the case of proceeds shall forthwith pay such proceeds to the Issuer to be dealt with as provided herein. If on or at any time after the relevant Purchase Date the Issuer holds, or there is held to its order, or it receives, or there is received to its order, any property, interest, right or benefit which is repurchased by the relevant Seller under clause 7 or re assigned to the relevant Seller under clause 8 of which the relevant Seller retains the benefit as expressly provided herein and/or the proceeds of any thereof, the Issuer undertakes that it will hold such property, interest, right or benefit and/or the proceeds thereof upon trust for the relevant Seller as beneficial owner thereof.

3. **CONDITIONS TO FURTHER SALES**

3.1 The parties to this agreement agree that the Sellers will not be entitled to, and that and that they will not, sell, and the Issuer will not be entitled to, and that it will not, purchase, any Additional Mortgages unless permitted by this agreement, and each of the following conditions is satisfied on each Further Sale Date:

- (a) the relevant Further Sale Date falls on a date which is prior to the Step-Up Date;
- (b) no Seller Asset Warranty (as at such Further Sale Date) is breached in respect of any Additional Mortgages to be acquired by the Issuer from the Sellers on such Further Sale Date and neither Seller is in breach of its obligation to repurchase Mortgages and their related security which are in breach of any Seller Asset Warranty given by the Sellers;
- (c) following the addition of the Additional Mortgages to the Mortgage Portfolio on the relevant Further Sale Date, the weighted average Current LTV Ratio of all Mortgages in the Mortgage Portfolio will not exceed 75 per cent.;
- (d) either: (x) the weighted average interest rate applicable to the Current Balance of all Mortgages in the Mortgage Portfolio (including any Additional Mortgages acquired on such Further Sale Date) after taking into account any Basis Hedge Agreements and the Interest Rate Converted Mortgage Release Amounts expected on the immediately following Interest Payment Date is not less than Compounded Daily SONIA (or the Alternative Base Rate) plus 3 per cent. or (y) if such weighted average interest rate is less than Compounded Daily SONIA (or the Alternative Base Rate) plus 3 per cent, the amount standing to the credit of the Mortgage Margin Reserve Fund on such Further Sale Date is equal to or greater than the Adjusted Mortgage MRF Required Amount;
- (e) the amount standing to the credit of the MFA Pre-Funding Reserve Ledger or the Principal Ledger is sufficient to cover Mandatory Further Advances;
- (f) PML as Administrator will within 30 days of the relevant Further Sale Date, arrange for the Issuer to enter into a Basis Hedge Agreement to hedge the fixed-floating interest rate exposure in relation to such Additional Mortgages;
- (g) following the addition of the Additional Mortgages to the Mortgage Portfolio, the aggregate outstanding Current Balance of Mortgages with a Current LTV Ratio of more than 77 per cent. will not exceed 20 per cent. of the aggregate Current Balance of all of the Mortgages in the Mortgage Portfolio on the relevant Further Sale Date;
- (h) following the addition of the Additional Mortgages to the Mortgage Portfolio, the aggregate outstanding Current Balance of Mortgages whose related Properties are in London is not greater than 40 per cent. of the aggregate Current Balance of the Mortgages in the Mortgage Portfolio on the relevant Further Sale Date;
- (i) following the addition of the Additional Mortgages to the Mortgage Portfolio, the aggregate outstanding Current Balance of Mortgages whose related Properties are in

the South East of England is not greater than 40 per cent. of the aggregate Current Balance of the Mortgages in the Mortgage Portfolio on the relevant Further Sale Date;

- (j) following the addition of the Additional Mortgages to the Mortgage Portfolio, the aggregate outstanding Current Balance of Mortgages whose related Properties are in a single geographic region other than London and South East of England is not greater than 20 per cent. of the aggregate Current Balance of the Mortgages in the Mortgage Portfolio on the relevant Further Sale Date;
- (k) following the addition of the Additional Mortgages to the Mortgage Portfolio, the aggregate outstanding Current Balance of Mortgages whose related Properties are classed as houses in multiple occupation is not greater than 40 per cent. of the aggregate Current Balance of the Mortgages in the Mortgage Portfolio on the relevant Further Sale Date;
- (l) following the addition of the Additional Mortgages to the Mortgage Portfolio, the weighted average Rental Cover to all the Mortgages in the Mortgage Portfolio is not less than 125 per cent.;
- (m) the remaining fixed rate period applicable to each Additional Mortgage that is a Fixed Rate Mortgage will not be longer than 5 years and 6 months as at the relevant Further Sale Date;

the reversionary interest rate of the Additional Mortgage(s) is the relevant Legal Title Holder's standard variable rate;
- (n) no Further Sale Period Termination Event has occurred or would occur as a result of the sale and purchase of the Additional Mortgage(s);
- (o) no Additional Mortgage to be purchased is an Arrears Mortgage;
- (p) as at the relevant Further Sale Date, (where the Residual Certificates are represented by Definitive Residual Certificates) more than 50 per cent. of the Residual Certificates are held by a Paragon Banking Group Company or (where the Residual Certificates are represented by a Global Residual Certificate) the beneficial interest in more than 50 per cent. of the Residual Certificates is held by a Paragon Banking Group Company;
- (q) there being no debit balance on the Principal Deficiency Ledger following amounts having been applied in accordance with the Payments Priorities on the preceding Interest Payment Date;
- (r) on such Further Sale Date, Additional Mortgages which are Fixed Rate Mortgages may only be purchased by the Issuer where the weighted average swap rate calculated by PML as Administrator by reference to the interest swap rates and notional values disclosed in (a) the Basis Hedge Agreements as at the Principal Determination Date immediately preceding such Further Sale Date (or in the case of any Further Sale Date occurring in the first Collection Period, the Closing Date) and (b) the Basis Hedge Agreements (if any) entered into by the Issuer since the Principal Determination Date immediately preceding such Further Sale Date (or in the case of the first Collection Period, the Closing Date), does not exceed 4 per cent.;
- (s) on each Further Sale Date Additional Mortgages which are Fixed Rate Mortgages may only be purchased by the Issuer where the product (calculated by PML as Administrator) of (a) the weighted average time in years to the end of the fixed rate period in respect of the Fixed Rate Mortgages in the Portfolio together with the Additional Mortgages which are Fixed Rate Mortgages to be purchased on such Further Sale Date and (b) the Current Balance of the Fixed Rate Mortgages in the Portfolio together with the Fixed Rate Loans to be purchased on such Further Sale Date divided by the Current Balance of the Mortgages in the Portfolio together with

the Additional Mortgages to be purchased on such Further Sale Date, does not exceed 5.25; and

- (t) on each Further Sale Date, the sum of (a) the notional value of the outstanding Basis Hedge Agreements entered into by the Issuer on or before the Principal Determination Date immediately preceding such Further Sale Date (or in the case of the first Collection Period, the Closing Date), and (b) the notional value of any Basis Hedge Agreements entered into by the Issuer since the Principal Determination Date immediately preceding such Further Sale Date (or in the case of any Further Sale Date occurring in the first Collection Period, the Closing Date) must not exceed or be less than (by greater than £15 million), the sum of the Current Balance of: (A) all Fixed Rate Mortgages as at the Principal Determination Date immediately preceding such Further Sale Date (or in the case of the first Collection Period, the Closing Date); and (B) any Additional Mortgages which are Fixed Rate Mortgages purchased since the Principal Determination Date immediately preceding such Further Sale Date (or in the case of any Further Sale Date occurring in the first Collection Period, the Closing Date); and
- (u) that PML and/or Paragon Bank and/or PBG and/or any holding company or subsidiary of PBG (a "**Paragon Banking Group Company**") are the Administrators and no Administrator Termination Event has occurred in respect of PML or Paragon Bank (or any Paragon Banking Group Company) in its capacity as an Administrator,

provided that, for so long as Paragon Bank or its affiliates are the beneficial owner of all of the Notes and the Residual Certificates, Paragon Bank may, in its sole discretion, waive any of the above Additional Mortgage Conditions in relation to any Additional Mortgages to be purchased on a Further Sale Date, provided that:

- (i) the Rating Agencies have been given prior written notice of Paragon Bank's intention to waive any of the above Additional Mortgage Conditions; and
- (ii) the Rating Agencies have indicated that such action would not result in (A) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Rated Notes by such Rating Agency or (B) such Rating Agency placing any Rated Notes on rating watch negative (or equivalent).

4. **CONSIDERATION**

- 4.1 The total consideration payable by the Issuer to any Seller for the sale by such Seller of the Mortgages referred to in clauses 2.1 and 2.3 and 2.4 shall be the Initial Purchase Consideration and, subject to Residual Certificates Condition 4(e) (Termination of Payments and cancellation of Residual Certificates), Deferred Purchase Consideration in respect of the Mortgage Portfolio on each Interest Payment Date after the Closing Date.

