



**Registration of a Charge**

Company name: **PARAGON SEVENTH FUNDING LIMITED**

Company number: **09580619**



X7J3ZMRU

Received for Electronic Filing: **20/11/2018**

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**Details of Charge**

Date of creation: **14/11/2018**

Charge code: **0958 0619 0002**

Persons entitled: **CITICORP TRUSTEE COMPANY LIMITED - AS THE TRUSTEE FOR EACH OF THE SECURED PARTIES (DEFINED IN THE ACCOMPANYING DOCUMENT)**

Brief description: **N/A**

**Contains fixed charge(s).**

**Contains floating charge(s) (floating charge covers all the property or undertaking of the company).**

**Contains negative pledge.**

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**Authentication of Form**

This form was authorised by: **a person with an interest in the registration of the charge.**

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**Authentication of Instrument**

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S. 859G OF THE COMPANIES ACT 2006 THE ELECTRONIC**

**COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION  
FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL  
INSTRUMENT.**

Certified by:

**CLIFFORD CHANCE LLP**



## **CERTIFICATE OF THE REGISTRATION OF A CHARGE**

Company number: 9580619

Charge code: 0958 0619 0002

The Registrar of Companies for England and Wales hereby certifies that a charge dated 14th November 2018 and created by PARAGON SEVENTH FUNDING LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 20th November 2018 .

Given at Companies House, Cardiff on 22nd November 2018

The above information was communicated by electronic means and authenticated  
by the Registrar of Companies under section 1115 of the Companies Act 2006



**Companies House**



**THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES**

DATED 14 NOVEMBER 2018

PARAGON SEVENTH FUNDING LIMITED  
AS THE COMPANY

PARAGON MORTGAGES (2010) LIMITED  
AS AN ORIGINATOR, ADMINISTRATOR AND A SUBORDINATED LENDER

PARAGON BANK PLC  
AS AN ORIGINATOR AND AN ADMINISTRATOR

HOMELoAN MANAGEMENT LIMITED  
AS HML

INTERTRUST MANAGEMENT LIMITED  
AS THE CORPORATE SERVICES PROVIDER

CITIBANK, N.A., LONDON BRANCH  
AS THE ACCOUNT BANK

MERRILL LYNCH INTERNATIONAL  
AS ORIGINAL HEDGE PROVIDER

CITICORP TRUSTEE COMPANY LIMITED  
AS THE SECURITY TRUSTEE

BANK OF AMERICA MERRILL LYNCH INTERNATIONAL LIMITED  
AS THE BANK

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DEED OF CHARGE  
RELATING TO  
£200,000,000 SECURED REVOLVING CREDIT  
FACILITY

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THIS DEED is dated 14 November 2018 and made

**BETWEEN:**

- (1) **PARAGON SEVENTH FUNDING LIMITED**, a private limited company incorporated under the laws of England and Wales under company number 9580619 whose registered office is at 51 Homer Road, Solihull, West Midlands, B91 3QJ for itself (the "**Company**");
- (2) **PARAGON MORTGAGES (2010) LIMITED**, a private limited company incorporated under the laws of England and Wales under company number 6595834, having its registered office at 51 Homer Road, Solihull, West Midlands, B91 3QJ (an "**Originator**", an "**Administrator**" and the "**Subordinated Lender**");
- (3) **PARAGON BANK PLC**, a public limited liability company incorporated under the laws of England and Wales under company number 05390593 and having its registered office at 51 Homer Road, Solihull, West Midlands, B91 3QJ ("**PB**", an "**Originator**" and an "**Administrator**");
- (4) **HOMELoAN MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales under company number 2214839, having its registered office at Pavilions, Bridgwater Road, Bristol BS13 8AE ("**HML**");
- (5) **INTERTRUST MANAGEMENT LIMITED** (registered number 3853974), a private limited company incorporated under the laws of England and Wales, whose registered office is 35 Great St. Helen's, London EC3A 6AP or such other person or persons for the time being acting as corporate services provider to the Company (the "**Corporate Services Provider**");
- (6) **CITIBANK, N.A., LONDON BRANCH**, acting through its Agency and Trust business located at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom (the "**Account Bank**");
- (7) **MERRILL LYNCH INTERNATIONAL**, a company incorporated under the laws of England and Wales under company number 02312079, having its registered office at 2 King Edward Street, London, EC1A 1HQ, United Kingdom as hedge provider (the "**Original Hedge Provider**");
- (8) **CITICORP TRUSTEE COMPANY LIMITED**, a private limited company incorporated under the laws of England and Wales under company number 00235914, having its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (the "**Security Trustee**"); and
- (9) **BANK OF AMERICA MERRILL LYNCH INTERNATIONAL LIMITED**, a private limited company incorporated under the laws of England and Wales under company number 01009248, having its registered office at 2 King Edward Street, London, EC1A 1HQ (the "**Bank**").

**BACKGROUND:**

## 1. INTERPRETATION

- 1.1 In this Deed, except so far as the context otherwise requires and subject to any contrary indication, words and expressions defined or construed in the master definitions schedule dated on or about the date hereof (the "**Master Definitions Schedule**"), signed by, among others, the parties to this Deed shall have the same meanings and construction as are set out in the Master Definitions Schedule.
- 1.2 Where reference is made in this Deed to the Administration Agreement, the provisions to which reference is made shall be deemed to be included in this Deed to the extent necessary to give effect thereto.
- 1.3 References in this Deed to a particular numbered clause of the Administration Agreement, shall, in relation to any agreement under which a substitute administrator (other than HML as the administrator of last resort) is appointed, be construed as a reference to the provisions (if any) in such agreement which correspond to the provisions of such particular numbered clause of the Administration Agreement.
- 1.4 For the avoidance of doubt but subject to Clause 9.2, references to the Security Trustee in this Deed are, save where expressly provided otherwise, to it acting in its capacity as trustee for the Bank, any Receiver, and the Secured Parties on and subject to the terms of this Deed.
- 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 in this Deed to "full title guarantee" shall be construed in relation to any transfer or assignation (whether absolutely or in security) governed by Scottish law as references to absolute warrandice and in relation to any transfer or assignment (whether absolute or in security) governed by Northern Irish law as references to beneficial ownership.
- 1.7 Any reference to an English statutory power or procedure of any nature shall, where applicable and where the context permits, be construed as applying to the equivalent Northern Irish provision or procedure, as the case may be.

## 2. COVENANTS TO PAY

### 2.1 The Company

- (a) The Company covenants with and undertakes to the Security Trustee (for itself, the Bank and any Receiver) that it will duly, unconditionally and punctually pay or discharge all moneys and liabilities whatsoever which from time to time become due, owing or payable by the Company whether as principal or surety and whether or not jointly with another:
  - (i) to or to the order of the Security Trustee (for its own account as Security Trustee and on behalf of the Bank) and/or any Receiver under any of the Finance Documents (including, for the avoidance of doubt,



this Deed) at the times and in the manner provided therein or herein;  
and

- (ii) to the Security Trustee on any account whatsoever, whether for its own account or otherwise.
- (b) The Company covenants with and undertakes to each Administrator that it will duly and punctually pay or discharge all moneys and liabilities whatsoever which from time to time become due, owing or payable by the Company to such Administrator (in its capacity as such) under the Administration Agreement or any other similar agreement or the Substitute Administrator Agreement or this Deed on any account whatsoever, whether as principal or surety and whether or not jointly with another. Moneys due, owing or payable by the Company to such Administrator or any other person in its capacity as Administrator which have accrued in respect of the period prior to the termination of any person's appointment as Administrator under the Administration Agreement or any other similar agreement or the Substitute Administrator Agreement shall, to the extent provided in such agreement and this Deed, continue to be due, owing or payable to it in that capacity notwithstanding such termination.
- (c) The Company covenants with and undertakes to the Security Trustee, for the account of each Originator, that it will duly and punctually pay or discharge all moneys and liabilities whatsoever which from time to time become due, owing or payable by the Company to each Originator under the Mortgage Sale Agreement, the Subordinated Loan Agreement or this Deed on any account whatsoever, whether as principal or surety and whether or not jointly with another.
- (d) The Company covenants with and undertakes to HML that it will duly and punctually pay or discharge all moneys and liabilities whatsoever which from time to time become due, owing and payable by the Company to HML (in its capacity as administrator of last resort only and not, for the avoidance of doubt, in its capacity as Administrator) under the Substitute Administrator Agreement.
- (e) The Company covenants with and undertakes to the Original Hedge Provider that it will duly and punctually pay or discharge all moneys and liabilities whatsoever which from time to time become due, owing and payable by the Company to the Original Hedge Provider under any Hedge Agreement to which the Original Hedge Provider is or becomes a party in accordance with the Administration Agreement.
- (f) The Company covenants with and undertakes to PML that it will duly and punctually pay or discharge all moneys and liabilities whatsoever which from time to time become due, owing or payable by the Company to PML (other than any such moneys or liabilities from time to time due, owing or payable to them in their capacity as Administrator) under any agreement with PML in respect of facilities or services referred to in clause 9.1(b)(xiii) of the Administration Agreement.

- (g) The Company covenants with and undertakes to the Account Bank that it will duly and punctually pay or discharge all moneys and liabilities whatsoever which from time to time become due, owing or payable by the Company to the Account Bank under any agreement with the Account Bank in respect of facilities or services referred to in the Account Bank Agreement.

### **3. SECURITY CREATED BY THE COMPANY**

#### **3.1 Mortgage Loans and Corporate Mortgage Loans and their Related Security**

- (a) The Company hereby sub-charges, conveys, transfers and assigns to the Security Trustee with full title guarantee by way of first fixed security for the discharge and payment of the Company Secured Amounts:
  - (i) subject where applicable to the subsisting rights of redemption of the Borrower or Corporate Borrower, all right, title, interest and benefit of the Company in and to each Mortgage Loan and or, as the case may be, each Corporate Mortgage Loan originated or acquired as contemplated by clause 2 or 3 of the Mortgage Sale Agreement and which is notified by an Originator to the Company in accordance with clause 3.6 of the Mortgage Sale Agreement including for the avoidance of doubt but without limitation other than as herein before expressly excluded:
    - (A) all sums of principal, interest or any other sum payable from time to time under such Mortgage Loan or Corporate Mortgage Loan and the right to demand, sue for, recover, receive and give receipts for all principal moneys payable or to become payable under each such Mortgage Loan and Corporate Mortgage Loan and the interest and all other sums to become due thereon or thereunder; and
    - (B) the benefit of and the right to sue on all covenants and undertakings with and to, or vested in, the Company in respect of each such Mortgage Loan and Corporate Mortgage Loan and its Related Security and the right to exercise all powers of the Company in relation to each such Mortgage Loan and Corporate Mortgage Loan and its Related Security; and
  - (ii) all its right, title, interest, and benefit in and to the Related Security and in and to any causes and rights of action (and the net proceeds thereof) present and future 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 Loan or Corporate Mortgage Loan and its Related Security or affecting any decision to make or acquire the relevant Mortgage Loan or Corporate Mortgage Loan;

**TO HOLD** the same unto the Security Trustee absolutely as trustee for the Secured Parties (in each case to the extent only of the Company Secured Amounts to which such Secured Party shall be entitled), subject to Clause 5.

