

M

Please do not
write in
this margin

CHA 116

Please complete
legibly, preferably
in black type, or
bold block lettering

*insert full name
of company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies

For official use

Company number

Name of company

THE NATIONAL HOME LOANS CORPORATION PLC (the "Company") *Now known as*
(Ch. 7.4.97) *Paragon Finance Plc.*

Date of creation of the charge

4 April 1997

Description of the instrument (if any) creating or evidencing the charge (note 2)

A declaration of trust (the "Declaration of Trust") dated 4 April 1997 and made between the Company and Morgan Guaranty Trust Company of New York as trustee for the Beneficiaries.

Amount secured by the mortgage or charge

Each and every liability which the Company may at 4 April 1997 or thereafter have to the Security Trustee (whether for its own account or as trustee for the Beneficiaries) or any of the other Beneficiaries (and whether solely or jointly with one or more persons and whether as principal or as surety) under or pursuant to the Transaction Documents (including the Debenture) including any liability in respect of any further advances made thereunder and every sum (of principal, interest or otherwise) at 4 April 1997 or thereafter owing, due or incurred by the Company to the Security Trustee (whether for its own account or as trustee for the Beneficiaries) or any of the other Beneficiaries in respect of any such liabilities
Provided that:

- (i) this shall not include any liability or sum which would, but for this proviso, cause such liability or sum to constitute unlawful financial assistance prohibited by Section 151 of the Companies Act 1985; and*

(see cont. sheet 1 page 2)

Names and addresses of the mortgagees or persons entitled to the charge

Morgan Guaranty Trust Company of New York (as trustee for the Beneficiaries)
of 60 Victoria Embankment, London EC4Y 0JP

EC4Y 0JP

Presentor's name address and
reference (if any):

Clifford Chance
200 Aldersgate Street
London EC1A 4JJ
Ref: DID/KTT/M1476/1292/PDE
DID\$07\$7.15

Time critical reference

For official use
Mortgage Section

Post room



The Company, from and after 4 April 1997, holds and shall henceforth hold the Scottish Trust Property and its right, title and interest, present and future, therein and thereto in trust absolutely for the Security Trustee as trustee for the Beneficiaries.

Negative Undertaking

Under Clause 4(b) of the Declaration of Trust, the Company warrants and undertakes that it shall not (except in accordance with or as permitted by the terms of the Transaction Documents) 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 created in the Declaration of Trust.

Please do not
write in
this margin

Please complete
legibly, preferably
in black type, or
bold block
lettering

Particulars as to commission allowance or discount (note 3)

None

Signed

Clifford Chance

Date

21 April 1997

On behalf of ~~[company]~~ [mortgagee/chargee] †

† delete as
appropriate

NOTES

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.

Please do not
write in this
binding margin

Particulars of a mortgage or charge (continued)

Continuation sheet No 1
to Form No 395 and 410 (Scot)

CHA 116

Please complete
legibly, preferably
in black type, or
bold block lettering

Company Number

01917566

Name of Company

THE NATIONAL HOME LOANS CORPORATION PLC (the "Company")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

- (ii) *every payment by the Company of any sum in respect of the liabilities covenanted to be discharged in the Debenture by the Company to or for the account of the Beneficiary to whom the same is due and payable which is made in accordance with the terms of the Transaction Document under which sum is payable to such Beneficiary shall operate in satisfaction pro tanto of such covenant (the above liabilities being the "Secured Obligations").*

Please complete
legibly, preferably
in black type, or
bold block letters

Please do not
write in this
binding margin

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

Please complete
legibly, preferably
in black type, or
bold block lettering

Please complete legibly, preferably in black type, or bold block letters

THE SCHEDULE TO THE FORM 395 IN RESPECT OF THE DECLARATION OF TRUST
ENTERED INTO BY THE NATIONAL HOME LOANS CORPORATION PLC ON 4 APRIL 1997

DEFINITIONS

In this Form 395:

"Accession Undertaking" means an undertaking in the form set out in the First Schedule to the Security Trust Agreement;

"Agent" means Morgan Guaranty Trust Company of New York and includes any person for the time being appointed as agent for the purpose of, and in accordance with, the Facility Agreement provided that such person shall have executed and delivered to the Security Trustee a duly completed Accession Undertaking which has been countersigned by the outgoing Agent and the Security Trustee;

"Beneficiaries" means the Security Trustee, the Agent, the Initial Beneficiaries and each other person from time to time party to the Facility Agreement pursuant to an assignment or transfer provided that such other person shall have executed and delivered to the Security Trustee a duly completed Accession Undertaking which has been countersigned by the Agent and the Security Trustee;