In this agreement:

- (a) "**Initial Purchase Consideration**" shall be a sum equal to:
 - (i) the principal balance in respect of the Mortgages sold by the relevant Seller as at the relevant Purchase Date as shown in the Annexure to the relevant Sale Document on such Purchase Date where such amount in the case of each such Mortgage is described as the "**Current Principal Balance**"; plus
 - (ii) the amounts (if any) in respect of such Mortgages shown in the Annexure and described as "**Amortised Cost Adjustments**"; and
- (b) "**Deferred Purchase Consideration**" shall consist of RC1 Payments and RC2 Payments (together, the "**Residual Payments**") and shall be payable to the relevant Residual Certificateholders,

and, for the avoidance of doubt, no consideration will be payable under this clause 4.1 in respect of the sale of the items referred to in clauses 2.4(a)(iv), 2.4(a)(v) and 2.4(b).

- 4.2 To the extent that any transfer or assignment of any Mortgages does not occur as a result of non-satisfaction of any term or condition of this agreement and the Initial Purchase Consideration therefor has been paid to the relevant Seller, such transfer or assignment shall take effect as if such term or condition had in fact been satisfied without prejudice to any other rights, remedies or obligations that arise as a result of the non-satisfaction of such term or condition.

5. **OBLIGATIONS**

- 5.1 Each Mortgagee severally undertakes with the Issuer and the Trustee that it will provide all reasonable co operation to the Issuer and the Trustee during the term of this agreement and without prejudice to the generality of the foregoing shall:

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

- 5.2 Prior to the relevant Purchase Date, no Mortgagee shall make any announcement in relation to any of the Mortgages, other than an adjustment of the rate or rates of interest on the Mortgages, without the prior approval of the Issuer (such approval not to be unreasonably withheld or delayed) of the terms of such announcement.

- 5.3 Without prejudice to the other provisions of this clause 5, prior to the relevant Purchase Date, the Issuer shall procure that the relevant Administrator shall continue to administer the Mortgages on the same basis as for all other mortgages and charges of a similar type administered by them.

- 5.4 On the Closing Date, the Sellers shall sell to the Issuer pursuant to clause 2 the Original Mortgages selected by the Administrators forming part of the Provisional Mortgage Pool (and excluding, without limitation, those Mortgages which have been redeemed in full prior to the Closing Date or which do not otherwise comply with the terms of this agreement as at the Closing Date).

6. **COMPLETION**

- 6.1 The sales and purchases referred to in clause 2 shall be conditional on:

- (a) the issue by the Issuer of the Notes and the Residual Certificates and the drawing by the Issuer under the Class S VFN of the amounts referred to in Condition 18 on the Closing Date;
- (b) the Relevant Documents having been executed and delivered by the parties thereto on or before the Closing Date; and
- (c) the delivery by the Issuer and each applicable Seller of a solvency certificate in or substantially in the form set out in schedule 5, signed by an authorised officer of the relevant company.

Completion of the purchase of the Original Mortgages shall take place on the Closing Date immediately upon satisfaction of conditions (a), (b) and (c) referred to in this clause 6.1 and immediately thereafter the steps listed in clauses 6.2 and 6.3 shall take place, each of

which shall be deemed to take place simultaneously and payment shall be made in accordance with clause 6.4.

- 6.2 On each Purchase Date, the relevant Seller shall deliver or procure that there are delivered to the Issuer:
- (a) in the case of the Closing Date only, a duly executed power (in duplicate) in the form of the Power of Attorney;
 - (b) in the case of the Closing Date only, a certified copy of each of the Insurance Contracts;
 - (c) the following documents on the relevant Purchase Date:
 - (i) paper copies of the title deeds to the Properties in respect of the Mortgages;
 - (ii) electronic copies of the Mortgages registered at the Land Registry of England and Wales;
 - (iii) its files relating to each of the Mortgages; and
 - (iv) in the case of the Mortgages to be acquired by the Issuer from each of PML and Paragon Bank on the Closing Date one copy of the Annexure to this agreement and in the case of any Additional Mortgages one copy of each Additional Mortgage Request delivered pursuant to this agreement, in each case signed by the parties hereto for the purposes of identification.

The items referred to in items (a), (b) and (c) of this clause 6.2 shall be delivered on the relevant Purchase Date at the offices of the relevant Administrator, or the relevant Administrator shall confirm to the Issuer and the Trustee in an agreed form of letter that as of the relevant Purchase Date such items will be held by the relevant Administrator to the order of the Trustee. The Issuer agrees that compliance with this provision shall constitute good delivery of the relevant documents to the Issuer for the purposes of this clause 6.2.

- 6.3 In the case of the Closing Date only, the Issuer shall deliver, or procure that there are delivered, to the relevant Administrator powers of attorney duly executed by the Issuer and the Trustee in accordance with clause 10.1 of the Administration Agreement.
- 6.4 On the relevant Purchase Date, the Issuer shall (subject to each Seller having performed their respective obligations herein) satisfy and discharge the Initial Purchase Consideration payable under clause 4.1.
- 6.5 Each Seller undertakes that it will use all reasonable efforts to obtain, as soon as practicable, and in any event within six months after the relevant Purchase Date, details of the title numbers applicable to Properties in England or Wales comprising registered land or land which is the subject of an application for first registration in respect of Mortgages which have been sold by it. Six months from the relevant Purchase Date the Seller shall report in writing to the Issuer and the Trustee such title numbers relating to the Mortgages as are then known to it together with such other information relating thereto as the Trustee may reasonably request. If all such title numbers are not then known to the relevant Seller, the relevant Seller shall, within such period of time thereafter (not being less than two weeks) as the Trustee may specify to such Seller, obtain details of the missing title numbers and report the same in writing to the Trustee. Where any of the Annexures contain details of Mortgages over registered land in England or Wales, the relevant Seller will identify (if requested to do so by the Chief Land Registrar) the District Registry responsible for the area in which each of the Properties is situated.

7. **WARRANTIES, REPRESENTATIONS AND UNDERTAKINGS**

- 7.1 Each Seller acknowledges that the warranties and representations given or made by it and set out in this clause 7 are made with a view to inducing the Issuer and the Trustee to enter into this agreement and to inducing the Issuer to purchase Mortgages pursuant to this agreement and that the Issuer and the Trustee have entered into this agreement in reliance thereon and have relied and will rely upon such warranties and representations notwithstanding any information in fact possessed or discoverable by the Issuer or the Trustee or otherwise disclosed to either of them.
- 7.2 Each Seller warrants and represents to each of the Issuer and the Trustee in the following terms as at the relevant Purchase Date with respect to the Mortgages to be purchased from it by the Issuer on the relevant Purchase Date by reference to the facts and circumstances existing immediately prior to the completion of the purchase of the relevant Mortgages by the Issuer in accordance with clause 2:
- (a) the particulars of each Mortgage (as set out in the Annexure to this agreement or, in respect of any Additional Mortgage, as set out in the Annexure to the Additional Mortgage Request pursuant to which that Additional Mortgage is offered to the Issuer) are complete, true and accurate in all material respects;
 - (b) subject to the completion of any registration or recording of the Mortgage which may be pending at the Land Registry of England and Wales, each Mortgage is legally owned by the relevant Legal Title Holder;
 - (c) a Seller is the beneficial owner of each Original Mortgage in the Mortgage Portfolio on the Closing Date;
 - (d) the relevant Seller is the beneficial owner of each Additional Mortgage on each Further Sale Date;
 - (e) each Loan constitutes a valid and binding obligation of the Borrower;
 - (f) subject to the completion of any registration or recording of the Mortgage which may be pending at the Land Registry of England and Wales, each Mortgage constitutes a valid and subsisting legal mortgage over the relevant Property which is either:
 - (i) a first legal mortgage in respect of all monies outstanding under the related Loan; or
 - (ii) a second or subsequent legal mortgage over which no mortgage which is not a Mortgage has priority in respect of all monies outstanding under the related Loan;
 - (g) the Mortgages and the other estates and interests sold by the Seller under this Mortgage Sale Agreement are free and clear of all mortgages, securities, charges, liens, encumbrances, diligences, claims and equities but subject:
 - (i) to the terms of this Mortgage Sale Agreement and the Deed of Charge; and
 - (ii) in the case of the Mortgages registration or recording of which is pending at the Land Registry of England and Wales to the completion of such registration or recording,
 - (h) each Mortgage is secured on a freehold or leasehold residential, or mixed commercial/residential property which is situated in England or Wales;
 - (i) all steps necessary with a view to perfecting the relevant Legal Title Holder's legal title to each Mortgage were duly taken at the appropriate time or are in the process