- (b) If, in accordance with clause 5 of the Mortgage Sale Agreement (or otherwise) legal title to any English Mortgages and their Related Security is transferred to the Company, the Company will, if and when called upon to do so by the Security Trustee or the Bank, forthwith:
  - (i) take all such steps as are necessary to perfect legal title to the English Mortgages in the Mortgage Portfolio and the Corporate Mortgage Portfolio and their Related Security including, without limitation, registration of the Company as proprietor of the relevant English Mortgages of Registered Land at H.M. Land Registry and giving notice of any charge of any Insurance Contract comprised in any Related Security to the relevant Insurance Companies;
  - (ii) execute and deliver to the Security Trustee a legal sub-mortgage over such English Mortgages and a legal assignment of the other Related Security, in each case in such form as the Security Trustee shall require; and
  - (iii) execute and deliver such other document or documents, and in such form, and take such other action, as the Security Trustee shall consider necessary to enable the Security Trustee to perfect a first fixed legal sub-mortgage over such English Mortgages and all sums secured thereby including, without limitation, any Further Advance, to perfect the title of the Security Trustee to the Deeds of Postponement relating thereto and to effect a legal assignment to the Security Trustee of any Related Security legal title to which has not already been assigned to the Security Trustee pursuant to this Clause 3.1.

### **3.2 Scottish Mortgage Loans and their Related Security**

- (a) The Company, subject to Clause 5, hereby undertakes to the Security Trustee and binds and obliges itself:
  - (i) if and when called upon by the Security Trustee to do so (but subject to the provisions of clause 5 of the Mortgage Sale Agreement in respect of Scottish Mortgage Loans), forthwith to execute and deliver to the Security Trustee in security for the discharge and payment of the Company Secured Amounts:
    - (A) a Standard Security substantially in the form set out in Part A of Schedule 1 in respect of the Company's whole right, title and interest as heritable creditor under the Scottish Mortgages (if any) comprised in the Mortgage Portfolio and the Corporate Mortgage Portfolio in each case at the Title Record Date relative to the immediately preceding Scottish Completion Date title to which is registered or is in the course of registration in the Land Register of Scotland; and
    - (B) a Standard Security substantially in the form set out in Part B of Schedule 1 in respect of the Company's whole right, title and interest as heritable creditor under the Scottish Mortgages (if

any) comprised in the Mortgage Portfolio and the Corporate Mortgage Portfolio in each case at such Title Record Date relative to the immediately preceding Scottish Completion Date title to which is recorded or in the course of being recorded in the General Register of Sasines;

- (ii) at the time of delivery of any Scottish Mortgage Sub-Security in accordance with the preceding provisions of this paragraph (a) of Clause 3.2 simultaneously to deliver (subject to the Company's obligation to redeliver the same under clause 5.6 of the Mortgage Sale Agreement) to the Security Trustee the Transfers and/or the Security Charge granted in favour of the Company in terms of clause 5.6 of the Mortgage Sale Agreement pertaining to the Scottish Mortgages and/or Scottish charges specified in such Scottish Mortgage Sub-Security (insofar as the same have not already been delivered to the Security Trustee in terms of the said Clauses);
  - (iii) if and when called upon to do so by the Security Trustee or the Bank (but subject to the provisions of clause 5 of the Mortgage Sale Agreement) to take all such steps as are necessary to perfect legal title to the Scottish Mortgage Loans and their Related Security including without limitation registration or recording of the Company as heritable creditor under the Scottish Mortgages relative thereto in the Registers of Scotland and giving intimation of any assignation of the charges relative thereto to the relevant assurance companies; and
  - (iv) if and when called upon by the Security Trustee to do so (but subject to the provisions of clause 5 of the Mortgage Sale Agreement) to execute and deliver such other documents, and in such form, and to take such other steps as the Security Trustee (acting on the instructions of the Bank) shall reasonably consider necessary to enable the Security Trustee to perfect a first ranking heritable security over the Scottish Mortgages comprised in the Mortgage Portfolio and the Corporate Mortgage Portfolio and all sums secured thereby and to effect a first ranking assignation in security to the Security Trustee of the Scottish charges relative thereto and all and any other assets and rights comprised in such Scottish Mortgage Loans and their Related Security.
- (b) The Company, subject to Clause 5, hereby undertakes to the Security Trustee and binds and obliges itself:
  - (i) upon the execution and delivery of the Scottish Declaration of Trust in terms of clause 3.10(a) of the Mortgage Sale Agreement in respect of Scottish Mortgage Loans to execute and deliver to the Security Trustee in security for the discharge and payment of the Company Secured Amounts the Scottish Mortgage Trust Security over the beneficial interest created in favour of the Company under the Scottish Declaration of Trust in respect of such Scottish Mortgage Loans;
  - (ii) upon each Scottish Completion Date after the execution and delivery of the Scottish Mortgage Trust Security in terms of paragraph (b)(i) of

Clause 3.2, and upon any other day on which the aggregate amount due from Borrowers under the Scottish Mortgage Loans and the Scottish Corporate Mortgage Loans originated or purchased since the preceding date on which the provisions of this paragraph (b)(ii) of Clause 3.2 were complied with is equal to or exceeds £2,000,000, forthwith (after execution and delivery of the Supplemental Declaration of Trust to be executed and delivered that day under clause 3.10(b)) of the Mortgage Sale Agreement in respect of Scottish Mortgage Loans to execute and deliver to the Security Trustee in security for the discharge and payment of the Company Secured Amounts a Supplemental Mortgage Trust Security over the beneficial interest created in favour of the Company under that Supplemental Declaration of Trust; and

- (iii) upon the delivery to the Security Trustee of the Scottish Mortgage Trust Security or any Supplemental Mortgage Trust Security in accordance with the provisions of this paragraph (b) of Clause 3.2, simultaneously to deliver to the Security Trustee the Scottish Declaration of Trust or (as the case may be) Supplemental Declaration of Trust specified in such Scottish Mortgage Trust Security or Supplemental Mortgage Trust Security (insofar as the same have not already been delivered to the Security Trustee in terms of the said clause 3.10 of the Mortgage Sale Agreement).

### **3.3 Rights under various documents**

- (a) The Company hereby conveys, transfers and assigns with full title guarantee by way of first fixed security for the discharge and payment of the Company Secured Amounts absolutely to the Security Trustee, as trustee for the Secured Parties (in each case to the extent only of the Company Secured Amounts to which each such Secured Party shall be entitled), all its right, title, interest and benefit present and future in:
  - (i) the Mortgage Sale Agreement;
  - (ii) the Subordinated Loan Agreement;
  - (iii) the Facility Agreement;
  - (iv) the Account Bank Agreement; and
  - (v) the Originator Collection Account Declarations of Trust.

including all rights to receive payment of any amounts which may become payable to the Company thereunder and all payments received by the Company thereunder including, without limitation, the benefit of any covenants contained therein, all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof, subject to Clause 5.

- (b) Notwithstanding the creation of such security each of the parties hereto agrees that each Originator may continue to make all payments becoming due from it to the Company under any of the Mortgage Sale Agreement, the Subordinated Loan Agreement, the Account Bank Agreement, the Facility Agreement and the Originator Collection Account Declarations of Trust in the manner envisaged thereby (which payment shall constitute a good discharge to the relevant Originator) until receipt of express written notice from the Security Trustee or any Receiver requiring such payments to be made elsewhere, which notice shall not be given at any time prior to the date on which the security created by or pursuant to this Deed becomes enforceable.

### **3.4 Rights under the Administration Agreement**

- (a) The Company hereby conveys, transfers and assigns with full title guarantee by way of first fixed security for the discharge and payment of the Company Secured Amounts absolutely to the Security Trustee, as trustee for the Secured Parties (in each case to the extent only of the Company Secured Amounts to which each such Secured Party shall be entitled), all its right, title, interest and benefit present and future in the Administration Agreement, including all rights to receive payment of any amounts which may become payable to the Company thereunder and all payments received by the Company thereunder including, without limitation, the benefit of the covenants therein contained, all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof, subject to Clause 5.
- (b) Notwithstanding paragraph (a) of Clause 3.4 each of the parties hereto agrees that each Administrator may continue to make all payments becoming due from it to the Company under the Administration Agreement in the manner envisaged thereby (which payment shall constitute a good discharge to such Administrator) until receipt of express written notice from the Security Trustee or any Receiver requiring such payments to be made elsewhere, which notice shall not be given at any time prior to the date on which the security created by or pursuant to this Deed becomes enforceable.

### **3.5 Finance Documents**

- (a) The Company hereby conveys, transfers and assigns with full title guarantee by way of first fixed security for the discharge of the Company Secured Amounts absolutely to the Security Trustee, as trustee for the Secured Parties (in each case to the extent only of the Company Secured Amounts to which each such Secured Party shall be entitled), to the extent the same is not otherwise effectively charged by way of fixed charge or otherwise assigned as security by or pursuant to this Clause 3, all its right, title, interest and benefit present and future in and to any Finance Documents to which it is a party including all rights to receive payment of any amounts which may become payable to the Company thereunder and all payments received by the Company thereunder including, without limitation, the benefit of the covenants therein contained, all rights to serve notices and/or make demands thereunder, and all rights of action in respect of any breach thereof and all

rights to receive damages or obtain other relief in respect thereof, subject to Clause 5.

- (b) Notwithstanding paragraph (a) of Clause 3.5, each of the parties hereto agrees that all payments becoming due to the Company under any of the Finance Documents as aforesaid may be made to the Company in the manner envisaged thereby (which payment shall constitute a good discharge to any person obliged thereunder to make such payment) until receipt of express written notice from the Security Trustee or any Receiver requiring such payments to be made elsewhere, which notice shall not be given at any time prior to the date on which the security created by or pursuant to this Deed becomes enforceable.

### **3.6 Rights against any Hedge Provider and any Hedge Guarantor**

- (a) The Company hereby conveys, transfers and assigns with full title guarantee by way of first fixed security for the discharge and payment of the Company Secured Amounts absolutely to the Security Trustee, as trustee for the Secured Parties (in each case to the extent only of the Company Secured Amounts to which each such Secured Party shall be entitled), all its right, title, interest and benefit present and future in any Hedge Agreement, any Hedge Guarantee and any ancillary document thereto including all rights to receive payment of any amounts which may become payable to the Company thereunder and all payments received by the Company thereunder including, without limitation, the benefit of the covenants therein contained, all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof, subject to Clause 5.
- (b) Notwithstanding paragraph (a) of Clause 3.6 each of the parties hereto agrees that each Hedge Provider and each Hedge Guarantor may continue to make all payments becoming due from it to the Company under any Hedge Agreement, any Hedge Guarantee or any ancillary document thereto respectively in the manner envisaged thereby (which payment shall constitute a good discharge to any such Hedge Provider and any such Hedge Guarantor as appropriate) until receipt of express notice from the Security Trustee or the Receiver requiring such payments to be made elsewhere, which notice shall not be given at any time prior to the date on which the security created by or pursuant to this Deed becomes enforceable.

### **3.7 Company Transaction Account, Reserve Account and Additional Accounts**

- (a) The Company hereby conveys, transfers and assigns with full title guarantee by way of first fixed security for the discharge and payment of the Company Secured Amounts absolutely to the Security Trustee, as trustee for the Secured Parties (as such Secured Party shall be entitled), all its right, title, interest and benefit present and future in and to all sums of money which may now be or hereafter are from time to time standing to the credit of the Company Transaction Account, the Reserve Account, any Additional Accounts and any other bank or other account (other than any Originator Collection Account) in

which the Company may at any time acquire any right, title, interest or benefit (whether as holder of such account, by way of assignment or as beneficiary under any trust) together with all interest accruing from time to time thereon and the debt represented by each such account or trust, subject to Clause 5.

