

DECLARATION OF TRUST

by

PARAGON PERSONAL FINANCE LIMITED

in favour of

PARAGON SECURED FINANCE (NO.1) PLC

Re: The Scottish Trust Property

2004

GMB.RXM.P0536.1004

FAS NO 7646



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DECLARATION OF TRUST

by

PARAGON PERSONAL FINANCE LIMITED, incorporated under the Companies Acts in England (number 3303798) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferor**")

in favour of

PARAGON SECURED FINANCE (NO.1) PLC, incorporated under the Companies Acts in England (Number 4513329) and having its registered office at St. Catherine's Court, aforesaid (the "**Transferee**")

WHEREAS

- (A) Title to the Scottish Trust Property aftermentioned is held by and vested in the Transferor;
- (B) In terms of a Mortgage Sale Agreement entered into among the Transferor, the Transferee, Citicorp Trustee Company Limited (the "**Trustee**") and others dated the fifteenth day of December Two thousand and four (the "**Mortgage Sale Agreement**") the Transferor has agreed to sell and the Transferee has agreed to purchase *inter alia* the said Scottish Trust Property; and
- (C) In implement *pro tanto* of the Mortgage Sale Agreement the Transferor has undertaken to grant this deed pending the taking of full legal title by the Transferee to the said Scottish Trust Property in accordance with the provisions of an Administration Agreement entered into among the Transferor, the Transferee and others dated the fifteenth day of December Two thousand and four (the "**Administration Agreement**"):-

NOW THEREFORE the parties **HEREBY AGREE AND DECLARE** as follows:-

Interpretation

- 1. In this deed:-
 - (a) words and expressions shall (except where expressed to the contrary herein) have the same meanings respectively ascribed to them in the Mortgage Sale Agreement and in the Administration Agreement; and
 - (b) "**Scottish Trust Property**" shall mean the Scottish Mortgages, brief particulars of which are detailed in the Schedule annexed and executed as relative hereto, and all principal, interest and expenses, including all further advances present and future, comprised therein and secured thereby, together with:-
 - (i) the whole matters pertaining thereto specified and referred to in Clause 3.2(A) of the Mortgage Sale Agreement; and
 - (ii) the collateral security present and future for such Scottish Mortgages; and

- (iii) all monies, rights, interest, benefits and others pertaining thereto or deriving therefrom; and
- (iv) all powers and remedies for enforcing the same; and
- (v) all proceeds of sale deriving therefrom in the event of the enforcement of any of the Scottish Mortgages.

Declaration of Trust

2. The Transferor hereby DECLARES that from and after the date hereof it holds and, subject to Clause 6 hereof, shall henceforth hold the Scottish Trust Property and its whole right, title and interest, present and future, therein and thereto in trust absolutely for the Transferee and its assignees (whether absolutely or in security) whomsoever.

Intimation

3. The Transferor hereby intimates to the Transferee the coming into effect of the trust hereby declared and created and the Transferee by its execution hereof immediately subsequent to the execution of this deed by the Transferor acknowledges such intimation.

Dealings with Scottish Trust Property and Negative Pledge

4. The Transferor warrants and undertakes that:-
 - (i) as at the date hereof, it holds legal title to the Scottish Trust Property unencumbered by any fixed or floating charge;
 - (ii) it shall not create or agree to create any fixed or floating charge or other security interest over or which may attach to or affect the whole or any part of the Scottish Trust Property at any time when such property or part thereof remains subject to the trust hereby created; and
 - (iii) it shall deal with the Scottish Trust Property (including without prejudice to said generality the setting of any interest rate applicable thereto) in accordance with the provisions of the Mortgage Sale Agreement and the Administration Agreement and the specific written instructions (if any) of the Transferee and its foresaids and shall take, subject to Clause 6 hereof, any such action as may be necessary (including for the avoidance of doubt the raising or defending of any proceedings in any court of law whether in Scotland or elsewhere) to secure or protect the title to the Scottish Trust Property, but only in accordance with the specific written instructions (if any) of the Transferee and its foresaids.

Power of Beneficiary

5. The provisions of Clauses 8.5 and 14 of the Mortgage Sale Agreement shall be deemed to be incorporated herein in so far as the same pertain to the Scottish Trust Property and during the continuance of the trust hereby declared and created the Transferee as beneficiary hereunder shall have the benefit of all rights and powers thereby conferred, including without limitation the right (subject to the provisions of the Administration

Agreement) to call upon the Transferor to execute and deliver to the Transferee valid assignments of the Scottish Trust Property or any part thereof, and that notwithstanding the winding up of the Transferor or the appointment of an administrator in respect of the Transferor, or the appointment of any receiver to all or any part of the Scottish Trust Property, and for further assuring the said rights and powers the Transferor undertakes forthwith to execute and deliver to the Transferee a power of attorney substantially in the form set out in Schedule 5 to the Mortgage Sale Agreement.

Termination of Trust

6. If:-

- (i) legal title to any part or parts of the Scottish Trust Property is taken by the Transferee or its foresaids in accordance with the provisions of Clause 4.4.2 of the Administration Agreement (which in the case of any Scottish Mortgage shall be constituted by the registration or recording of the title thereto of the Transferee or its foresaids in the Registers of Scotland); or
- (ii) any part or parts of the Scottish Trust Property forms the subject of a purchase in accordance with the terms of Clause 8 of the Mortgage Sale Agreement,

the trust hereby declared and created shall (but only when either of the events or transactions before stated has been completely irrevocably, validly and in full) *ipso facto* fall and cease to be of effect in respect of such part or parts of the Scottish Trust Property but shall continue in full force and effect in respect of the whole remainder (if any) of the Scottish Trust Property.

Variation

7. This deed and the trust hereby declared and created shall not be varied in any respect without the consent in writing of the Transferee and (for so long as it retains any right or interest in the Scottish Trust Property) the Trustee.

Assignment

8. The Transferee shall be entitled to assign (in security) in favour of the Trustee pursuant to the deed of sub-charge and assignment to be entered into among the Transferee, the Trustee and others on or after the date hereof its rights and interests under this deed and the trust hereby declared and created, and the Transferor hereby undertakes, in the event of any such assignment being made by the Transferee, to execute and deliver all deeds and documents necessary for the purposes of receiving and acknowledging intimation of such assignment.

Governing Law

9. This deed shall be governed by and construed in accordance with the law of Scotland and each of the parties hereby prorogates the non-exclusive jurisdiction of the Scottish Courts so far as not already subject thereto and waives any right or plea of *forum non conveniens* in respect of such jurisdiction.

Registration

10. The parties hereto consent to the registration of these presents for preservation.

IN WITNESS WHEREOF these presents typewritten on this and the preceding three pages are together with the Schedule annexed hereto executed at London on the fifteenth day of December Two thousand and four as follows:-

SUBSCRIBED for and on behalf of the
said **PARAGON PERSONAL FINANCE LIMITED**

by

.....

(Director/Secretary/Authorised Signatory)

and

.....

(Witness)

Address

.....

.....

SUBSCRIBED for and on behalf of the
said **PARAGON SECURED FINANCE (NO.1) PLC**

by

.....

(Director/Secretary/Authorised Signatory)

and

.....

(Witness)

Address

.....

.....

**Schedule referred to in the foregoing Declaration of Trust by
PARAGON PERSONAL FINANCE LIMITED in favour of
PARAGON SECURED FINANCE (NO.1) PLC**

Account No.	Name	Address of Property	Title No./County	Balance
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