- of being taken without undue delay on its part or on the part of those within its control;
- (j) no Mortgage is subject to any right of rescission, set off, lien, counterclaim or defence which would entitle the relevant Borrower to reduce the amount of any payment otherwise due under a Mortgage;
 - (k) prior to making the initial advance to a Borrower:
 - (i) the relevant Seller received from solicitors or licensed or qualified conveyancers acting for it a report on title or certificate of title to the relevant Property (the benefit of which is available to the owner for the time being of the relevant Mortgage) which either initially or after further investigation disclosed nothing which would cause a reasonably prudent mortgage lender to decline to proceed with the initial advance on the proposed terms; or
 - (ii) where the mortgage loan made in relation to a Property is secured by a Mortgage which was made without there being a contemporaneous purchase of such Property by the Borrower, the relevant Seller carried out such written searches and investigations of title to the Property which a reasonably prudent mortgage lender would carry out in relation to the remortgaging of a property, which searches and investigations either initially or on further investigation disclosed nothing which would cause a reasonably prudent mortgage lender to decline to proceed with the initial advance on the proposed terms,
 - (l) prior to making a Loan, a valuation was undertaken on behalf of the relevant Seller by a valuer approved by the relevant Seller (being a fellow or associate of the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers) which either initially or after further investigation disclosed nothing which would cause a reasonably prudent mortgage lender to decline to proceed with taking the mortgage or charge on the proposed terms;
 - (m) subject to registration or recording at the Land Registry of England and Wales where required, at the date of the Mortgage each Property was held by the Borrower free from any encumbrance which would materially adversely affect either the title to the Property or the value of the Property for security purposes set out in any valuation report carried out for the relevant Seller;
 - (n) if the Property is not registered at the Land Registry of England and Wales and is not required to be registered, the relevant Borrower has a good and marketable title to the fee simple absolute in possession or a term of years absolute in the relevant Property or, if the Property is registered or is unregistered but is subject to first registration at the Land Registry of England and Wales, it has been registered or is in the course of registration with title absolute, in the case of freehold property, or absolute or good leasehold title, in the case of leasehold property and if the Property is not registered and is not required to be registered, it is comprised in either a fee simple absolute (if freehold) or a term of years (if leasehold) of not less than 30 years beyond the term of the Mortgage relating to such Property and is free from any encumbrance which would affect such title, and if the Property is registered, it has been registered with title absolute (if freehold) or good leasehold estate title of the requisite term (if leasehold) or is in the process of being so registered;
 - (o) prior to making each initial advance or Discretionary Further Advance, the Lending Guidelines were satisfied so far as applicable (having regard to any further advance which could fall to be made) subject to such waivers as might be within the discretion of a reasonably prudent mortgage lender;

- (p) each advance has been made in all material respects on the terms of the Mortgage Documentation current at the date of the advance and such documents have not been subsequently varied in any material respect;
- (q) the relevant Borrower's consent is not required for the transfer or assignment of any Mortgage;
- (r) interest is charged on each Mortgage at such rate as may be from time to time determined in accordance with the provisions of the Mortgage Conditions;
- (s) no Mortgage is an Arrears Mortgage;
- (t) other than in the case of a Mortgage on a Property where the Borrower has been written to in respect of an unauthorised letting, there are no outstanding claims in respect of any material breaches of the terms of any Mortgage;
- (u) the relevant Seller took (or instructed its solicitors to take) on or prior to the date of completion of each Mortgage all reasonable steps to ensure that any Property (which was not insured under the Block Buildings Policies maintained by it) was insured under a policy with an insurance company against all risks usually covered by a comprehensive insurance policy to an amount not less than the full reinstatement value determined by the valuer acting for it and that it was either a named insured or its interest was noted by the insurers;
- (v) no Mortgage is or will be repayable later than 30 November 2053;
- (w) since the registration of each Mortgage in the name of the relevant Seller and/or the relevant Legal Title Holder, full and proper accounts, correspondence files, books and records showing all transactions, payments, receipts, proceedings and notices relating to that Mortgage have been kept and all such accounts, books and records are up to date and in the possession of the Mortgagee or held to their order;
- (x) the Mortgagee has not received written notice of any claim calling into question in any material way its title to any Mortgage;
- (y) all the title deeds to the Properties and the Mortgages are held by or to the order of the Mortgagee or have been lodged by the Mortgagee at the Land Registry of England and Wales;
- (z) in the case of Individual Mortgages only, no Borrower is a current employee of a Paragon Banking Group Company and each Borrower of an Individual Mortgage purchased pursuant to this agreement is an individual;
- (aa) other than in the case of a Mortgage on a Property where the Borrower has been written to in respect of an unauthorised letting, the Mortgagee has not knowingly waived or acquiesced in any breach of any of its rights under or in relation to a Mortgage other than such waivers as a reasonably prudent mortgage lender might make in accordance with the guidance set out in the Administration Manual;
- (bb) no Mortgage is wholly or partly regulated by the CCA or by the FSMA as a regulated credit agreement under article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) or treated as such, or, to the extent that it is so regulated or partly regulated or treated as such, the Sellers and the Legal Title Holders have complied with all of the relevant legal requirements of, and procedures set out in, the CCA or the FSMA and all secondary legislation made pursuant thereto and the FCA handbook, as applicable;
- (cc) no Mortgage is wholly or partly regulated by the FSMA as a regulated mortgage contract as defined under article 61 of the Financial Services and Markets Act 2000

(Regulated Activities) Order 2001 (SI 2001/544) or treated as such, or, to the extent that it is so regulated or partly regulated or treated as such, the Sellers and the Legal Title Holders have complied with all of the relevant legal requirements of, and procedures set out in the FSMA and all secondary legislation made pursuant thereto and the FCA handbook, as applicable;

- (dd) no Mortgage (whether alone or with any related agreement) constitutes an unfair relationship for the purposes of sections 140A to 140C of the CCA;
- (ee) the amount outstanding under each Mortgage is a valid debt to the relevant Legal Title Holder (as holder of the legal title to the Loan) from the Borrower arising from advances of money to the Borrower and, except for any Loan and its Related Security which is not binding by virtue of UTCCR or CRA, the terms of each Loan and its Related Security constitute valid, binding and legally enforceable obligations of the relevant parties except that (i) enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the courts' discretion in relation to equitable remedies and (ii) the warranty only applies in relation to interest and principal payable by the Borrower;
- (ff) no agreement for any Mortgage is cancellable in whole or in part as a result of any non-compliance with the Financial Services (Distance Marketing) Regulations 2004 (as amended);
- (gg) for so long as there is a breach of the applicable Mortgage Conditions no Mortgage will require the making of any Mandatory Further Advance;
- (hh) in relation to any Loan where the obligations of the Borrower are guaranteed by a guarantor, each guarantee or surety obligation in respect of such loan constitutes a valid and binding obligation of such guarantor and the benefit of such guarantee may be assigned to the Issuer and charged by the Issuer to the Trustee;
- (ii) there is no obligation on the part of the Mortgagee under a Mortgage to make any further advances except in accordance with the relevant Mortgage Conditions;
- (jj) the Insurance Contracts will apply to each of the Mortgages and to the extent that they apply to such Mortgages the Issuer will have the benefit of each such Insurance Contract and, as between the assignor and the assignee, any assignment or transfer of the rights and benefits under each such Insurance Contract by the Issuer to the Trustee will be valid and binding without notification to, or request for consent from, the relevant insurer;
- (kk) no term of any Mortgage is an "unfair term" within the meaning of UTCCR or the CRA but this warranty shall not apply in respect of any early repayment or prepayment charges;
- (ll) the relevant Legal Title Holder has at all relevant times held, and continues to hold, authorisation and appropriate permissions from the FCA for conducting all regulated activities specified in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended) carried on by it in respect of each Mortgage;
- (mm) in the case of each Corporate Mortgage, the prescribed particulars of the Corporate Mortgage and any floating charge together with the instrument by which they were created were delivered to the Registrar of Companies for registration within 21 days after their creation in accordance with Section 859 of the Companies Act 2006 and a certificate of registration has been received in respect of such registration;
- (nn) in the case of Corporate Mortgages only, each Borrower is a private company incorporated with limited liability in England and Wales;

- (oo) in the case of Corporate Mortgages only, the Mortgagee has not received written notice of any steps having been taken for the liquidation or winding up of, or the making of an administration order in relation to, any Borrower or of any steps having been taken to enforce any security over the assets of any Borrower;
- (pp) in the case of Corporate Mortgages only, a search was conducted at Companies House at origination in relation to the Borrower, which revealed that no notices of appointment of a liquidator, administrator, administrative receiver or receiver had been filed and that no resolution had been passed to wind up the Borrower;
- (qq) none of the Mortgages, Loans (other than the Loans advanced to Borrowers that are not individuals), related security or Insurance Contracts consist of or include any "stock" or "marketable securities" as such terms are defined in section 122 of the Stamp Act 1891 or "chargeable securities" for the purposes of section 99 of the Finance Act 1986, and none of the Mortgages, Loans, related security or Insurance Contracts consist of or include a "chargeable interest" for the purposes of section 48 of the Finance Act 2003 and section 4 of the Land Transaction Tax and Anti-Avoidance of Devolved Taxes (Wales) Act 2017;
- (rr) all Loans advanced to Borrowers that are not individuals are within the exemption conferred by section 79(4) of the Finance Act 1986;
- (ss) the underlying Mortgage Documentation used in respect of each Loan is governed by and subject to the laws of England and Wales;
- (tt) in the case of Individual Mortgages only, at origination, the relevant Borrower is resident in England and Wales;
- (uu) each Loan is denominated in Sterling; and
- (vv) no Mortgage is a Paragon Bank Depositor Mortgage.

provided always that:

- (i) none of the above representations or warranties is (or shall be treated or deemed to be) in respect of the future credit worthiness of any Borrower;
- (ii) without prejudice to paragraph (bb) above, the Sellers do not, and nothing herein shall be taken to imply that the Sellers do, expressly or impliedly represent or warrant that as at the relevant Purchase Date no term of any Mortgage is incapable of being found by a court of competent jurisdiction or considered by the Office of Fair Trading to be an unfair term for the purposes of the Unfair Terms in Consumer Contracts Regulations 1994 or 1999 or that any pre payment charge relating to a redemption of a Mortgage is enforceable; and
- (iii) notwithstanding anything to the contrary in any of the Relevant Documents the representations and warranties given in this clause 7.2 shall only be given, in relation to the sale and purchase of the Original Mortgages, on the Closing Date or, in relation to the sale and purchase of the Additional Mortgages, if applicable, on the Further Sale Date in respect thereof, by reference to the facts and circumstances existing immediately prior to the completion of such purchase by the Issuer on such date and shall not be, or be deemed to be, given or repeated at any other time whatsoever.