- (b) During the continuance of the security the Company shall not, except as expressly permitted by this Deed, the Administration Agreement or with the prior written consent of the Security Trustee (acting on the instructions of the Bank), withdraw from the Company Transaction Account or the Reserve Account or any Additional Account the whole or any part of the amount standing to the credit of the Company Transaction Account or the Reserve Account or any Additional Account (as the case may be) and shall not in any event do so after the date on which the security created by or pursuant to this Deed becomes enforceable. Until such date and notwithstanding the security created pursuant to paragraph (a) of Clause 3.7, amounts may be withdrawn from the Company Transaction Account or the Reserve Account or any Additional Account as so permitted or with the prior written consent of the Security Trustee (acting on the instructions of the Bank).

### **3.8 Investments**

- (a) The Company hereby charges with full title guarantee by way of first fixed charge for the discharge and payment of the Company Secured Amounts absolutely to the Security Trustee, as trustee for the Secured Parties (in each case to the extent only of the Company Secured Amounts to which each such Secured Party shall be entitled), all its right, title, interest and benefit present and future in the Authorised Investments and each of them made by the Company in accordance with clause 10 of the Administration Agreement out of moneys standing to the credit of the Company Transaction Account and all other investments in which the Company may at any time acquire any right, title, interest or benefit, in each case together with all moneys, income and proceeds to become payable thereunder or thereon and the benefits of all covenants relating thereto and all powers and remedies for enforcing the same, subject to Clause 5.
- (b) The Company shall procure that, in each case where such an Authorised Investment comprises the deposit of Cash in a deposit account with a third party, the Cash shall be deposited under instruction that it may not be paid out of such deposit account otherwise than by transferring such Cash, together with interest accrued thereon, direct to the Company Transaction Account which instructions may not be altered without the consent of the Security Trustee (acting on the instructions of the Bank) and, prior to the date on which the security created by or pursuant to this Deed becomes enforceable, the Company (which consent shall not, in the case of the Company, be unreasonably withheld or delayed).

### **3.9 Rights against HML**

- (a) The Company hereby conveys, transfers and assigns with full title guarantee by way of first fixed security for the discharge and payment of the Company Secured Amounts absolutely to the Security Trustee, as trustee for the Secured



Parties (in each case to the extent only of the Company Secured Amounts to which each such Secured Party shall be entitled), all its right, title, interest and benefit present and future in, under and pursuant to the Substitute Administrator Agreement including all rights to receive payment of any amounts which may become payable to the Company thereunder and all payments received by the Company thereunder including, without limitation, the benefit of the covenants therein contained, all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof, subject to Clause 5.

- (b) Notwithstanding paragraph (a) of Clause 3.9 each of the parties hereto agrees that HML may continue to make any payments becoming due from it to the Company under the Substitute Administrator Agreement in the manner envisaged thereby (which payment shall constitute a good discharge to HML) until receipt of express notice from the Security Trustee (acting on the instructions of the Bank) or the Receiver requiring such payments to be made elsewhere, which notice shall not be given at any time prior to the date on which the security created by or pursuant to this Deed becomes enforceable.

### **3.10 Causes of action**

- (a) The Company hereby conveys, transfers and assigns with full title guarantee by way of first fixed security for the discharge and payment of the Company Secured Amounts absolutely to the Security Trustee, as trustee for the Secured Parties (in each case to the extent only of the Company Secured Amounts to which each such Secured Party shall be entitled), to the extent that the same is not otherwise effectively charged by way of fixed charge or otherwise assigned as security by or pursuant to this Clause 3, all its right, title, interest and benefit, present and future, in and to any causes and rights of action (and the net proceeds thereof) of the Company, present and future, against any person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any Mortgage Loan or Corporate Mortgage Loan or affecting the decision of an Originator or any other originator, as the case may be, to make any of the Mortgage Loans or Corporate Mortgage Loans.
- (b) Notwithstanding paragraph (a) of Clause 3.10 each of the parties hereto hereby agrees that any and all payments becoming due to the Company in respect of any such causes of action may be paid to the Company (which payment shall constitute a good discharge to any person required to make such payment) until receipt of express written notice from the Security Trustee (acting on the instructions of the Bank) or the Receiver requiring such payments to be made elsewhere which notice shall not be given at any time prior to the date on which the security created by or pursuant to this Deed becomes enforceable.

### **3.11 Insurance Contracts**

- (a) The Company hereby conveys, transfers and assigns with full title guarantee by way of first fixed security for the discharge and payment of the Company

Secured Amounts absolutely to the Security Trustee, as trustee for the Secured Parties (in each case to the extent only of the Company Secured Amounts to which each such Secured Party shall be entitled), all its right, title, interest and benefit present and future in and to the Insurance Contracts and any other contract of insurance in which the Company has, or acquires, an interest (to the extent that such right, title, interest and benefit is not effectively charged by way of fixed charge or otherwise assigned as security by or pursuant to this Clause 3) including the right to receive the proceeds of any claim, the benefit of all covenants relating thereto and all powers and remedies for enforcing the same.

- (b) Notwithstanding paragraph (a) of Clause 3.11 each of the parties hereto hereby agrees that any amounts becoming due under any insurance contract over which security has been created pursuant to this Clause 3.11 may be paid to the Company in the manner envisaged thereby (which payment shall constitute a good discharge to the relevant insurance company) until receipt of express notice from the Security Trustee (acting on the instructions of the Bank) or the Receiver requiring such payments to be made elsewhere, which notice shall not be given at any time prior to the date on which the security created by or pursuant to this Deed becomes enforceable.

### **3.12 Floating charge**

The Company hereby charges with full title guarantee for the discharge and payment of the Company Secured Amounts by way of first floating charge to the Security Trustee, as trustee for the Secured Parties (in each case to the extent only of the Company Secured Amounts to which each such Secured Party shall be entitled), the whole of its undertaking and all its property and assets whatsoever and wheresoever situate, present and future (including, without limitation, its uncalled capital and any property held on trust for its benefit by a third party), other than any property or assets from time to time or for the time being effectively charged by way of fixed charge, or otherwise effectively conveyed, transferred or assigned as security, by this Clause 3 (but excepting from the foregoing exclusion the whole of the Company's property, undertaking, assets and rights, present and future, situated in or governed by the law of Scotland which are, for the avoidance of doubt, charged by the floating charge hereby created), subject to Clause 5. Paragraph 14 of Schedule B1 to the Insolvency Act applies to the floating charge created by this Clause 3.12.

### **3.13 Crystallisation of floating charge**

The Security Trustee may crystallise the floating charge created pursuant to Clause 3.12 by notice in writing to the Company if:

- (a) the Security Trustee is instructed by the Bank or reasonably considers it necessary to do so in order to protect or preserve the security created over the Charged Property which is the subject of that floating charge and/ or the priority of that charge over any other floating charge created by the Company; and/or
- (b) after an Event of Default has occurred which is then continuing.

#### 4. THE SECURITY TRUSTEE, NOTICE AND ACKNOWLEDGEMENT

##### 4.1 Security Trustee

Notwithstanding anything else in this Deed, it is hereby agreed that the Security Trustee does not assume, nor shall the Security Trustee be obliged to perform, any obligations of any other party to, or any person who becomes bound by, this Deed (including, for the avoidance of doubt, the making of Further Advances) and nothing herein shall be construed so as to transfer any of such obligations to the Security Trustee.

##### 4.2 Notice and Acknowledgement

The execution by the Company of this Deed shall constitute notice to the Originators, the Administrators, the Original Hedge Provider and HML of the conveyance, transfer and assignment of all the Company's right, title, interest and benefit present and future in and to the Finance Documents to which each of them are respectively parties and the execution of this Deed by the Originators, the Administrators, the Original Hedge Provider and HML shall constitute acknowledgement by them respectively of such conveyance, transfer and assignment.

##### 4.3 Notices to the Account Bank

- (a) The Company shall immediately after the date hereof, in respect of the Security over the Company Transaction Account and the Reserve Account give to the Account Bank a Notice of Assignment in the form set out in Part A of Schedule 4.
- (b) The Company shall use reasonable efforts to procure that the Account Bank acknowledges receipt of the notice sent to it pursuant to Clause 4.3(a) above in the form required by such notice.

#### 5. REDEMPTION AND RELEASE

- 5.1 On the irrevocable and unconditional payment or discharge in full by the Company of the Company Secured Amounts, the Security Trustee (acting on the instructions of the Bank) at the request and cost of the Company shall release or reassign that part of the Charged Property which is the subject of the Company Charge to the Company or any other person entitled thereto, **provided that** no such payment, discharge, release, reconveyance, retransfer or reassignment which may be avoided or reduced under any enactment or law relating to bankruptcy or insolvency (including, without limitation, sections 238 to 245 and section 423 of the Insolvency Act or similar laws), and no release, settlement or discharge given or made by the Security Trustee on the faith of any such release, reconveyance, retransfer, retrocession or reassignment, shall prejudice or affect the right of the Security Trustee to enforce the security interests constituted hereby and pursuant hereto in respect of the full extent of the Company Secured Amounts as if such payment or reduction had not occurred; **provided further that** following any release, reconveyance, retransfer, retrocession or reassignment of the Charged Property to the Company or any other person entitled thereto pursuant to this Clause 5.1 neither the Company nor such other persons nor any purchaser from, or any other person dealing with, the Company or such other

person shall be concerned with the security interests so released, reconveyed, retransferred, retrocessed or reassigned and the title of such purchaser or other person shall not be impeachable or in any way limited or affected by reference to any such security interests and any such purchaser or other person shall be treated for all purposes as having acquired and as being able to dispose of any relevant interest in any Charged Property free from any such security interests.

- 5.2 If an Originator repurchases any Mortgage Loan or Corporate Mortgage Loan and its Related Security under clause 7 of the Mortgage Sale Agreement (where the Security Trustee has granted its consent pursuant to clause 7.10 of the Mortgage Sale Agreement) or disposes of any Mortgage Loan or Corporate Mortgage Loan together with any or all of its Related Security pursuant to and in accordance with clause 13 of the Administration Agreement the Security Trustee shall release or reassign the relevant Charged Property to the Company or any other person entitled thereto without any further action being required, **provided that**, if necessary, the Security Trustee at the request and cost of the Company shall execute a release or discharge of its interest in such Mortgage Loan or Corporate Mortgage Loan and such Related Security.

## 6. RESTRICTIONS ON EXERCISE OF CERTAIN RIGHTS

- 6.1 Each of the Secured Parties hereby agrees with the Security Trustee that unless the security created by or pursuant to this Deed having become enforceable, the Security Trustee, having become bound to do so (or otherwise instructed to do so by the Bank), fails to take any steps or proceedings to enforce the security created by or pursuant to this Deed within a reasonable period and such failure is continuing:

- (a) it shall not take any steps whatsoever to direct the Security Trustee to enforce the security created by or pursuant to this Deed; and
- (b) it shall not take any steps for the purpose of recovering any of the Company Secured Amounts or any other debts whatsoever owing to it by the Company or procuring the appointment of a receiver or administrator to or the winding up or liquidation of the Company in respect of any of its liabilities whatsoever,

**provided however that** this Clause 6.1 shall not prevent the relevant party from taking any steps against the Company which do not amount to the commencement or the threat of commencement of legal proceedings against the Company or procuring the appointment of a receiver or administrator to or the winding up or liquidation of the Company.

## 7. UPON ENFORCEMENT

### 7.1 General

- (a) Upon the security created by or pursuant to this Deed becoming enforceable in accordance with Clause 13.1, if not already so crystallised, any charge created by or pursuant to any of Clause 3 which is a floating charge shall crystallise.
- (b) From the date upon which the security created by or pursuant to this Deed becomes enforceable:

- (i) no amount may be drawn from the Company Transaction Account or the Reserve Account except to the extent that it is applied in accordance with the order of priorities set out in this Clause 7, or is used to make Mandatory Further Advances or as otherwise permitted by this Deed;
- (ii) no amount may be drawn from any Originator Collection Account except to the extent that it is applied in accordance with the order of priorities set out in this Clause 7 or as otherwise permitted by this Deed or the relevant Originator Declaration of Trust.