"Borrower" means the Company;

"Consumer Finance Assets" means all amounts of principal or principal equivalent lent by or owing to any member of the Group under, in connection with, or by reason of, (i) the origination, acquisition, disposal, servicing, financing and securitisation of (a) residential mortgages and heritable securities over property in the United Kingdom and (b) secured and unsecured consumer loans in the United Kingdom; (ii) contract hire and leasing in the United Kingdom; and (iii) the purchase, sale and financing of vehicles, providing or arranging the purchase, servicing, maintenance and sale of vehicles and fleet management in the United Kingdom;

"Debenture" means the debenture of 4 April 1997 made between the Company and Morgan Guaranty Trust Company of New York as trustee for the Beneficiaries;

"Endowment Policies" means the policies of endowment life assurance the subject of collateral security in favour of, or vested in the Company for the sums secured by the endowment Mortgages, together with any policies which may from time to time be substituted therefor or any other policy of similar effect in relation to the Mortgages in which the Company may at 4 April 1997 or thereafter have an interest and which, in any case, relates to all or any of the Mortgages;

"Facility Agreement" means the facility agreement dated 2 April 1997 made between the Company as borrower, The Paragon Group of Companies PLC as guarantor, Morgan Guaranty Trust Company of New York as agent, the Security Trustee and others;

"Group" means the Guarantor and its subsidiaries from time to time;

"Guarantor" means The Paragon Group of Companies PLC;

"Initial Beneficiaries" means the financial institutions named on the signing pages of the Security Trust Agreement as Initial Beneficiaries;

"Intellectual Property" means:

- (i) the sui generis right for the maker of a database to prevent extraction or reutilisation or both of the whole or a substantial part of the contents of that database, as described in Directive 96/9/EC (as existing at 4 April 1997) on the legal protection of databases;
- (ii) any copyright in relation to computer software including source code and object code, any design data file, note, flow chart, or diagram used in the design thereof, together with detailed information concerning any compiler, design tool, and related system used in the design and generation of such software;
- (iii) any right of the same or similar effect or nature as or to those in paragraphs (a) and (b),

in each case in any jurisdiction;

"Life Policies" means the Endowment Policies and the Term Life Policies and shall include such other policies of life insurance the subject of collateral security in favour of, or vested in, the Company from time to time to the extent of the beneficial interest of the Company which, in any case relates to all or any of the Mortgages;

"Life Policy Charges" means the security created by each Mortgagor over the Life Policies in favour of, or vested in, the Company and shall include such other security created by such Mortgagor over policies of life insurance in favour of, or vested in, the Company from time to time to the extent of the beneficial interest of the Company;

"Material Company" means at any time a member of the Group which at that time has:

- (i) by way of ownership any Intellectual Property, or by virtue of a contract or licence in writing to which it is a signatory the exclusive rights to use any Intellectual Property; or
- (ii) any individual employee (excluding any employee of another person whose services are made available to such member of the Group on an agency basis); or
- (iii) fixed assets (other than, for the avoidance of doubt, Consumer Finance Assets, motor vehicles relating thereto and Securitisation Investments) having either a book value or an actual value greater than £5,000,000 (five million pounds sterling),

and **"Material Companies"** shall mean all such companies;

"Mortgage Conditions" means, in relation to each Mortgage, the terms and conditions on which the initial advance (and any further advance expressed or intended to be secured by such Mortgage) to the relevant Mortgagor was or is to be made;

"Mortgages" means, at any time, the fixed mortgages on property in England and Wales or the heritable securities over properties in Scotland which are beneficially owned by the Company and all other fixed mortgages on property in England and Wales or heritable securities over properties in Scotland which are or may from time to time become beneficially owned by the Company (other than any such fixed mortgages or heritable securities the beneficial title to or interest in which is intended to be transferred by the Company to a Non Material Company pursuant to a transaction or series of related transactions which is or are completed within ninety days of the acquisition of beneficial ownership of such fixed mortgage or heritable security by the Company) and all principal sums including any further advances forming part thereof, interest and costs secured thereby and all other rights, title, benefit and interest therein together (where applicable) with any other mortgages or heritable securities into which such mortgages or heritable securities may be converted and **"Mortgage"** means any one of them;

"Mortgagor" means, in relation to each Mortgage, each person described as a borrower in the Mortgage Conditions relating thereto;

"Non Material Companies" means those members of the Group which are not Material Companies and **"Non Material Company"** shall mean any such company;