7.3 Each Seller warrants and represents to the Issuer and the Trustee that as at the date hereof the Prospectus contains all information with regard to it and its business, the Mortgages, the Properties, the Lending Guidelines, and the Insurance Contracts which is material in the context of the issue of the Notes and the Residual Certificates and that such information is

true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed therein relating to it and its business, the Mortgages, the Properties, the Lending Guidelines, and the Insurance Contracts are honestly held, that there are no other facts the omission of which would make any of such information or the expression of any such opinions or intentions misleading in any material respect and that each Seller has made all reasonable enquiries to ascertain all facts material for the purposes aforesaid.

- 7.4 Each Seller confirms, for the avoidance of doubt, that if, after the relevant Purchase Date, any Mortgage in respect of which it has given warranties pursuant to clause 7.2 is converted into any other type of Mortgage in accordance with the Administration Agreement, such conversion shall not by itself affect the warranties already given as aforesaid but such warranties shall not be, or be deemed to be, given or repeated at the time of such conversion and the accuracy (or otherwise) of such warranties shall only be measured by reference to the facts and circumstances existing at the date on which such warranties were given. This confirmation is only given in respect of the Mortgages (if any) converted as aforesaid and not in respect of any other Mortgage (unless such other Mortgage is also so converted, in which case the said confirmation shall apply to such other Mortgage in the same terms as the preceding sentence, *mutatis mutandis*).
- 7.5 Each Mortgagee severally undertakes in respect of each Mortgage sold by it that it will proceed with all due diligence to do and complete all such acts and things, and to execute any necessary deeds and documents, as may be requested by the Issuer and/or the Trustee to perfect the title of the Issuer to the relevant Mortgage and the other benefits and rights agreed to be sold hereunder, subject to clause 4.3 of the Administration Agreement.
- 7.6 In the event that:
- (a) there is as at the relevant Purchase Date a material breach of any of the representations and warranties of any Seller contained in clause 7.2 (other than paragraph (kk), thereof to which the provisions of clause 13(d) will apply) in respect of or concerning any Mortgage which (being capable of being remedied) the relevant Seller shall fail to remedy within 28 days (or such longer period not exceeding 35 days as the Issuer and the Trustee may agree) of receipt of written notice of such breach from the Issuer or the Trustee, or which is not capable of being remedied;
 - (b) had the references in the representations and warranties given by any Seller as at the relevant Purchase Date in clause 7.2(aa) to "Mortgagee" been references instead to PML or Paragon Bank, each in its capacity as an Administrator (*mutatis mutandis*), there would have been as at the relevant Purchase Date a material breach ("**deemed breach**") of such representations and warranties as at the relevant Purchase Date in respect of or concerning any Mortgage and either the relevant Seller shall have failed to remedy such deemed breach (if capable of being remedied) within 28 days (or such longer period not exceeding 35 days as the Issuer and the Trustee may agree) of receipt of written notice of such deemed breach from the Issuer or the Trustee or such deemed breach shall not be capable of being remedied;
 - (c) a term of any Individual Mortgage is at any time on or after the Closing Date found by a competent court whether on the application of a Borrower, the Financial Conduct Authority or otherwise to be an unfair term for the purposes of the CRA or the UTCCR;
 - (d) the first two payments due in respect of any Mortgage have fallen due and have not been received in full; or
 - (e) either PML or Paragon Bank, in its capacity as an Administrator, intends to agree to any request by a Borrower to convert its Mortgage (or, in the case of a default by a Borrower, itself elects to convert such Borrower's Mortgage) to an Interest Rate

Converted Mortgage and the Interest Rate Converted Mortgage Conditions are not satisfied on the date of conversion,

the Issuer shall sell and the relevant Seller shall repurchase the Mortgage concerned (whether or not such Mortgage in fact exists or is valid and binding and/or enforceable) (the "**Relevant Mortgage**" which expression shall, where the context so admits, include any other Mortgage secured upon the Property) together with (if applicable) the benefit of the Insurance Contracts to the extent they relate to the Relevant Mortgage and if applicable the benefit of any Basis Hedge Agreement to the extent that it relates thereto.

- 7.7 If at any time a Seller is obliged to repurchase a Mortgage pursuant to clause 7.6 and such Mortgage is in respect of a Property which is also subject to a second mortgage which also constitutes a Mortgage (the "**Relevant Second Mortgage**"), then, that Seller will also at the same time be obliged to repurchase or procure the repurchase of, the Relevant Second Mortgage as though there had also been a breach of warranty in respect of the Relevant Second Mortgage (whether or not there has in fact been a breach of warranty in respect of the Relevant Second Mortgage). In such circumstances, references in this clause 7 to the Relevant Mortgage shall be read and construed as references to both the Relevant Mortgage (as defined above) and the Relevant Second Mortgage.
- 7.8 Completion of any repurchase pursuant to clause 7.6 shall take place not later than 10 days after the expiry of such 28 days' (or other longer) notice period as is referred to in clause 7.6 or 7.6(b) or, if the relevant breach referred to in clause 7.6 or 7.6(b) is not capable of remedy or if the repurchase is a result of the circumstance in clauses 7.6(c) and 7.6(d), after receipt by the relevant Seller of written notice of such breach or circumstance from the Issuer or the Trustee or if the repurchase is a result of the circumstance in clause 7.6(e) on the date set out in the notice delivered to the Issuer and that Seller by the relevant Administrator pursuant to clause 7.6(e), when that Seller shall pay into the Transaction Account or as the Trustee shall direct an amount equal to the aggregate of the outstanding principal amount of the Relevant Mortgage as at the date of the repurchase of the Relevant Mortgage together with interest accrued from the relevant Purchase Date (but which has not been paid) and costs up to (but excluding) the date of completion of the repurchase of the Relevant Mortgage.
- 7.9 Against payment and/or, as the case may be, transfer on completion of any repurchase pursuant to clause 7.6, the Issuer and the Trustee shall at the expense of the relevant Seller complete such documentation as is necessary to perfect a release of their respective interests in the Relevant Mortgage and its collateral security (including the benefit of the Insurance Contracts) to the extent they relate to the Relevant Mortgage and, if applicable, such Basis Hedge Agreement to the extent that it relates to the Relevant Mortgage. The Issuer and the Trustee hereby confirm that the powers of attorney set out in schedule 2 and schedule 3 to the Administration Agreement, as applicable, (once executed) shall subsist to the extent applicable in relation to Relevant Mortgages and (if applicable) the benefit of a Basis Hedge Agreement which the Seller has repurchased notwithstanding the termination of PML's and/or Paragon Bank's appointment as Administrator under that agreement and the Trustee shall in addition to the said power of attorney give such further or other authority as may be reasonably requested by that Seller for the purpose of releasing its interest in the Relevant Mortgage and (if applicable) the benefit of a Basis Hedge Agreement which that Seller has repurchased. Any such repurchase by that Seller or any person which that Seller shall nominate shall constitute a full discharge and release from any claims which the Issuer or the Trustee may have against it arising from any breach of representation or warranty in relation to the Relevant Mortgage only and shall not affect any rights arising from a breach of representation or warranty in relation to any other Mortgage.

7.10 Each Seller hereby undertakes with the Issuer and the Trustee:

- (a) if and for so long as it has an interest in a Mortgage (not being a Mortgage that has been repurchased pursuant to clause 7.6) by virtue of its remaining the legal or beneficial owner or heritable creditor of such Mortgage, it shall not sell, transfer, charge, dispose of or otherwise deal with such interest save in the event of redemption in full by the relevant Borrower and it shall not consent to the creation of any mortgage or other security interest in or over the relevant Property without using its reasonable endeavours to ensure that such mortgage or other security interest and all sums secured thereby will rank after such Mortgage in point of priority;
- (b) that, in respect of any Mandatory Further Advance or any Discretionary Further Advance other than of the kind referred to in clause 8.1(c) of the Administration Agreement to be made after the date hereof, it shall not waive the Lending Guidelines other than in respect of any waiver which may have been made by a reasonably prudent mortgage lender;
- (c) promptly to notify them if it receives after the date hereof written notice of any litigation or claim calling into question in any material way the title to any such Mortgage or if it becomes aware of any material breach of any of its representations, warranties, undertakings and other obligations under this agreement;
- (d) if reasonably required so to do by the Issuer or the Trustee, to participate or join in and to procure that any other Mortgagee participates and joins in any legal proceedings to the extent necessary in defending or contesting any litigation calling into question in any material way the title to any such Mortgage or in any legal proceedings against the Borrower or in relation to the enforcement of any Mortgage;
- (e) if reasonably required so to do by the Issuer or the Trustee, to pursue all claims against the Land Registry of England and Wales under the Land Registration Act 2002 with respect to any such Mortgage and to account promptly to the Issuer for any amounts recovered by it pursuant to any such claim; and
- (f) to maintain its registered office in England and Wales.