## 7.2 Company Secured Amounts

- (a) All moneys received or recovered by the Security Trustee in respect of the Company Secured Amounts after the security created by or pursuant to this Deed becomes enforceable shall be held by it, and all moneys received by any of the Secured Parties in respect of the Company Secured Amounts (other than moneys received pursuant to this Clause 7.2) after the security created by or pursuant to this Deed becomes enforceable shall forthwith be paid to (and, pending such payment, such Secured Party shall hold such moneys on trust for) the Security Trustee to be held by it, in each case on trust to be applied, together with all other amounts standing to the credit of the Company Transaction Account and the Reserve Account, as set out in paragraph (c) of Clause 7.2, excluding any Hedge Tax Credits and Hedge Replacement Premium which shall be payable direct to the relevant Hedge Provider in accordance with clause 7.8(d) of the Administration Agreement.
- (b) The provisions of paragraph (a) of Clause 7.2 shall not prejudice the right of the Security Trustee to apply moneys (other than any Hedge Replacement Premium and Hedge Tax Credits which shall be payable directly to the relevant Hedge Provider) standing to the credit of the Company Transaction Account and/or the Reserve Account in making Mandatory Further Advances on behalf of itself or the Company and to retain moneys standing to the credit of the Company Transaction Account and/or the Reserve Account for future application for such purpose in priority to application in accordance with paragraph (a) of Clause 7.2.
- (c) The order of application referred to in paragraph (a) of Clause 7.2 is as follows:
  - (i) first, in or towards satisfaction, *pro rata* according to the amounts then payable to each of them, of (i) the remuneration then payable to any Receiver and any costs, charges, liabilities and expenses then incurred by such Receiver together with interest as provided in this Deed, (ii) amounts due from the Company to the Security Trustee for its own account and in its capacity as such, together with interest thereon as herein provided, (iii) the fees, costs and expenses incurred by the Account Bank under the Account Bank Agreement, and (iv) any out-of-pocket expenses incurred by the Security Trustee in making or purchasing any Mandatory Further Advance;

- (ii) second, *pro rata* and *pari passu* in or towards satisfaction of all moneys due and payable to the Corporate Services Provider under the Corporate Services Agreement and the Facility Agent under the Facility Agreement;
  - (iii) third, in or towards satisfaction of all moneys due and payable to HML under the Substitute Administrator Agreement;
  - (iv) fourth, in or towards satisfaction, *pro rata* according to the respective amounts thereof, of (i) all Hedge Secured Amounts (other than Hedge Provider Subordinated Amounts) as are then due and payable and (ii) all amounts outstanding to the Bank under the Finance Documents;
  - (v) fifth, Hedge Provider Subordinated Amounts then due and payable;
  - (vi) sixth, in or towards satisfaction, *pro rata* according to the respective amounts thereof, of (i) the fees and out-of-pocket expenses of the Administrators then due under clause 24 of the Administration Agreement and (ii) all commissions referred to in clause 17.2 of the Administration Agreement previously received by the Company which have not previously been paid to the Administrators; (iii) any other Administrator Secured Amounts; (iv) all PML Secured Amounts; (v) all PB Secured Amounts and (vi) all Third Party Subordinated Lender Secured Amounts, in each case as are then due and payable;
  - (vii) seventh, provision for payment to the Company to retain in the Company Transaction Account the Company Retained Profit Amount; and
  - (viii) eighth, payment to the Originators in respect of Deferred Purchase Consideration.
- (d) The operation of this Clause 7.2 is subject to the proviso that if at the time a payment is proposed to be made to an Administrator or an Originator pursuant to this Clause 7.2, such Administrator or Originator (as the case may be) is in default under any of its obligations to make a payment under the Administration Agreement, the Mortgage Sale Agreement, the Subordinated Loan Agreement, or, in the case of an Originator only, the Facility Agreement (as the case may be) each of the foregoing being a "defaulted payment", there shall be set off against the amount of the payment which would otherwise be due to such Administrator or such Originator (as the case may be) pursuant to this Clause 7.2 the amount of such defaulted payment. The Security Trustee (acting on the instructions of the Bank) shall be entitled, and is hereby authorised, to call for and to accept as conclusive evidence thereof a certificate from the auditors of the Company as to the amounts of the claims of such Administrator or such Originator under paragraph (c)(vi) of Clause 7.2.

7.3 If the Company for any reason fails to observe or punctually to perform any of its obligations to the Security Trustee, whether under this Deed or otherwise, the Security Trustee shall have power (but shall be under no obligation), on behalf of or in the name of the Company or otherwise, to perform the relevant obligation and to take any

steps which the Security Trustee may consider appropriate with a view to remedying, or mitigating the consequences of, the failure, but so that the exercise of this power, or the failure to exercise it, shall in no circumstances prejudice the Security Trustee's rights under this Deed or otherwise or constitute the Security Trustee a mortgagee or heritable creditor in possession.

## 8. TERMINATION OF THE ADMINISTRATION AGREEMENT

- 8.1 If notice to terminate the Administration Agreement is given pursuant to clause 26 thereof, the Company and the Originators acknowledge to the Security Trustee that it will be entitled (but not obligated) to appoint any substitute administrator on terms which entitle such substitute administrator (if other than HML) to receive a fee which will be paid and calculated in a manner comparable (in the opinion of the Company and the Bank) with the fees payable to each relevant Administrator pursuant to the Administration Agreement.
- 8.2 If, pursuant to clause 26 of the Administration Agreement, HML is appointed as substitute administrator then the provisions of the Substitute Administrator Agreement shall apply.
- 8.3 The fee payable to any substitute administrator (other than HML) as referred to in Clause 8.1 shall have deducted therefrom an amount equal to any commissions of the kind referred to in clause 17.2 of the Administration Agreement received by it during the preceding Interest Period (and which it is entitled to retain for its own account) and shall be paid exclusive of VAT thereon.
- 8.4 If during the period in which PML and PB are Administrators an Administrator Termination Event has occurred or is about to occur under the Administration Agreement in relation to only one of them or such event is applicable to Mortgages administered by only one Administrator (the "**Defaulting Administrator**"), the other Administrator may by giving written notice to the Issuer, the Trustee, the Substitute Administrator and the Defaulting Administrator no later than the date falling 5 days after the occurrence of such Administrator Termination Event that it will *ipso facto* assume and become subject to all of the rights and obligations of the Defaulting Administrator under all of the Relevant Documents (and the Defaulting Administrator shall *ipso facto* thereby cease to have each of those rights and shall be released from each of those obligations) as if such other Administrator had been party thereto as the sole Administrator instead of the Defaulting Administrator and each of the parties to such Relevant Documents agree to such assumption, cessation and release without the need for any further action.

## 9. CONTINUANCE OF SECURITY AND CONFLICT

- 9.1 Without prejudice to the generality of Clause 2, the charges, securities, covenants, undertakings and provisions contained in or granted pursuant to this Deed shall remain in force as a continuing security to the Security Trustee notwithstanding any settlement of account or any other act, event or matter whatsoever, except only the execution by the Security Trustee under seal of an absolute and unconditional release or the execution by or on behalf of the Security Trustee of a receipt for all (and not part only) of the Company Secured Amounts paid and discharged in accordance with Clause 5.

- 9.2 In relation to the Security Trustee's duties, obligations and responsibilities as trustee to the Secured Parties, in relation to the Charged Property and under or in connection with this Deed, the Security Trustee and the Secured Parties hereby agree, and the Company and the Originators concur, that the Security Trustee shall discharge these by performing and observing its duties, obligations and responsibilities as trustee to the Bank in accordance with the provisions of the Facility Agreement and the Secured Parties shall accordingly be bound by, and deemed to have notice of, all of the provisions of the Facility Agreement as if they were the Bank. Without prejudice to the generality of the foregoing or to the obligations of the Administrators under the Administration Agreement and subject to the provisions of the Facility Agreement, the Security Trustee shall be under no obligation to take any steps to call in or call up or to enforce the Mortgage Loans, the Corporate Mortgage Loans or their Related Security and shall not be liable for any loss arising from any omission on its part to take any such steps.
- 9.3 All the provisions of Part II of the Facility Agreement relating to the exercise by the Security Trustee of its powers, trusts, authorities, duties, rights and discretions shall apply, mutatis mutandis, to the discharge by the Security Trustee of its powers, trusts, authorities, duties, rights and discretions under this Deed.
- 9.4 Without prejudice to Clause 9.2, each of the Secured Parties acknowledges that the Security Trustee shall not be bound to take any steps or institute any proceedings after the security or other rights created by or pursuant to this Deed has become enforceable or to take any other action to enforce the security or other rights created by or pursuant to this Deed unless the Security Trustee shall have been indemnified or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing.
- 9.5 The Security Trustee shall, as regards all powers, trusts, authorities, duties and discretions vested in it by or pursuant to this Deed and the other Finance Documents:
- (a) so long as any of the Company Secured Amounts remain outstanding to the Security Trustee and/or the Bank or available to the Company under any Finance Document, have regard only to the interests of the Security Trustee and/or the Bank and, in particular but without prejudice to the generality of the foregoing, shall not have regard to, or be in any way liable for, the consequences of any exercise thereof to any other party and no other party shall have any claim against the Security Trustee for so doing; and
  - (b) if no Company Secured Amounts remain outstanding to the Security Trustee and/or the Bank or available to the Company under any Finance Document, have regard to the interests of the other Secured Parties, or where in the opinion of the Security Trustee there is a conflict between the interests of any of the other Secured Parties, the interests of that one or those of them whose claims against the Company ranks highest in order of priorities of payments set out in Clause 7 of this Deed.
- 9.6 The Security Trustee shall not be responsible for any loss or diminution in the value occasioned to the Charged Property by any act or omission of the Company or any of the Secured Parties or any prior ranking encumbrancer or any other person (including



any bank, broker, depository, warehouseman or other intermediary or any clearing system nor the operator thereof) or otherwise.

## 10. WARRANTY AND COVENANTS BY THE COMPANY

10.1 The Company warrants to the Security Trustee and the Bank that it has taken all necessary steps to enable it to create security over its Charged Property in accordance with Clause 3, and that it has taken no action or steps to prejudice its right, title and interest in and to its Charged Property.

10.2 The Company covenants with and undertakes to the Security Trustee and the Bank that, so long as any of the Company Secured Amounts remains outstanding, it shall not, save to the extent permitted by the Finance Documents or with the prior written consent of the Security Trustee (acting on the instructions of the Bank):

- (a) deal with or create or permit to exist upon or affect any of its Charged Property any Security Interest whatsoever other than the Security Interests created by or pursuant to this Deed or dispose of or otherwise deal with any of its Charged Property, **provided always that** for the avoidance of doubt the Company may consent to Borrowers or Corporate Borrowers creating subsequent mortgages, Standard Securities or charges over any of the Properties or properties upon which the repayment of a Mortgage Loan or Corporate Mortgage Loan is secured, as the case may be, where the amounts secured by such mortgages, Standard Securities or charges rank after the amounts secured or to be secured by the Mortgages or Corporate Mortgages respectively, (including, in each case, Mandatory Further Advances, Discretionary Further Advances and interest thereon) and the subsequent mortgagee, heritable creditor or chargee expressly postpones its rights to those of the Company. The Security Trustee hereby appoints PML and PML hereby accepts its appointment as agent for the Security Trustee for the purpose of giving and recording the Security Trustee's consent (acting on the instructions of the Bank) to any such disposal or dealing which is contemplated by and in accordance with the provisions of the Administration Agreement and/or this Deed but not otherwise and in this connection the Security Trustee shall on the date hereof execute and deliver the Agency Letter. Such respective appointments may be terminated by the Security Trustee at any time;
- (b) permit the validity or effectiveness of this Deed or the priority of the security created by it hereby or pursuant hereto to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of its Charged Property to be released from such obligations; and
- (c) have an interest in any bank account other than, in the case of the Company, the Company Transaction Account, the Reserve Account and the Originator Collection Accounts save as may be permitted by the Security Trustee, **provided that** any such further account or the Company's interest therein shall be charged or otherwise secured in favour of the Security Trustee, or by the Bank on the Security Trustee's behalf, on terms acceptable to the Security Trustee.