"Property" means, in relation to each Mortgage, the freehold or leasehold property in England and Wales or the property in Scotland held under feudal title or long lease upon which the relevant loan is secured;

"Scottish Mortgages" means those Mortgages which are secured over Properties in Scotland, brief particulars of which are set out in the Schedule to the Declaration of Trust (shown below) and in each and any Supplemental Declaration of Trust from time to time:

SCHEDULE

Particulars of Scottish Mortgages

Account No.	Borrowers Name	Current Balance	Postcode
0003074788	Linda Margaret Duff	24,975.00	G20
0002041390	Thomas Willcock	<u>54,456.03</u>	G69 6RA
		<u>79,431.03</u>	

"Scottish Trust Property" shall mean the Scottish Mortgages legal title to which is vested in the Company, brief particulars of which Scottish Mortgages are detailed in the Schedule annexed to the Declaration of Trust and executed as relative to it (see definition "Scottish Mortgages"), and all principal sums, including any further advances present or future, interest and expenses secured thereby, together with all collateral and related security therefor and all monies, rights, interests, benefits and others present and future pertaining thereto or deriving therefrom and all powers and remedies for enforcing the same, including without prejudice to said generality:

- (i) all sums of principal, interest and expenses paid or to be paid under such Scottish Mortgages and the right to demand, sue for, recover, receive and give receipts for all principal sums payable or to become payable under such Scottish Mortgages or the unpaid part thereof and the interest to become due thereon and all other sums payable in connection therewith;
- (ii) the benefit of and the right to sue on all obligations and undertakings by the Mortgagor in any such Scottish Mortgage and the right to exercise all powers of the heritable creditor in relation thereto;
- (iii) the whole right, title and interest of the heritable creditor in the Properties secured by such Scottish Mortgages;
- (iv) the Life Policy Charges pertaining to such Scottish Mortgages with the benefit of and right to sue on all obligations and undertakings contained therein, the right to exercise all powers of the assignee in relation to each such Life Policy Charge and the whole right, title and interest of the assignee in the Life Policies assigned thereby; and
- (v) the benefit of any guarantee or surety relative to any such Scottish Mortgage;

"Security Documents" means:

- (i) the Debenture;
- (ii) a debenture dated 4 April 1997 entered into by The Paragon Group of Companies PLC and the Security Trustee;
- (iii) the Declaration of Trust and any Supplemental Declaration of Trust;
- (iv) a deed of charge dated 4 April 1997 entered into by Residential Loan Finance Limited and the Security Trustee;
- (v) a deed of charge dated 4 April 1997 entered into by NHL (CHS) Limited and the Security Trustee; and
- (vi) a deed of charge dated 4 April 1997 entered into by Paragon Mortgages Limited and the Security Trustee,

and all other documents from time to time securing the obligations of the Borrower under the Transaction Documents;

"Security Trust Agreement" means the security trust agreement dated 4 April 1997 between the Security Trustee, Morgan Guaranty Trust Company of New York as agent, the Company and others;

"Security Trustee" means Morgan Guaranty Trust Company of New York, and includes any person for the time being appointed as trustee or as an additional trustee for the purpose of, and in accordance with, the Security Trust Agreement;

"Supplemental Declaration of Trust" means each and any additional declaration of trust entered into from time to time by the Company and the Security Trustee substantially in the form set out in the Fifth Schedule to the Debenture;

"Term Life Policies" means the policies of term life insurance the subject of collateral security in favour of the Company for the sums secured by the Mortgages together with any policies which may from time to time be substituted therefor or any other policy of similar effect in which the Company may at 4 April 1997 or thereafter have an interest; and

"Transaction Documents" means the Facility Agreement, the Security Trust Agreement and the Security Documents.

Any reference in this Form 395 to the **"Security Trustee"**, the **"Company"**, the **"Agent"** or the **"Beneficiaries"** shall be construed so as to include its or their respective Successors and any Successor of such a Successor in accordance with their respective interests;

Words denoting the singular number only shall include the plural number also and vice versa.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 01917566

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DECLARATION OF TRUST DATED THE 4th APRIL 1997 AND CREATED BY PARAGON FINANCE PLC FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO MORGAN GUARANTY TRUST COMPANY OF NEW YORK (AS TRUSTEE FOR THE BENEFICIARIES) UNDER THE TERMS OF THE "TRANSACTION DOCUMENTS" AND THE DEBENTURE OF EVEN DATE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 21st APRIL 1997.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 23rd APRIL 1997.

A handwritten signature in cursive script, appearing to read 'P. Davies'.

for the Registrar of Companies



C O M P A N I E S H O U S E

HC026B

DS
23-4