7.11 For as long as each Seller holds any Residual Certificates, such Seller represents and warrants to the Issuer that it is and will be as at each date on which a payment under the Residual Certificates is due to be paid to it, beneficially entitled to Residual Payments on the Residual Certificates and is resident for tax purposes in the United Kingdom.

8. **RE-ASSIGNMENT OF RIGHTS OF THE ISSUER**

If a Seller makes any full payment (not involving a repurchase under clause 7.6) to the Issuer pursuant to any claim made in relation to any representation, warranty or undertaking set out in clause 7, the Issuer and the Trustee shall at the expense of that Seller re assign to it all such rights as it may reasonably request against any third party which may enable it to recover all or part of any such payment. If a Seller pays to the Issuer or the Trustee an amount in respect of any claim under this agreement and the Issuer or the Trustee subsequently recovers from a third party any sum in respect of the liability for such claim, the Issuer and the Trustee shall forthwith repay to it so much of the amount paid by it as does not exceed the sum recovered from the third party less all reasonable costs, charges and expenses incurred by the Issuer or the Trustee in recovering that sum from the third party.

9. **MERGER**

Any term of this agreement to which effect is not given on a Purchase Date (including in particular the liability of each Seller under the representations, warranties and undertakings

contained in clause 7) shall not merge and shall remain in full force and effect notwithstanding the completion and delivery of the Transfers.

10. **NO AGENCY OR PARTNERSHIP**

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

11. **PAYMENTS**

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

12. **TAXATION**

12.1 All payments made by the Issuer under this agreement shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless such withholding or deduction is required by applicable law. In that event the Issuer shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer will not be obliged to make any additional payments to the Sellers or any assignee under clause 17 of this agreement.

12.2 All payments by the Issuer under this agreement shall be deemed to be inclusive of VAT, if any, chargeable on any supply for which consideration (in whole or in part) for VAT purposes is provided and section 89 of the Value Added Tax Act 1994 shall not apply to affect the amount of such sum (or other consideration) payable (or provided).

13. **LIABILITY**

The Issuer and the Trustee severally acknowledge to each Seller and agree that:

- (a) no breach of any of the representations and warranties in, nor any act or omission in respect of, the provisions of clause 7.2 shall give rise to any claim for damages on the part of the Issuer or the Trustee against any Mortgagee or any remedy whatsoever against any Mortgagee and the sole remedy of each of the Issuer and the Trustee in respect thereof (with the exception of the representation and warranty in clause 7.2(kk) to which the provisions of paragraph (d) below will apply) shall be to take such action under clause 7.6 as may be available to it and that no breach of, nor any act or omission in respect of, any warranty or representation other than those representations and warranties contained in clause 7.2 (but not paragraph (kk) thereof) shall entitle the Issuer or the Trustee to require that Seller to repurchase any Mortgage in accordance with clause 7.6 or otherwise **provided that** this paragraph (a) shall not limit the remedies available to the Issuer and/or the Trustee (or the exercise thereof) against the Seller if it, having become bound to repurchase a Mortgage in accordance with clause 7.6, fails to do so;
- (b) subject and without prejudice to paragraph (a) above, no Mortgagee shall have any liability or responsibility (whether, in either case, contractual, tortious or delictual, express or implied) for any loss or damage for or in respect of any breach of, or any act or omission in respect of, any of the obligations on the part of the Borrower under any Mortgage suffered by the Issuer or the Trustee by reason of such breach, act or omission;
- (c) if, after the Closing Date, the terms of any Mortgage are varied or waived in any way with the consent of the Issuer and the Trustee (which shall include but not be limited to any rescheduling of the amounts secured by such Mortgage or renegotiation of

such terms), the Issuer and the Trustee shall be subject to, and bound by, such variation or waiver and the Seller shall not have any obligation therefor or be in any way affected thereby; and

- (d) except in the case of fraud, no breach of the representation and warranty in, nor any act or omission in respect of, the provisions of clause 7.2(kk) shall give rise to any claim for damages on the part of the Issuer or the Trustee or any other person against the relevant Seller or any right of action or remedy whatsoever against the Mortgagee and no breach of, nor any act or omission in respect of, the representation and warranty in clause 7.2(kk) shall entitle the Issuer or the Trustee or any other person to require that Seller to repurchase any Mortgage in accordance with clause 7.6 or otherwise to any remedy against the Mortgagee or any other person but this clause 13(d) is without prejudice to any obligation each Seller may have to repurchase any Individual Mortgage under clause 7.6.

14. **FURTHER ASSURANCE**

The parties hereto 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.

15. **WAIVER**

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

16. **NOTICES**

Any notices to be given pursuant to this agreement shall be sufficiently served if delivered by hand or sent by prepaid first class post or by facsimile or email transmission and shall be deemed to be given upon receipt and shall be delivered or sent:

- (a) in the case of a party to this agreement other than the Trustee or the Issuer to 51 Homer Road, Solihull, West Midlands B91 3QJ (email address: Company.Secretary@Paragonbank.co.uk and securitisations@paragonbank.co.uk) marked for the attention of: The Company Secretary;
- (b) in the case of the Trustee, to the address appearing at the beginning of this agreement (email: abs.mbsadmin@citi.com) marked for the attention of: Agency & Trust;
- (c) in the case of the Issuer to 51 Homer Road, Solihull, West Midlands B91 3QJ (email to Company.Secretary@Paragonbank.co.uk and securitisations@paragonbank.co.uk) for the attention of: The Company Secretary, with a copy to Directors-UK@Intertrustgroup.com for the attention of The Directors, Paragon Mortgages (No.29) PLC,

or to such other addresses or email address or marked for the attention of such other person or department as may from time to time be notified by any party to the other parties by written notice in accordance with the provisions of this clause 16.

17. **ASSIGNMENT**

- 17.1 The Issuer may assign or charge to the Trustee the benefit of and full right to enforce all its rights under or granted pursuant to this agreement by way of or pursuant to the Deed of Charge only and not to any other person or in any other manner.
- 17.2 Neither any Mortgagee nor the Trustee may assign or charge its rights and obligations under this agreement nor any that may be assigned or charged to it, except that the Trustee may

assign its rights under this agreement to a successor trustee appointed under the Trust Deed.

18. TRUSTEE

18.1 If there is any change in the identity of the Trustee in accordance with the Trust Deed, each Mortgagee and the Issuer shall execute such documents and take such action as the new Trustee and the outgoing Trustee may require for the purpose of vesting in the new Trustee the rights, powers and obligations of the outgoing Trustee, and releasing the outgoing Trustee from its future obligations, under this agreement.

18.2 It is hereby acknowledged and agreed that by its execution of this agreement the Trustee shall not assume or have any of the obligations or liabilities of any Mortgagee or the Issuer hereunder.

19. VARIATIONS

This agreement may be varied in writing signed by duly authorised signatories on behalf of the parties hereto.

20. EXCLUSION OF THIRD PARTY RIGHTS

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

21. GOVERNING LAW

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

IN WITNESS whereof the parties hereto have executed this agreement as a deed on the day and year first before written.