10.3 The Company covenants with and undertakes to the Security Trustee and the Bank as follows:

- (a) at all times to carry on and conduct its affairs in a proper and efficient manner and to comply with and not amend or vary the terms and conditions of any Mortgage Loan or Corporate Mortgage Loan or Related Security comprising the Portfolios which has been purchased by the Company pursuant to the Mortgage Sale Agreement or release any Borrower or Corporate Borrower from its obligations under any such Mortgage Loan or Corporate Mortgage Loan or Related Security comprising the Portfolios except in any such case where:
  - (i) it is requested to do so by an Administrator acting in its capacity as such pursuant to and in accordance with the terms of the Administration Agreement; or
  - (ii) the prior written consent of the Security Trustee (acting on the instructions of the Bank) has been obtained;
- (b) to give to the Security Trustee and the Bank such information and evidence (and in such form) as the Security Trustee or the Bank shall reasonably require for the purpose of the discharge of the duties, trusts, powers, authorities and discretions vested in it under or pursuant to this Deed or by operation of law;
- (c) at all times to keep proper books of account and allow the Security Trustee and the Bank and any person appointed by the Security Trustee or the Bank to whom it shall have no reasonable objection free access to such books of account at all reasonable times during normal business hours;
- (d) at all times to execute and do all such further documents, acts and things as may be necessary at any time or times in the opinion of the Security Trustee to give effect to the Relevant Documents;
- (e) at all times to comply with any reasonable direction given by the Security Trustee in relation to the Charged Property;
- (f) as soon as practicable after entering into any Hedge Agreement (other than the Original Hedge Agreement) or Hedge Guarantee, give notice to the Hedge Provider in relation to such Hedge Agreement or Hedge Guarantor in relation to such Hedge Guarantee of the Security Trustee's interest in such Hedge Agreement or Hedge Guarantee; and
- (g) shall not knowingly do, or permit to be done, anything which it considers would prejudice the Charged Property or the security created under this Deed.

10.4 Each of the Company and the Secured Parties hereby covenants with and undertakes to the Security Trustee and the Bank that, so long as any of the Company Secured Amounts remains outstanding, if at any time any creditor of the Company or the Secured Parties seeks to enforce any judgment, order or decree of any competent court or other competent tribunal against any of the Charged Property, then the Company or the Secured Parties, as the case may be, shall:

- (a) promptly give written notice to such creditor and to the court to which the application is being made for such enforcement of the interests of Security Trustee, and or the Company in such asset; and
- (b) if at any time a Receiver is appointed in respect of all or any of the Company promptly give written notice to such Receiver of the interests of the Secured Parties in the Charged Property of the relevant company or companies,

and shall forthwith notify the Security Trustee and the Bank thereof.

10.5 The Company covenants with and undertakes to the Security Trustee and each Administrator in relation to the Insurance Contracts that it will comply *mutatis mutandis* with all of the obligations expressed to be imposed on each such Administrator pursuant to clause 14 of the Administration Agreement.

10.6 The Company hereby warrants, covenants and undertakes to the Security Trustee that it:

- (a) is not, and is not liable to be, registered (or part of any registration) for VAT in the United Kingdom, and will not voluntarily become registered (or part of any registration) for VAT in the United Kingdom; and
- (b) is not, and will not be, treated as a member of any VAT Group.

## 11. EXPENSES

11.1 The Company further covenants with and undertakes to the Security Trustee to reimburse, pay or discharge (on the basis of a full indemnity) all costs, charges, liabilities and expenses properly incurred by the Security Trustee, the Receiver or any attorney, manager, agent or delegate appointed by the Security Trustee under this Deed or any of the other Relevant Documents including, without prejudice to the generality of the foregoing, all amounts incurred in connection with:

- (a) the preparation, execution, registration, recording, intimation or perfecting of the Relevant Documents or any other document relating thereto;
- (b) the carrying out of the trusts and duties under, pursuant to or in connection with this Deed or any other of the Relevant Documents;
- (c) the exercise, or the attempted or purported exercise, or the consideration of the exercise, by or on behalf of the Security Trustee or the Receiver of any of the powers of the Security Trustee or the Receiver;
- (d) any other action taken by or on behalf of the Security Trustee with a view to or in connection with enforcing any obligations of the Company or any other person under any of the Relevant Documents or the recovery of the Company Secured Amounts from the Company or any other person or the enforcement of the security for the Secured Amounts; and
- (e) the payment on behalf of the Company of any amounts due and owing to the substitute administrator under the Substitute Administrator Agreement.

## **12. VAT**

- 12.1 All sums set out in this Deed or otherwise payable by the Company to the Security Trustee pursuant to this Agreement shall be deemed to be exclusive of any VAT chargeable on any supply or supplies for which such sums (or any part thereof) are the whole or part of the consideration for VAT purposes.
- 12.2 Where, pursuant to the terms of this Deed, the Security Trustee makes a supply to the Company for VAT purposes and VAT is or becomes chargeable on such supply, the Company shall, subject to the receipt of a valid VAT invoice from the Security Trustee, pay to the Security Trustee (in addition to and at the same time as any other consideration for such supply) a sum equal to the amount of such VAT.
- 12.3 Where the Company is required by the terms of this Deed to reimburse or indemnify any person for any cost or expense, the Company shall reimburse or indemnify (as the case may be) such person for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such person reasonably determines that it is entitled to credit or repayment in respect of such VAT from any Tax Authority.

## **13. THE SECURITY TRUSTEE'S POWERS**

- 13.1 Section 103 of the Act shall not apply to this Deed and forthwith after the earlier of (i) the service of an Enforcement Notice or (ii) the occurrence of an Insolvency Event in respect of the Company, the security created by or pursuant to this Deed shall become immediately enforceable and the powers conferred by the Act and this Deed shall become immediately exercisable without the restrictions contained in the Act and the Company shall be deemed to be in default within the meaning of Condition 9(1)(b) of Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970.
- 13.2 The provisions of the Act relating to the power of sale and the other powers conferred by section 101 of the Act are hereby extended (as if such extensions were contained in the Act) to authorise the Security Trustee at its absolute discretion and upon such terms as it may think fit (free of the restrictions imposed by section 93 of the Act) as effectually as if it were solely and absolutely entitled to the Charged Property at any time after the security created by this Deed has become enforceable:
- (a) to dispose of the Charged Property, or any interest in the same, either by public auction or private contract, and to do so for shares, debentures or any other securities whatsoever, or in consideration of an agreement to pay all or part of the purchase price at a later date or dates, or an agreement to make periodical payments, whether or not the agreement is secured by a Security Interest or a guarantee, on such terms as to price or for such other consideration and on such other terms whatsoever as the Security Trustee may think fit, and also to grant any option to purchase, and to effect exchanges, in each case with or without any special stipulations as to title or otherwise which the Security Trustee shall deem proper, and nothing shall preclude the Security Trustee from making any disposal to any person it thinks fit including to a company formed or promoted by the Security Trustee or in which it has an interest;

- (b) with a view to, or in connection with, the disposal of the Charged Property, to carry out any transaction, scheme or arrangement which the Security Trustee may in its absolute discretion, consider appropriate;
- (c) to take possession of, get in and collect the Charged Property including the right to call upon any Originator as trustee under the Scottish Declaration of Trust and any Supplemental Declaration of Trust to distribute the relevant Trust Property or to wind-up any such trust;
- (d) to carry on and manage or concur in managing the business of the Company;
- (e) to appoint and engage employees, managers, agents and advisers upon such terms as to remuneration and otherwise and for such periods as it may determine, and to dismiss them;
- (f) in connection with the exercise, or the proposed exercise, of any of its powers to borrow or raise money from any person, with or without the security of the Charged Property (either in priority to this Deed or otherwise) and generally in such manner and on such terms as it may think fit;
- (g) to bring, defend, submit to arbitration, negotiate, compromise, abandon and settle any claims and proceedings concerning the Charged Property;
- (h) to transfer all or any of the Charged Property and/or any of the liabilities of the Company to any other company or body corporate, whether or not formed or acquired for the purpose and whether or not a subsidiary or associated company of the Security Trustee or any Originator, a company in which the Security Trustee or any Originator has an interest or, to the extent not included in the foregoing, any Paragon Banking Group Company;
- (i) to call up all or any portion of the uncalled capital (if any) for the time being of the Company;
- (j) at its absolute discretion and upon such terms as the Security Trustee or any Receiver may think fit, to rescind or vary any contract for the sale of or to buy-in the Charged Property or any part thereof, to resell the same or any part thereof and to compromise and effect compositions;
- (k) generally to carry out, or cause or authorise to be carried out, any transaction, scheme or arrangement whatsoever, whether similar or not to any of the foregoing, in relation to the Charged Property which it may consider expedient;
- (l) in connection with the exercise of any of its powers, to execute or do, or cause or authorise to be executed or done, on behalf of or in the name of the Company or otherwise, as it may think fit, all assurances, deeds, transactions, schemes, arrangements, documents, acts and things which it may consider appropriate; and
- (m) to pay and discharge out of the profits and income of the Charged Property and the moneys to be made by it in carrying on any such business as aforesaid the expenses incurred in and about the carrying on and management of any such business as aforesaid or in the exercise of any of the powers conferred by

this Clause 13.2 or otherwise in respect of the Charged Property and all outgoings which it shall think fit to pay.

- 13.3 No failure on the part of the Security Trustee or any Receiver to exercise, and no delay on its part in exercising, any right, power or remedy under this Deed will operate as a waiver thereof, nor will any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies provided in this Deed are cumulative and not exclusive of any rights powers or remedies provided by law.
- 13.4 Any waiver and any consent by the Security Trustee under this Deed must be in writing, be express and not implied and may be given subject to any conditions thought fit by the Security Trustee. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given.
- 13.5 The Security Trustee may at any time after the security created by or pursuant to this Deed becomes enforceable apply to the Court for an order that the powers and trusts of this Deed be exercised or carried into execution under the direction of the Court and for the appointment of a Receiver of the Charged Property or any part thereof and for any other order in relation to the execution and administration of the powers and trusts hereof as the Security Trustee shall deem expedient, and shall be indemnified by the Company against all costs, charges and expenses incurred by it in relation to such application or proceedings against that company but without prejudice to the rights of the Security Trustee to apply for directions at any time.
- 13.6 All moneys received, recovered or realised by the Security Trustee or any Receiver under or pursuant to this Deed may, in the sole discretion of the Security Trustee or such Receiver be credited to any suspense or impersonal account and may be held in such account for so long as the Security Trustee or such Receiver may think fit pending their application from time to time (as the Security Trustee or such other Receiver shall be entitled to do in its discretion) in or towards the discharge of any moneys hereby secured which from time to time becomes due.
- 13.7 Without prejudice to Clause 7, each of the Secured Parties and the Company agrees with and undertakes to the Security Trustee that it will hold upon trust for and promptly repay to, the Security Trustee any sums which it may realise or recover in respect of the Secured Amounts otherwise than in accordance with, and in the order of priorities prescribed by, the provisions of this Deed.
- 13.8 The Company and each Originator hereby covenant and agree with the Security Trustee that if, after the security created by or pursuant to this Deed shall have become enforceable, the Security Trustee or any Receiver shall so require, they will join together in directing any other of them, the Security Trustee and the Administrators or any substitute administrator to sell all or any part of the trust property, subject to the aftermentioned trusts and that on terms previously agreed by the Security Trustee and/or in causing the trusts created by the Scottish Declaration of Trust and any supplemental declarations of trust to be wound up or performed and they will take such actions and execute all such documents as may be reasonably necessary to effect such sale or winding up or performance and the distribution or transfer of such part of the said trust property and/or additional trust property in accordance with the terms of the relevant trusts. The Originators and the Security

Trustee hereby acknowledge and consent to the foregoing as trustees of the relevant trusts. In the event of any such sale or winding up the trust property and any additional trust property shall be distributed in accordance with the terms of the relevant trusts.

- 13.9 The Security Trustee may delegate in any manner to any person any rights exercisable by the Security Trustee under any Finance Document **provided that** it shall have exercised reasonable skill and care in making such delegation. Any such delegation may be made upon such terms and conditions (including power to sub-delegate) as the Security Trustee thinks fit and **provided that** the Security Trustee shall have exercised reasonable skill and care in the selection of such delegate, the Security Trustee shall not be in any way responsible for any loss incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate.

#### 14. **FURTHER SECURITY TRUSTEE'S POWERS**

##### 14.1 The Security Trustee shall:

- (a) promptly notify the Bank of the occurrence of any Event of Default or any default by the Company, PML or, as the case may be, the Originators in the due performance of or compliance with its obligations under any of the Finance Documents of which it has actual knowledge or actual notice;
- (b) save as otherwise provided in the Finance Documents, act as trustee thereunder in accordance with any instructions given to it by the Bank;
- (c) save as otherwise provided in the Finance Documents, if so instructed by the Bank refrain from exercising any right, power or discretion vested in it as trustee under any of the Finance Documents; and
- (d) have regard at all times to the interests of the Bank in the exercise of all powers, trusts, authorities, duties and discretions vested in it under the Finance Documents.

- 14.2 If there shall be more than one Bank at any time, any instructions to the Security Trustee shall be given on such basis as is provided for in the Facility Agreement. The Security Trustee may assume (regardless of any notice to the contrary) that Bank of America Merrill Lynch International Limited is the only Bank until the Security Trustee shall have entered into a document pursuant to which that new Bank confirms to the Security Trustee that it is bound by the provisions of the Finance Documents, and may assume similarly as regards any further assignments or transfers. Subject to the Facility Agreement, if there shall be more than one Bank, the Security Trustee shall have regard to the interests of the Banks as a class and shall not have regard to the interests or circumstances of any individual Bank.

#### 15. **RECEIVER**

- 15.1 At any time after the security created by or pursuant to this Deed becomes enforceable or if any person who is entitled to do so presents an application for the appointment of an administrator of the Company, gives notice of intention to appoint an administrator of the Company, or files such a notice with the court, the Security Trustee (acting on

the instructions of the Bank) may appoint one or more persons to be an administrator of the Company.

- 15.2 At any time after the security created by or pursuant to this Deed becomes enforceable (and either before or after the Security Trustee shall have taken possession of the Charged Property in question) the Security Trustee may appoint such person or persons (including an officer or officers of the Security Trustee) as it thinks fit to be Receiver or Receivers (to act jointly or severally) of the Charged Property.
- 15.3 The Security Trustee may remove the Receiver appointed by it whether or not appointing another in his place, and the Security Trustee may also appoint another receiver if the Receiver resigns.
- 15.4 The exclusion of any part of the Charged Property from the appointment of the Receiver shall not preclude the Security Trustee from subsequently extending his appointment (or that of the Receiver replacing him) to that part.
- 15.5 The Receiver shall, so far as the law permits, be the agent of the company in respect of which he is appointed and (subject to the Insolvency Act) that company shall be solely responsible for his acts and defaults and liable on any contracts or engagements made or entered into by him; and in no circumstances whatsoever shall the Security Trustee or any of the Secured Parties be in any way responsible for any misconduct, negligence or default of his.
- 15.6 Subject to section 36 of the Insolvency Act, the remuneration of the Receiver may be fixed by the Security Trustee (and may be or include a commission calculated by reference to the gross amount of all money received or otherwise), but such remuneration shall be payable by the Company alone; and the amount of such remuneration may be debited by the Security Trustee to any account of the Company but shall, in any event, form part of the Security Trustee Secured Amounts and accordingly be secured on the Charged Property under the security created by or pursuant to this Deed.
- 15.7 The Receiver may be invested by the Security Trustee with such of the powers, authorities and discretions exercisable by the Security Trustee under this Deed as the Security Trustee may think fit. Without prejudice to the generality of the foregoing, any Receiver appointed over the whole or substantially the whole of the Company's property shall have the powers referred to in Schedule 1 to the Insolvency Act.
- 15.8 The Receiver shall, in the exercise of his powers, authorities and discretions, conform to the regulations and directions from time to time made and given by the Security Trustee.
- 15.9 The Security Trustee may from time to time and at any time require any such Receiver to give security for the due performance of his duties as such Receiver and may fix the nature and amount of the security to be so given but the Security Trustee shall not be bound in any case to require any such security.
- 15.10 Save so far as otherwise directed by the Security Trustee or as otherwise required by law all moneys from time to time received by such Receiver shall be paid over to the Security Trustee to be held by it on the trusts declared by Clause 7.



15.11 The Security Trustee may pay over to such Receiver any moneys constituting part of the Charged Property to the intent that the same may be applied for the purposes of this Deed by such Receiver and the Security Trustee may from time to time determine what funds the Receiver shall be at liberty to keep in hand with a view to the performance of his duties as such Receiver.

15.12 Section 109(6) and (8) of the Act shall not apply in relation to the Receiver.

## **16. PROTECTION OF THIRD PARTIES**

16.1 The statutory powers of sale and of appointing a receiver which are conferred upon the Security Trustee as varied and extended by this Deed and all other powers shall in favour of any purchaser be deemed to arise and be exercisable immediately after the execution of this Deed.

16.2 No purchaser from, or other person dealing with, the Security Trustee and/or the Receiver shall be concerned to enquire whether any of the powers which they have exercised or purported to exercise has arisen or become exercisable, or whether the Company Secured Amounts remain outstanding, or whether any event has happened to authorise the Receiver to act or as to the propriety or validity of the exercise or purported exercise of any such power; and all the protections to purchasers contained in sections 104 and 107 of the Act or, in relation to Scottish Mortgages, contained in section 41 of the Conveyancing (Scotland) Act 1924 (so far as applicable to the Charged Property) shall apply to any person purchasing from or dealing with the Security Trustee or any such Receiver in like manner as if the statutory powers of sale and of appointing a Receiver in relation to the Charged Property had not been varied or extended by this Deed and the title and position of a purchaser or such person shall not be impeachable by reference to any of those matters.

16.3 The receipt of the Security Trustee or the Receiver shall be an absolute and conclusive discharge to a purchaser or such person and shall relieve him of any obligation to see to the application of any moneys paid to or by the direction of the Security Trustee or the Receiver or, if applicable, the relevant Secured Party.

## **17. PROTECTION OF SECURITY TRUSTEE AND RECEIVER**

17.1 Neither the Security Trustee nor any Receiver nor any attorney or agent of the Security Trustee or the Receiver shall be liable to any person in respect of any loss or damage whatsoever which arises out of the realisation of the Charged Property or any part thereof or from any act, default or omission in relation to the security constituted by or pursuant to this Deed or any part thereof or from any exercise or non-exercise by it of any power, authority or discretion conferred upon it in relation to the security created by or pursuant to this Deed or any part thereof, unless such loss or damage is caused by its or his negligence or wilful default.

17.2 Without prejudice to Clause 13.1, entry into possession of the Charged Property shall not render the Security Trustee or the Receiver liable to account as mortgagee or heritable or other creditor in possession or to be liable for any loss on realisation or for any default or omission for which a mortgagee or heritable or other creditor in possession might be liable; and if and whenever the Security Trustee or the Receiver

enters into possession of the Charged Property, it shall be entitled at any time at its pleasure to go out of such possession.

## **18. INDEMNITY AND INTEREST**

18.1 Without prejudice to Clause 11 and without prejudice to the right of indemnity given by law to trustees, the Company further covenants with and undertakes to the Security Trustee, any Receiver and the Secured Parties to fully indemnify the Security Trustee, each of the relevant Secured Parties and any Receiver and their respective officers, employees and agents against all claims, proceedings, liabilities, costs, charges and expenses which the Security Trustee, each of the relevant Secured Parties or the Receiver and their respective officers, employees, delegates and agents may incur (in the case of the Security Trustee whether before or after the security created by or pursuant to this Deed has become enforceable):

- (a) in consequence of or in connection with anything done or purported to be done or omitted by the Security Trustee, any of the Secured Parties or the Receiver under or in connection with this Deed or any other of the Relevant Documents to which the Security Trustee is a party or of any failure by the Company to comply with its obligations to the Security Trustee or any of the Secured Parties under or in connection with this Deed or any other Relevant Document; or
- (b) in consequence of any payment in respect of the Company Secured Amounts (whether made by the Company or a third person) being impeached or declared void for any reason whatsoever,

save where such claims, proceedings, liabilities, costs, charges and expenses arise as a result of the negligence, wilful default or fraud of the person claiming to be entitled to be indemnified.

18.2 The Company covenants with each Secured Party to pay the amounts payable under Clauses 11 and 18.1 and all other amounts from time to time payable to any Secured Party pursuant to this Deed on demand with interest as well after as before judgment or decree at the rate of 2 per cent. per annum above the base rate from time to time of the Bank of England from the date on which they were paid, charged or incurred by such Secured Party until full payment by the Company.

## **19. FURTHER ASSURANCES AND POWER OF ATTORNEY**

19.1 The Company further covenants with and undertakes to the Security Trustee from time to time upon demand to execute, at its own cost, any document or do any act or thing which the Security Trustee, or the Receiver may properly specify with a view to perfecting or improving any charge or security created or intended to be created by or pursuant to this Deed or facilitating the exercise, or the proposed exercise, of any of their powers (including, but without limitation, the provision of all information as the Security Trustee may require in relation to the completion of Registers of Scotland application forms in respect of Scottish Mortgages and of H.M. Land Registry application forms in respect of English Mortgages secured by a mortgage over English land).