SCHEDULE 1

Mortgage Documentation

Origination Documentation - PML	Reference
Legal Charge	FMNL4708
Mortgage Conditions	FMNL4728 (4)
Mortgage Conditions (EW) (April 16)	FMNL12434
Mortgage Conditions (EW) (May 17)	FMNL14356
General and Special Mortgage Conditions	FMNL4713 (25)
General and Special Mortgage Conditions (June 13)	FMNL7550
General and Special Mortgage Conditions (Dec 14)	FMNL10056
General and Special Mortgage Conditions (Feb 17)	FMNL13933
Offer of Loan	Offer template – Ltd Co Offer template – Non Ltd Co
Supplemental Instructions and Guidance Notes to Solicitors	FMNL4711 (12)
Supplemental Instructions and Guidance Notes to Solicitors (Mar 17)	FMNL13998
Guarantee for corporate borrowers	FMNL4707 (14)
Certification of confirmation of advice (corporate borrowers)	FMNL4706 (5)
Certificate of satisfaction	FMNL8602
Notice to Freeholder	FMNL4714 (3)
Deeds Schedule WEB	FMNL4712 (2)
Origination Documentation – Paragon Bank	Reference
General and Special Mortgage Conditions (September 2022)	BTL0151
Legal Charge	BTL0183
Mortgage Conditions (June 2017)	ACORN14924
Supplemental Instructions and Guidance to Solicitors (September 2022)	BTL0147
Deeds Schedule (April 2016)	ACORN14873
Floating Charge (July 2017)	ACORN15129
Multiple Guarantee for Corporate borrowers (February 2018)	ACORN16180

Notice to Freeholder (April 2016)	ACORN14666
Certificate of Confirmation of Advice (July 2018)	ACORN16869

Product List Rate	Reference
Standard Variable Rate with a 1 year discount of 1.00%	BTP052
Fixed at 4.10% for 2 years then SVR	D57
Fixed at 2.85% for 2 years then SVR – 0.75%	H35
Fixed at 3.20% for 2 years then SVR – 0.75%	BTF120
Fixed at 3.40% for 2 years then SVR – 1.00%	BTP108
Fixed at 4.80% for 2 years then SVR – 1.25%	K04
Fixed at 4.79% for 3 years then SVR – 1.00%	J44
Fixed at 3.10% for 5 years then SVR – 0.75%	Z86
Fixed at 3.10% for 5 years then SVR – 0.75%	TRF154
Fixed at 3.43% for 5 years then SVR – 1.00%	I78
Fixed at 4.00% for 5 years then SVR	D60
Fixed at 4.45% for 5 years then SVR	D63
Fixed at 4.65% for 5 years then SVR – 1.25%	BTP133
2 year fixed at 3.40% to 30.04.19 then SVR	C53
2 year fixed at 3.75% to 30.04.19 then SVR	C54
Standard Variable Rate with a 1 year discount of 3.60%	BTP151

SCHEDULE 2

Unregistered Land Transfer

THIS DEED OF TRANSFER OF MORTGAGES is made on the [●] day of [●] 20[●]

BETWEEN:

- (1) [PARAGON MORTGAGES (2010) LIMITED/PARAGON BANK PLC] whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ (hereinafter called the "**Transferor**"); and
- (2) **PARAGON MORTGAGES (NO.29) PLC** whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ (hereinafter called the "**Transferee**") of the other part.

RECITALS

- (A) By the charges by way of legal mortgage (the "**Mortgages**"), brief particulars of which are set out in the annexure hereto, the properties, brief particulars of which are similarly set out, became security for the repayment of the moneys therein mentioned.
- (B) The Transferor has agreed to sell and the Transferee has agreed to buy all right, title, interest, benefit and obligation (both present and future) of the Transferor in and under those Mortgages and all other mortgages in favour of the Transferor over such properties which do not relate to registered land for the consideration hereinafter mentioned.

THE PARTIES AGREE AS FOLLOWS:

In consideration of the payment by the Transferee to Transferor of the purchase price therefor pursuant to a Mortgage Sale Agreement dated on or around 1 November 2023 for their respective right, title and interest in and to the Mortgages, the Transferor hereby transfers unto the Transferee with full title guarantee all right, title, interest, benefit and obligation (both present and future) of the mortgagee in and under the Mortgages which do not relate to registered land, including for the avoidance of doubt:

- (a) all sums of principal interest or any other sum payable under, and the right to demand, sue for, recover, receive and give receipts for all principal moneys payable or to become payable under, the relevant Mortgages or the unpaid part thereof and the interest due or to become due thereon including sums which have accrued and have become due and payable and interest (including capitalised interest) or other sums due to be paid or accrued under or in respect of the Mortgages (**provided that** the principal moneys payable under any Mortgage shall not be deemed to be due for the purpose of this paragraph (a) merely because the legal date for redemption of the relevant Mortgage has passed); and
- (b) the obligation to make further advances of principal and/or interest where the mortgagee is under an obligation to make further advances whether on a scheduled basis or on demand save that, in respect of Mortgages where the relevant borrower is an individual, this shall not mean that the Transferor is, as against the mortgagor, no longer to be regarded as the creditor for the purposes of the Consumer Credit Act 1974; and
- (c) the benefit of all securities for such principal moneys and interest, the benefit of all consents to mortgage signed by occupiers of the mortgaged properties and the benefit of and the right to sue on all covenants with, or vested in, the mortgagee in each Mortgage and the right to exercise all powers of the mortgagee in relation to each Mortgage; and

- (d) all the estate and interest in the mortgaged properties vested in the mortgagee subject to redemption or cesser; and
- (e) all causes of action of the mortgagee against any person in connection with any report, valuation, opinion, certificate, consent to mortgage or other statement of fact or opinion given in connection with any Mortgage or affecting the decision to make the relevant advance; and
- (f) the benefit of any guarantee or surety vested in the Transferor relating to any of the relevant Mortgages, and any other collateral security relating to the Mortgages,

but excluding (i) the charges on the life assurance policies (if any) charged as collateral security therefor and (ii) the Transferor's right, title, interest and benefit in any other insurance contracts in relation to the charged properties.

IN WITNESS whereof the Transferor has caused this Transfer to be executed as a Deed on its behalf the day and year first before written.

The Transferor

Executed as a deed by)
[PARAGON MORTGAGES (2010))
LIMITED/PARAGON BANK PLC] for)
and on its behalf by one of its attorneys:)

Signature of attorney

Signature of witness

Name of witness

Address of witness

.....

.....

Occupation of witness

The Transferee

Executed as a deed and delivered by)
PARAGON MORTGAGES (NO.29) PLC)
acting by two directors:)
)

Director
per pro Intertrust Directors 1 Limited

Director
per pro Intertrust Directors 2 Limited

Annexure

SCHEDULE 3

Power of Attorney

Part 1 - Paragon Mortgages (2010) Limited Power of Attorney

THIS POWER OF ATTORNEY is made by way of Deed on [●] 2023

BY:

- (1) **PARAGON MORTGAGES (2010) LIMITED** whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ (the "**Donor**"),

IN FAVOUR OF:

- (2) **PARAGON MORTGAGES (NO.29) PLC** whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ (the "**Issuer**", which term, where the context permits, shall include its successors and permitted assigns); and
- (3) **CITICORP TRUSTEE COMPANY LIMITED** whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (the "**Trustee**", which term, where the context permits, shall include such company and all other persons or companies for the time being acting as the trustee or trustees under the Trust Deed (as defined in the Deed of Charge referred to below)).

RECITALS

- (A) The Issuer has agreed to purchase mortgages from time to time as provided in the Mortgage Sale Agreement.
- (B) The Donor is or may become (or is entitled to be or may become entitled to be) the legal owner of the said several mortgages (each such mortgage being hereinafter called a "**Charge**").
- (C) By a deed of sub charge and assignment dated on or around 1 November 2023 and made between, among others, the Issuer, the Trustee, the Administrators and the Donor (the "**Deed of Charge**") the Issuer transferred or assigned in security or agreed to transfer or assign in security to the Trustee, among other things, its rights in each Charge subject to the proviso for re transfer therein contained.
- (D) At the request of the Issuer, the Trustee and the Administrators, the Donor has agreed to enter into these presents for the purposes hereinafter appearing.

NOW THIS DEED WITNESSES THAT

1. The Donor **HEREBY APPOINTS** the Issuer and the Trustee severally to be its true and lawful attorney (with power to sub delegate) for it and in its name to do the following acts and things or any of them for so long only as the Donor remains the legal owner of the Charges:
- (a) to exercise the rights, powers and discretion under any Charge (including the right to fix the rate or rates of interest payable under such Charge and to calculate the Monthly Payments or Net Monthly Payments, as the case may be, (being of combined interest and principal) payable by the Borrower in the case of a Repayment Mortgage) and any collateral security therefor and any related rights;
- (b) to exercise all the powers exercisable by the Donor by reason of its remaining for the time being the legal owner of any Charge and in particular, but without prejudice to the generality of the foregoing, to make further advances to the Borrower;

- (c) to demand, sue for and receive all moneys due or payable under any Charge or any such collateral security or related rights;
 - (d) upon payment of such moneys or of any part thereof to give good receipts and discharges for the same and to execute such receipts releases re assignments retrocessions surrenders instruments and deeds as may be requisite or advisable;
 - (e) from time to time to substitute and appoint severally one or more attorney or attorneys for all or any of the purposes aforesaid;
 - (f) to do and complete all such acts and things and to execute any deeds and documents as may be necessary to perfect the title of the Issuer to any Charge including the execution of transfers and assignments of the Charges and, where relevant, procuring the registration of the Issuer as registered proprietor of any Charge at the Land Registry of England and Wales;
 - (g) to deal with the funds standing to the credit of the Collection Accounts and to transfer any Collection Account to a new Account Bank in accordance with the provisions of the Relevant Documents but subject to the terms of the Collection Account Declaration of Trust; and
 - (h) (in relation to the Trustee acting as Attorney under this clause 1(h) only) to execute under hand or seal any instrument necessary or expedient to discharge, vacate or release any and every mortgage assigned or transferred to the Issuer by the Donor under a mortgage sale agreement dated the same date as this Power of Attorney between, among others, the Donor, the Issuer and the Trustee (the "**Mortgage Sale Agreement**"), in such form as the Trustee acting as Attorney in relation to this sub clause 1(h) shall consider appropriate.
1. The Donor hereby agrees at all times hereafter to ratify and confirm whatsoever any act matter or deed any attorney or substitute shall lawfully do or cause to be done under or concerning these presents.
 2. The Donor hereby declares that these presents having been given for security purposes and to secure a continuing obligation the powers hereby created shall be irrevocable.
 3. Terms defined in the Administration Agreement (as defined in the Deed of Charge) have the same meanings when used in this Deed.
 4. This Deed is governed by, and shall be construed in accordance with, the laws of England.