- 19.2 The Company irrevocably and by way of security appoints the Security Trustee and every Receiver severally to be its attorney (with full power to appoint substitutes and to delegate, including power to authorise the person so appointed to make further appointments) on its behalf and in its name or otherwise, to execute any document or do any act or thing which the Security Trustee or such Receiver (or such substitute or delegate) may, in its or his absolute discretion, consider appropriate in connection with the exercise of any of the powers of the Security Trustee or the Receiver or which the Company is obliged to execute or do, whether under this Deed or otherwise.
- 19.3 References in Clause 11 and Clause 18 to the Security Trustee and the Receiver shall include references to any substitute or delegate appointed under Clause 19.2.
- 19.4 The Company hereby ratifies and confirms and agrees to ratify and confirm whatever any such attorney shall do or purport to do in the exercise or purported exercise of all or any of the powers, authorities and discretions referred to in this Clause 19 so that for all purposes the acts of any such attorney shall be deemed to be its acts.
20. **OTHER SECURITY, ETC.**
- 20.1 This security is in addition to, and shall neither be merged in, nor in any way exclude or prejudice, any other Security Interest, right of recourse or other right whatsoever which any Secured Party may now or at any time hereafter hold or have (or would apart from this security hold or have) as regards the Company or any other person in respect of the Company Secured Amounts.
- 20.2 The restriction on consolidation of mortgages contained in section 93 of the Act shall not apply in relation to any of the charges contained in this Deed.
- 20.3 The powers which this Deed confers on any of the Secured Parties are cumulative, without prejudice to their respective powers under the general law, and may be exercised as often as such Secured Party thinks appropriate; each of the Secured Parties may, in connection with the exercise of their powers, join or concur with any person in any transaction, scheme or arrangement whatsoever; and the Company acknowledges that the respective powers of each of the Secured Parties shall in no circumstances whatsoever be suspended, waived or otherwise prejudiced by anything other than an express waiver or variation in writing.
- 20.4 Neither the obligations of the Company under this Deed nor the security created herein will be affected by an act, omission, matter or thing which, but for this clause, would reduce, release or prejudice any of its obligations under any Transaction Document of any of the security created herein (without limitation and whether or not known to it or any Secured Party) including:
- (a) any time, waiver or consent granted to, or composition with, the Company or other person;
  - (b) the release of the Company or any other person under the terms of any composition or arrangement with any creditor of the Company;
  - (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce any rights against, or security over

assets of, the Company or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Company or any other person;
- (e) any amendment (however fundamental) or replacement of a Transaction Document or any other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Transaction Document or any other document or security; or
- (g) any insolvency or similar proceedings.

## 21. NOTICES

21.1 Any notices to be given pursuant to this Deed to any of the Parties hereto shall be sufficiently served if delivered by hand or sent by prepaid post or facsimile transaction and shall be deemed to be given upon receipt and should be delivered or sent:

- (a) in the case of the Company, 51 Homer Road, Solihull, West Midlands, B91 3QJ (facsimile number: 0121 712 2622) for the attention of The Directors and Jimmy Giles ([jimmy.giles@paragonbank.co.uk](mailto:jimmy.giles@paragonbank.co.uk)) with a copy to Intertrust Management Limited, 35 Great St. Helen's, London, EC3A 6AP (facsimile number: 02073986325) for the attention of The Directors ([directors-uk@intertrustgroup.com](mailto:directors-uk@intertrustgroup.com));
- (b) in the case of the Security Trustee, to Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (facsimile number: +44 (0) 207 500 5877) for the attention of: Agency & Trust;
- (c) in the case of HML to Pavilions, Bridgwater Road, Bristol BS13 8AE for the attention of The Company Secretary with a copy to Homeloan Management Limited, Gateway House, Gargrave Road, Skipton, North Yorkshire, BD23 1UD (facsimile number 01756 776980) and email [securitisationservices@hml.co.uk](mailto:securitisationservices@hml.co.uk) for the attention of The Company Solicitor;
- (d) in the case of the Account Bank to Citibank, N.A., London Branch (facsimile number: +44(0)2075083883) and email [gss.spagaccountbank@citi.com](mailto:gss.spagaccountbank@citi.com) for the attention of Agency and Trust;
- (e) in the case of the Original Hedge Provider, to Merrill Lynch International, Agreements & Documentation, facsimile number +44(0)2079962995 and email address: [dg.dg\\_gmg\\_cid\\_fax\\_notices@bofasecurities.com](mailto:dg.dg_gmg_cid_fax_notices@bofasecurities.com);
- (f) in the case of the Bank, to the European Structured Finance Group, Bank of America Merrill Lynch Financial Centre, 2 King Edward Street, London, EC1A 1HQ, and by email to [loanstradingadminmb@baml.com](mailto:loanstradingadminmb@baml.com), for the attention of loans trading administration: [p.sood@baml.com](mailto:p.sood@baml.com), for the attention

of Prashant Sood; [andrei.cotonet@baml.com](mailto:andrei.cotonet@baml.com) for the attention of Andrei Cotonet and [alison.belille@baml.com](mailto:alison.belille@baml.com) for the attention of Alison Belille.

- (g) in the case of any other Secured Party to the address and attention notified pursuant to any document pursuant to which Secured Amounts are owed to such Secured Party or to such other address and attention as may be notified by such Secured Party for the purposes of this Deed; and
- (h) in the case of any substitute administrator (other than HML) to such address and attention as are notified at the time of appointment of such substitute administrator

or, in each case, to such other address or facsimile or for the attention of such other person or entity as may from time to time be notified in writing by any party to the others.

## **22. FEES AND EXPENSES**

The Company will pay all stamp duties, Land Registry, Registers of Scotland and similar fees, filing and registration fees and other transaction Taxes required in relation to or for the purpose of procuring the execution, performance, validity or enforceability of this Deed and the security constituted hereby or pursuant hereto and keep the Security Trustee indemnified against any failure or delay in paying the same.

## **23. CO-TRUSTEES**

- 23.1 Whenever there shall be more than two trustees hereof the majority of such trustees shall be competent to execute and exercise all the trusts, powers, authorities and discretions vested by this Deed or any of the Relevant Documents in the Security Trustee generally.
- 23.2 The power to appoint new or additional trustees shall, until the Secured Amounts shall have been repaid or discharged in full, be vested in the Security Trustee.
- 23.3 The parties to this Deed (other than the Security Trustee) hereby severally and irrevocably appoint (and each other person who becomes bound by this Deed shall thereby severally and irrevocably appoint) the Security Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment. Any such new or additional trustee so appointed shall (subject always to the provisions of this Deed and the other Finance Documents) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Security Trustee by this Deed and the other Finance Documents) and such duties and obligations as shall be conferred or imposed by the instrument of appointment (which shall not conflict with the duties and obligations of the Security Trustee under this Deed). The Security Trustee shall have power in like manner to remove any such new or additional trustee.
- 23.4 Such reasonable remuneration as the Security Trustee may pay to any such person, together with any attributable costs, charges and expenses and other sums expended, paid, or incurred by it in performing its function as such separate trustee or co-trustee, shall for the purposes of this Deed be treated as costs, charges and expenses expended, paid or incurred by the Security Trustee.

## **24. CHANGE OF SECURITY TRUSTEE**

If the Company Secured Amounts owed to the Security Trustee and to the Bank have been paid or discharged in full, Citicorp Trustee Company Limited (or any successor of Citicorp Trustee Company Limited as Security Trustee) shall, upon giving notice to the Administrators, cease to act as the Security Trustee and shall be automatically replaced as Security Trustee by the Administrators (or such other person as the Administrators shall nominate and who shall agree to act as Security Trustee). In this event or in the event that there is any change in the identity of the Security Trustee in accordance with the Facility Agreement, the retiring Security Trustee, the Company and each Secured Party shall execute such documents and take such actions as the new Security Trustee may reasonably require for the purpose of vesting in such Security Trustee the rights of the Security Trustee under this Deed, or as the retiring Security Trustee may reasonably require for the purpose of releasing the retiring Security Trustee from any further obligations hereunder. The Bank may (at its own costs) remove and replace the Security Trustee at any time, subject to prior consultations with the Company for ten Business Days.

## **25. MISCELLANEOUS**

- 25.1 Each of the parties to this document intends it to be a deed, and agrees to execute and deliver it as a deed.
- 25.2 No Party (other than the Security Trustee) may take any proceedings against any officer, employee or agent of the Security Trustee in respect of any claim it might have against the Security Trustee or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document and any officer, employee or agent of the Security Trustee may rely on this clause.
- 25.3 The Security Trustee will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by it if it has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by it for that purpose.
- 25.4 To the fullest extent permitted by law, none of Parts I, II, III, IV or V of the Trustee Act 2000 nor the requirement to discharge the duty of care set out in Section 1(1) of the Trustee Act 2000 in exercising any of the powers contained in Sections 15 or 22 of the Trustee Act 2000 shall apply to the trusts upon which the Security Trustee acts as such or the role of the Security Trustee in relation to such trusts.
- 25.5 Any exercise by the Security Trustee of any rights or powers under the Finance Documents that are the same as or similar to any rights conferred on a trustee by the Trustee Act 2000 shall be construed solely as the exercise of the relevant rights or powers under the Finance Documents and not as the exercise of the same or similar rights or powers under the Trustee Act 2000.
- 25.6 The disapplication of certain parts of the Trustee Act 2000 as provided herein shall constitute an exclusion of the relevant parts of the Trustee Act 2000 for the purposes of that Act.

25.7 Any determination by the Security Trustee or any certificate from the Security Trustee under this Deed is binding on each of the parties in the absence of manifest error.

**26. RESTRICTION ON ENFORCEMENT OF SECURITY, NON PETITION AND LIMITED RECOURSE**

**26.1 No proceedings against the Company**

Only the Security Trustee may pursue the remedies available under the general law or under the Finance Documents to enforce the Security and no other Transaction Party shall be entitled to proceed with insolvency proceedings directly against the Company to enforce the Security. Each Transaction Party (other than the Company and the Security Trustee) agrees with and acknowledges to each of the Company and the Security Trustee, and the Security Trustee agrees with and acknowledges to the Company, that:

- (a) none of the Transaction Parties (nor any person on their behalf, other than the Security Trustee where appropriate) are entitled, otherwise than as permitted by the Finance Documents, to direct the Security Trustee to enforce the Security or take any proceedings against the Company to enforce the Security;
- (b) none of the Transaction Parties (other than the Security Trustee) shall have the right to take or join any person in taking any steps against the Company for the purpose of obtaining payment of any amount due from the Company to any of such Transaction Parties;
- (c) until the date falling two years after the Final Repayment Date none of the Transaction Parties nor any person on their behalf shall initiate or join any person in initiating an Insolvency Event or the appointment of an Insolvency Official in relation to the Company other than a Receiver or an administrator appointed under Clause 15 of this Deed; and
- (d) none of the Transaction Parties shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Payments Priorities not being complied with.

**26.2 Limited Recourse**

Each Transaction Party (other than the Company and the Security Trustee) agrees with and acknowledges to each of the Company and the Security Trustee, and the Security Trustee agrees with and acknowledges to the Company, that if at any time following:

- (a) the occurrence of either:
  - (i) the Final Repayment Date or any earlier date upon which the Loan is due and payable; or
  - (ii) the service of a Enforcement Notice; and

- (b) realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Finance Documents in accordance with the applicable Payments Priorities;

the proceeds of such Realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Payments Priorities, to pay in full all amounts then due and payable under the Finance Documents, then the amount remaining to be paid (after such application in full of the amounts first referred to in (b) above) under the Finance Documents shall, on the day following such application in full of the amounts referred to in (b) above, cease to be due and payable by the Company.

For the purposes of this Clause 26.2, "**Realisation**" means, in relation to any Charged Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Finance Documents) of proceeds from or in respect of such Charged Property.

## 27. **GOVERNING LAW**

This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of England other than Clause 3.2 and any terms hereof which are particular to Scots law which shall be construed in accordance with, the law of Scotland.

## 28. **JURISDICTION**

- 28.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute relating to the existence, validity or termination of this Deed or the consequences of its nullity or any non-contractual obligations arising out of or in connection with this Deed) (a "**Dispute**").
- 28.2 The parties to this Deed agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.

## 29. **CONTRACT (RIGHTS OF THIRD PARTIES) ACT 1999**

No person who is not a party to this Agreement shall have any rights under the Contract (Rights of Third Parties) Act 1999 in relation to this Agreement.