IN WITNESS whereof the Donor has caused this Power of Attorney to be executed as a Deed on its behalf the day and year first before written.

The Donor

Executed as a deed by)
PARAGON MORTGAGES (2010))
LIMITED for and on its behalf by one of)
its attorneys:)

Signature of attorney

Signature of witness

Name of witness

Address of witness

.....

.....

Occupation of witness

Part 2 - Paragon Bank Plc Power of Attorney

THIS POWER OF ATTORNEY is made by way of Deed on [●] 2023

BY:

- (1) **PARAGON BANK PLC** whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ (the "**Donor**"),

IN FAVOUR OF:

- (2) **PARAGON MORTGAGES (NO.29) PLC** whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ (the "**Issuer**", which term, where the context permits, shall include its successors and permitted assigns); and
- (3) **CITICORP TRUSTEE COMPANY LIMITED** whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (the "**Trustee**", which term, where the context permits, shall include such company and all other persons or companies for the time being acting as the trustee or trustees under the Trust Deed (as defined in the Deed of Charge referred to below)).

RECITALS

- (A) The Issuer has agreed to purchase mortgages from time to time as provided in the Mortgage Sale Agreement.
- (B) The Donor is or may become (or is entitled to be or may become entitled to be) the legal owner of the said several mortgages (each such mortgage being hereinafter called a "**Charge**").
- (C) By a deed of sub charge and assignment dated on or around 1 November 2023 and made between, among others, the Issuer, the Trustee, the Administrators and the Donor (the "**Deed of Charge**") the Issuer transferred or assigned in security or agreed to transfer or assign in security to the Trustee, among other things, its rights in each Charge subject to the proviso for re transfer therein contained.
- (D) At the request of the Issuer, the Trustee and the Administrators, the Donor has agreed to enter into these presents for the purposes hereinafter appearing.

NOW THIS DEED WITNESSES THAT

1. The Donor **HEREBY APPOINTS** the Issuer and the Trustee severally to be its true and lawful attorney (with power to sub delegate) for it and in its name to do the following acts and things or any of them for so long only as the Donor remains the legal owner of the Charges:
 - (a) to exercise the rights, powers and discretion under any Charge (including the right to fix the rate or rates of interest payable under such Charge and to calculate the Monthly Payments or Net Monthly Payments, as the case may be, (being of combined interest and principal) payable by the Borrower in the case of a Repayment Mortgage) and any collateral security therefor and any related rights;
 - (b) to exercise all the powers exercisable by the Donor by reason of its remaining for the time being the legal owner of any Charge and in particular, but without prejudice to the generality of the foregoing, to make further advances to the Borrower;
 - (c) to demand, sue for and receive all moneys due or payable under any Charge or any such collateral security or related rights;

- (d) upon payment of such moneys or of any part thereof to give good receipts and discharges for the same and to execute such receipts releases re assignments retrocessions surrenders instruments and deeds as may be requisite or advisable;
 - (e) from time to time to substitute and appoint severally one or more attorney or attorneys for all or any of the purposes aforesaid;
 - (f) to do and complete all such acts and things and to execute any deeds and documents as may be necessary to perfect the title of the Issuer to any Charge including the execution of transfers and assignations of the Charges and, where relevant, procuring the registration of the Issuer as registered proprietor of any Charge at the Land Registry of England and Wales;
 - (g) to deal with the funds standing to the credit of the Collection Accounts and to transfer any Collection Account to a new Account Bank in accordance with the provisions of the Relevant Documents but subject to the terms of the Collection Account Declaration of Trust; and
 - (h) (in relation to the Trustee acting as Attorney under this clause 1(h) only) to execute under hand or seal any instrument necessary or expedient to discharge, vacate or release any and every mortgage assigned or transferred to the Issuer by the Donor under a mortgage sale agreement dated the same date as this Power of Attorney between, among others, the Donor, the Issuer and the Trustee (the "**Mortgage Sale Agreement**"), in such form as the Trustee acting as Attorney in relation to this sub clause 1(h) shall consider appropriate.
2. The Donor hereby agrees at all times hereafter to ratify and confirm whatsoever any act matter or deed any attorney or substitute shall lawfully do or cause to be done under or concerning these presents.
 3. The Donor hereby declares that these presents having been given for security purposes and to secure a continuing obligation the powers hereby created shall be irrevocable.
 4. Terms defined in the Administration Agreement (as defined in the Deed of Charge) have the same meanings when used in this Deed.
 5. This Deed is governed by, and shall be construed in accordance with, the laws of England.

IN WITNESS whereof the Donor has caused this Power of Attorney to be executed as a Deed on its behalf the day and year first before written.

The Donor

Executed as a deed by)
PARAGON BANK PLC for and on its)
behalf by one of its attorneys:)
)

Signature of attorney

Signature of witness

Name of witness

Address of witness

.....

.....

Occupation of witness

SCHEDULE 4

Lending Guidelines

The guidelines provided by the Sellers, to help introducers of mortgage loan business to the Sellers to assess the suitability of a potential borrower and of the security offered, set a standard in respect of the Mortgages which, at the time that any Mortgage was originated was not substantially different from the following (which although expressed in the present tense, should be read as applying at the time of origination). On occasions flexibility to the lending guidelines may have been applied for applications that may be outside of the guidelines detailed below. Such occasions are exceptional and when they occur approval of the case must be made by a senior underwriter or in certain circumstances the Credit Committee, and only made where there are other mitigating circumstances which ensure the application remains of the highest quality:

1. PERSONAL DETAILS

- 1.1 The maximum number of applicants who may be party to the mortgage is four.
- 1.2 All applicants must be a minimum of 18 years of age at completion.
- 1.3 The identity of each applicant or guarantor (where applicable) must be established in compliance with the current Joint Money Laundering Steering Group Guidance Notes.
- 1.4 The applicant must be resident in the United Kingdom, the Isle of Man, the Channel Islands or Gibraltar.

2. CORPORATE MORTGAGES

- 2.1 The applicant must be an unlisted limited liability company incorporated and trading under the laws of England and Wales, Scotland, Northern Ireland, the Isle of Man, the Channel Islands or Gibraltar.
- 2.2 The Sellers may request references and/or any other information deemed necessary in connection with an application (such as company accounts, corporate searches at Companies Registry, the computerised index of winding up petitions, the manual index of High Court petitions for administration orders at the Central Registry of Winding Up Petitions, etc.).
- 2.3 All amounts payable under the corporate mortgage loan must be guaranteed by an individual who is a director of the applicant corporate borrower.

3. MORTGAGE REQUIREMENTS

- 3.1 Applications in respect of a single investment home property will usually be limited in accordance with the following table:

Loan Size	Maximum LTV
Up to £750,000	80% excluding fees
Up to £1,000,000	75% excluding fees
Up to £1,500,000	70% excluding fees
Up to £4,000,000	65% excluding fees

- 3.2 Multiple applications for investment home properties will be considered up to a total of £25,000,000 per borrower(s).

- 3.3 The maximum term for a loan is 30 years, the minimum is 5 years.
- 3.4 Loans may be taken on either a capital repayment or an interest only basis, or a combination of the two.
4. **PROPERTY DETAILS**
- 4.1 Loans must be secured on residential property which, following a valuation by the relevant Seller's valuer or a valuer appointed to act on the relevant Seller's behalf, or in the case of a further advance application, an assessed valuation by reference to an applicable house price index, is considered to be suitable security.
- 4.2 The following are unacceptable to the Sellers:
- (a) Properties located other than in England and Wales.
 - (b) Freehold flats and maisonettes.
 - (c) Properties designated under the Housing Act 1985 (as amended).
 - (d) Properties having agricultural restrictions.
 - (e) Construction loans.
- 4.3 The following will be considered by the Sellers on an individual basis:
- (a) Properties used for part commercial purposes.
 - (b) Properties with adjoining land used for commercial purposes or having agricultural or other planning restrictions.
 - (c) Properties on which buildings insurance is not available on block policy terms.
 - (d) Flats directly attached to or directly above commercial premises.
 - (e) Properties with an element of flying freehold.
 - (f) Self build properties (post completion).
 - (g) Local Authority flats being purchased under the Right to Buy Scheme.
- 4.4 Properties under 10 years old must have the benefit of an NHBC certificate or any other approved guarantee from an acceptable body. Architects' certificates must also be provided for each stage of construction together with Local Authority approval in respect of properties under 10 years old that do not have the benefit of an NHBC certificate or other approved guarantee from an acceptable body. Similar requirements may be imposed for converted properties.
- 4.5 Properties may be let on an assured shorthold tenancy basis or in circumstances where the occupier (which may include a body corporate, a charitable institution or public sector body) has no statutory security of tenure. Where the occupier is a body corporate, the maximum length of lease will normally be for a period no longer than 3 years. Where the occupier is a charitable institution or public sector body, the maximum length of lease will normally be for a period no longer than 5 years.
- 4.6 Where the tenure of the property is leasehold, the minimum length of the lease at the end of the mortgage term must be 35 years.

- 4.7 All properties must be insured for a minimum of the reinstatement amount shown on the valuation report, under a comprehensive insurance policy.

5. **CREDIT HISTORY**

A credit search will be carried out in respect of all applicants which must provide sufficient information to evidence a satisfactory credit profile. Where the search contains insufficient information to achieve this, further evidence will be required. This may include, for example, proof of mortgage payments, or satisfactory bank statements.

6. **INCOME AND EMPLOYMENT DETAILS: MORTGAGES ORIGINATED PRIOR TO DECEMBER 2016**

- 6.1 In the case of an investment home property, the Sellers will seek to use the rental income generated from the property to be mortgaged within an affordability calculation. The normal minimum rental value will be 130 per cent, or in certain circumstances 125 per cent, of the associated mortgage payment when calculated on an interest only basis at either the product rate or reference rate. The reference rate is based upon long term loan rates and is reviewed by the Company's Credit Committee on a quarterly basis. Its use removes anomalies in the affordability calculation which may be caused by, for example, specialist product rates, discounted rates, fixed rates etc.

- 6.2 Where rental income from an investment home property is deemed insufficient to fulfil paragraph 6.1 above, evidence of additional income will be required. This may include, for example, the latest or most recent P60, an employer's reference, audited accounts, bank statements or cash flow statements.

7. **INCOME AND EMPLOYMENT DETAILS: MORTGAGES ORIGINATED AFTER DECEMBER 2016**

- 7.1 In the case of an investment home property, the Sellers will seek to use the rental income generated from the property to be mortgaged within an affordability calculation.

(a) **Limited Companies**

- (i) For landlords operating in a limited company structure who are borrowing against a single self-contained property, the normal minimum rental value will be 125 per cent of the associated mortgage payment when calculated on an interest only basis at the reference interest rate.
- (ii) For houses in multiple occupation, multi-unit properties and part commercial properties, the normal minimum rental value will be 130 per cent of the associated mortgage payment when calculated on an interest only basis at the reference interest rate.

(b) **Individual Landlords: Basic Rate Tax Payers**

- (i) For individual landlords who are on the basic tax rate at the time of application (and are reasonably expected to remain so for the foreseeable future) and are borrowing against a single self-contained property, the normal minimum rental value will be 125 per cent of the associated mortgage payment when calculated on an interest only basis at the reference interest rate.
- (ii) For houses in multiple occupation, multi-unit properties and part commercial properties, the normal minimum rental value will be 130 per cent of the associated mortgage payment when calculated on an interest only basis at the reference interest rate.

(c) **Individual Landlords: Higher Rate Tax Payers**

- (i) For individual landlords who are higher or additional rate tax payers at the time of application and are borrowing against a single self-contained property, the normal minimum rental value will be 140 per cent of the associated mortgage payment when calculated on an interest only basis at the reference interest rate.
- (ii) For houses in multiple occupation, multi-unit properties and part commercial properties, the normal minimum rental value will be 145 per cent of the associated mortgage payment when calculated on an interest only basis at the reference interest rate.

(d) **Reference Interest Rate**

The reference interest rate for fixed rate mortgages of an initial term of 5 years or more is currently the higher of 5.5 per cent or the product charging rate, but this may vary with product change or as market conditions change over time. The reference interest rate for all other mortgage products will be the higher of 5.5 per cent or the product charging rate plus 2 per cent.

- 7.2 Where rental income from an investment home property is deemed insufficient to fulfil paragraph 7.1 above, evidence of income and expenditure will be required to demonstrate that there is sufficient disposable income to maintain the loan repayments. In all cases for landlords with no more than three properties upon completion of the purchase for which the current application is being made, the property rental income must be sufficient to meet 125 per cent at 5.5 per cent or the product charging rate plus 2 per cent, before the contribution of personal income. All income must be evidenced.

SCHEDULE 5

Form of Solvency Certificate

[Paragon Mortgages (No.29) PLC / Paragon Mortgages (2010) Limited/ Paragon Bank plc] (registered in England and Wales under no. [●]). Registered Office: 51 Homer Road, Solihull, West Midlands B91 3QJ

[●] 2023

SOLVENCY CERTIFICATE

The Directors of [Paragon Mortgages (No.29) PLC / Paragon Mortgages (2010) Limited / Paragon Bank plc] (the "**Company**") are of the opinion that:

- (a) the Company is not unable to pay its debts within the meaning of Section 123 Insolvency Act 1986, as amended, and will not become unable to do so in consequence of entering into the Documents as defined in the [Board/Board Sub-Committee] Resolutions of the Company dated [●] 2023 (the "**Transaction Documents**") or of completing the sale of Mortgages on the date hereof pursuant to the Mortgage Sale Agreement included in the Transaction Documents (the "**Sale**") and there is no reason for believing that this state of affairs will not continue thereafter;
- (b) the value of the consideration to be [received/paid] by the Company for entering into the Transaction Documents and completing the Sale is not significantly less than the value in money or money's worth or of the consideration provided by the Company;
- (c) the Company is entering into the Transaction Documents and completing the Sale in good faith and for the purpose of carrying on its business;
- (d) that the arrangements contemplated by the Transaction Documents and the Sale benefit the Company;
- (e) the value of the assets of the Company are now and will remain immediately after the completion of the Transaction Documents and the Sale greater than its liabilities, taking into account its prospective and contingent liabilities, at such times for the purposes of Sections 123(2) of the said Insolvency Act 1986, as amended (and for all other purposes) and there is no reason for believing that this state of affairs will not continue thereafter;
- (f) in entering into the Transaction Documents the Company is not influenced by a desire to give a preference to any person as contemplated by Section 239 of the Insolvency Act 1986, as amended; and
- (g) to the best of their knowledge and belief, oral disclosure at the Central Registry of Winding Up Petitions on the date hereof failed to disclose the presentation of a winding up petition, or the appointment of an administrator or any other material information.

Yours faithfully

.....
Director

[Paragon Mortgages (No.29) PLC / Paragon Mortgages (2010) Limited / Paragon Bank plc]

SCHEDULE 6

Form of Additional Mortgage Request

[Letterhead of Paragon Mortgages (2010) Limited / Paragon Bank plc]

To: Paragon Mortgages (No.29) plc
51 Homer Road
Solihull
West Midlands B91 3QJ

and

Citicorp Trustee Company Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
(in its capacity as Trustee)

Dear Sirs

[Date]

Additional Mortgages

Pursuant to Clause [•] of the Mortgage Sale Agreement between, among others, us dated [•] 2023 (the "**MSA**") we hereby request that the Additional Mortgages, to be identified in a schedule to be produced on or before the date referred to below, be purchased by Paragon Mortgages (No.29) plc on [•].

Yours faithfully

.....
**[PARAGON MORTGAGES (2010) LIMITED/
PARAGON BANK PLC]**

SCHEDULE

**ADDITIONAL MORTGAGES PURCHASED BY PARAGON MORTGAGES (NO.29) PLC FROM
[PARAGON MORTGAGES (2010) LIMITED / PARAGON BANK PLC]**

Account No.	Balance
[●]	£[●]
[●]	£[●]
[Current Principal Balance]	£[●]
Amortised Cost Adjustment	£[●]

[Signature:]

Signature:

Paragon Mortgages (2010) Limited]

Paragon Mortgages (No.29) PLC

[Signature:]

Paragon Bank PLC]

SIGNATORIES

The Administrators, the Sellers and the Legal Title Holders

Executed as a deed and delivered by
PARAGON MORTGAGES (2010) LIMITED
acting by two directors:

) 
)
) 
)

Director: Richard Woodman

Director: Keith Allen

Executed as a deed and delivered by
PARAGON BANK PLC
acting by two directors:

) 
)
) 
)


Director: Nigel Terrington

Director: Richard Woodman

The Issuer

Executed as a deed and delivered by)
PARAGON MORTGAGES (NO.29) PLC)
acting by two directors:)
)

Director
per pro Intertrust Directors 1 Limited

DocuSigned by:

C57138EA9BB8447...

Director
per pro Intertrust Directors 2 Limited

DocuSigned by:
Alasdair Watson
E80C3E6B7423467...

The Trustee

Executed as a deed by)
CITICORP TRUSTEE COMPANY)
LIMITED for and on its behalf by one of)
its duly authorised attorneys:)



Georgia Mitchell
Attorney

Signature of attorney

Signature of witness *AGB*

Name of witness *ALEX BLEWER*

Address of witness

Citibank, N.A.
Citigroup Centre
33 Canada Square
Canary Wharf
London E14 6LB

Occupation of witness *BANKER*