## SCHEDULE 1

### PART A FORM OF STANDARD SECURITY – LAND REGISTER

TO THE FOREGOING DEED OF CHARGE

AMONG PARAGON SEVENTH FUNDING LIMITED,

CITICORP TRUSTEE COMPANY LIMITED AND OTHERS

FORM OF STANDARD SECURITY - LAND REGISTER

WE, **PARAGON SEVENTH FUNDING LIMITED**, incorporated under the Companies Acts in England (Number 9580619) and having our Registered Office at 51 Homer Road, Solihull, West Midlands, B91 3QJ (hereinafter referred to as the "**Company**") hereby in security of all sums and all other obligations and liabilities due and that may become due to Citicorp Trustee Company Limited acting through its office at Citigroup Centre, Canada Square Canary Wharf, London E14 5LB as security trustee and to the other Secured Parties as defined under and in terms of the Deed of Charge (hereinafter referred to as the "**Deed of Charge**"), among us the Company, Paragon Mortgages (2010) Limited, HML and the said Citicorp Trustee Company Limited and others dated [•] November 2018, (hereinafter referred to as the "**Signing Date**") (the said Citicorp Trustee Company Limited being hereinafter referred to as the "**Security Trustee**" which expression shall include all other persons included in such term as defined in the Deed of Charge) by us the Company under and in terms of (a) the Deed of Charge and/or (b) the Mortgage Sale Agreement among us the Company, the Security Trustee and Paragon Mortgages (2010) Limited dated on or after the Signing Date, (hereinafter referred to as the "**Mortgage Sale Agreement**") and/ or (c) the Administration Agreement among us the Company, the Security Trustee and others dated on or after the Signing Date, (hereinafter referred to as the "**Administration Agreement**") and/or (d) the Facility Agreement among us the Company, the Security Trustee and others dated on or after the Signing Date (hereinafter referred to as the "**Facility Agreement**") and/or (e) the Account Bank Agreement among us the Company, the Security Trustee and others dated on or after the Signing Date (hereinafter referred to as the "**Account Bank Agreement**") and/or (f) any other Company Secured Amounts as defined in the Deed of Charge and any variation or alteration of any thereof **GRANT** a Standard Security in favour of the Security Trustee over **ALL** and **WHOLE** those Standard Securities granted by the respective parties whose names are specified in Column 2 of the Schedule annexed and executed as relative hereto in favour of **PARAGON MORTGAGES (2010) LIMITED**, incorporated under the Companies Acts in England (Number 6595834) and having its Registered Office at St. Catherine's Court, aforesaid [(or as the case may be in favour of [•])] for all sums due and to become due over the subjects therein described, registered said respective Standard Securities in the Land Register under the Title Number specified in the relative entry in Column 4 of the said Schedule on the date specified in the relative entry in Column 5 of the said Schedule (which said respective Standard Securities are hereinafter together referred to as the "**Principal Securities**"): Together with our whole right, title and interest, present and future therein and thereto: The Standard Conditions specified in [Schedule 3] to the [Conveyancing and Feudal Reform (Scotland) Act 1970] and any lawful variation thereof operative for the time being shall apply: And we agree that the Standard Conditions shall be varied to the effect that (One) it shall be an obligation on the Security

Trustee (except on the occurrence of any breach or default in respect of the obligations and others hereby secured as a consequence of which the security created by or pursuant to the Deed of Charge becomes enforceable in accordance with its terms) not to create or agree to create a subsequent security (other than in favour of the Security Trustee) over the Principal Securities secured by this Standard Security or any part thereof, or to assign or convey the same or any part thereof to any person or persons without our prior consent in writing, (Two) in the event of any breach or default in respect of the obligations and others hereby secured as a consequence of which the security created by or pursuant to the Deed of Charge becomes enforceable in accordance with its terms the Standard Security hereby created shall for the avoidance of doubt be thereupon enforceable and the Security Trustee shall be entitled to call up and enforce the same in accordance with the provisions of the said Act, (Three) without prejudice to the rights and remedies of the Security Trustee under the Standard Conditions or the said Act or otherwise, in the event of our being in default hereunder as aforesaid (a) we shall on demand grant, execute and deliver a valid assignation of the Principal Securities or any of them in favour of the Security Trustee or any nominee of the Security Trustee and (b) the Security Trustee shall have power to uplift, receive, sue for and discharge all sums due and to become due under the Principal Securities and to enforce all the rights and obligations contained or implied therein or thereby and to discharge the same in whole or in part and generally to do whatever is or may be or would, if these presents had not been granted, have been competent to us in respect thereof, and that without the consent of or notice to us and on such terms and conditions as the Security Trustee in its absolute discretion may determine, declaring that the exercise or otherwise by the Security Trustee of all or any of the powers hereby conferred shall be without prejudice to and shall in no way restrict or discharge the obligations undertaken by us herein or otherwise, and (Four) in so far as the provisions of the Deed of Charge, the Mortgage Sale Agreement, the Facility Agreement or the Administration Agreement extend, add to, depart from or conflict with the Standard Conditions, the Deed of Charge, the Mortgage Sale Agreement, the Facility Agreement, the Administration Agreement or any of them shall, subject to the provisions of the said Act, prevail and take effect: And we grant warrandice:

**IN WITNESS WHEREOF** these presents typewritten on this and the preceding page are together with the Schedule annexed hereto executed at [•] on the [•] day of [•] Two Thousand and [•] as follows:

**SUBSCRIBED**

for and on behalf of the said

**PARAGON SEVENTH FUNDING LIMITED**

by two of its directors

.....  
(Signature of Intertrust Directors 1 Limited)

.....  
(Signature of Intertrust Directors 2 Limited)

THIS IS THE SCHEDULE REFERRED TO IN THE FOREGOING STANDARD SECURITY GRANTED BY PARAGON SEVENTH FUNDING LIMITED IN FAVOUR OF CITICORP TRUSTEE COMPANY LIMITED

1	2	3	4	5
[Account Number]	[Parties]	[Loan Outstanding]	[Title Number]	[Registration Date]

[Note 1: Schedule to be executed on last page also.]

**PART B**  
**FORM OF STANDARD SECURITY – GENERAL REGISTER OF SASINES**

TO THE FOREGOING DEED OF CHARGE

AMONG PARAGON SEVENTH FUNDING LIMITED,

CITICORP TRUSTEE COMPANY LIMITED AND OTHERS

FORM OF STANDARD SECURITY - GENERAL REGISTER OF SASINES

We, **PARAGON SEVENTH FUNDING LIMITED**, incorporated under the Companies Acts in England (Number 9580619) and having our Registered Office at 51 Homer Road, Solihull, West Midlands, B91 3QJ (hereinafter referred to as the "**Company**") hereby in security of all sums and all other obligations and liabilities due and that may become due to Citicorp Trustee Company Limited acting through its office at Citigroup Centre, Canada Square Canary Wharf, London E14 5LB as security trustee and to the other Secured Parties as defined under and in terms of the Deed of Charge (hereinafter referred to as the "**Deed of Charge**") among us the Company, the said Citicorp Trustee Company Limited and others dated [•] November 2018 (hereinafter referred to as the "**Signing Date**") (the said Citicorp Trustee Company Limited being hereinafter referred to as the "**Security Trustee**", which expression shall include all other persons included in such term as defined in the Deed of Charge) by us the Company under and in terms of (a) the Deed of Charge and/or (b) the Mortgage Sale Agreement among us, the Company, the Security Trustee and Paragon Mortgages (2010) Limited dated on or after the Signing Date (hereinafter referred to as the Mortgage Sale Agreement) and/ or (c) the Administration Agreement among us the Company, the Security Trustee and others dated on or after the Signing Date (hereinafter referred to as the "**Administration Agreement**") and/or (d) the Facility Agreement among us, the Company, the Security Trustee and others dated on or after the Signing Date (hereinafter referred to as the "**Facility Agreement**") and/or (e) the Account Bank Agreement among us the Company, the Security Trustee and others dated on or after the Signing Date (hereinafter referred to as the "**Account Bank Agreement**"), and/or (f) any other Company Secured Amounts as defined in the Deed of Charge and any variation or alteration of any thereof **GRANT** a Standard Security in favour of the Security Trustee over **ALL** and **WHOLE** those Standard Securities granted by the respective parties whose names are specified in Column 2 of the Schedule annexed and executed as relative hereto in favour of **PARAGON MORTGAGES (2010) LIMITED**, incorporated under the Companies Acts in England (Number 6595834) and having its Registered Office at St. Catherine's Court, aforesaid [(or as the case may be in favour of [•])] for all sums due and to become due over the subjects therein described lying in the County specified in the relative entry in Column 4 of the said Schedule, recorded said respective Standard Securities in the Register for the County specified as aforesaid in the said entry in Column 4 of the said Schedule on the date specified in the relative entry in Column 5 of the said Schedule (which said respective Standard Securities are hereinafter together referred to as the "**Principal Securities**"): Together with our whole right, title and interest, present and future therein and thereto: The Standard Conditions specified in [Schedule 3] to the [Conveyancing and Feudal Reform (Scotland) Act 1970] and any lawful variation thereof operative for the time being shall apply: And we agree that the Standard Conditions shall be varied to the effect that (One) it shall be an obligation on the Security Trustee (except on the occurrence of any breach or default in respect of the obligations and others hereby secured as a consequence of which the security created by or pursuant to the Deed of Charge becomes enforceable in accordance

with its terms) not to create or agree to create a subsequent security (other than in favour of the Security Trustee) over the Principal Securities secured by this Standard Security or any part thereof, or to assign or convey the same or any part thereof to any person or persons without our prior consent in writing, (Two) in the event of any breach or default in respect of the obligations and others hereby secured as a consequence of which the security created by or pursuant to the Deed of Charge becomes enforceable in accordance with its terms the Standard Security hereby created shall for the avoidance of doubt be thereupon enforceable and the Security Trustee shall be entitled to call up and enforce the same in accordance with the provisions of the said Act, (Three) without prejudice to the rights and remedies of the Security Trustee under the Standard Conditions or the said Act or otherwise, in the event of our being in default hereunder as aforesaid (a) we shall on demand grant, execute and deliver a valid assignation of the Principal Securities or any of them in favour of the Security Trustee or any nominee of the Security Trustee and (b) the Security Trustee shall have power to uplift, receive, sue for and discharge all sums due and to become due under the Principal Securities and to enforce all the rights and obligations contained or implied therein or thereby and to discharge the same in whole or in part and generally to do whatever is or may be or would, if these presents had not been granted, have been competent to us in respect thereof, and that without the consent of or notice to us and on such terms and conditions as the Security Trustee in its absolute discretion may determine, declaring that the exercise or otherwise by the Security Trustee of all or any of the powers hereby conferred shall be without prejudice to and shall in no way restrict or discharge the obligations undertaken by us herein or otherwise, and (Four) insofar as the provisions of the Deed of Charge, the Mortgage Sale Agreement, the Facility Agreement, the Administration Agreement extend, add to, depart from or conflict with the Standard Conditions, the Deed of Charge, the Mortgage Sale Agreement, the Facility Agreement and the Administration Agreement or any of them shall, subject to the provisions of the said Act, prevail and take effect: And we grant warrandice:

**IN WITNESS WHEREOF** these presents typewritten on this Deed and the preceding page are together with the Schedule annexed hereto executed at [•] on the [•] day of [•] Two Thousand and [•] as follows:

**SUBSCRIBED**

for and on behalf of the said  
by two of its directors

.....  
(Signature of Intertrust Directors 1 Limited)

.....  
(Signature of Intertrust Directors 2 Limited)

REGISTER on behalf of the within named Citicorp Trustee Company Limited in the REGISTERS of the COUNTIES of [•]

WS Edinburgh Agents

THIS IS THE SCHEDULE REFERRED TO IN THE FOREGOING ASSIGNATION  
GRANTED BY PARAGON SEVENTH FUNDING LIMITED IN FAVOUR OF CITICORP  
TRUSTEE COMPANY LIMITED

1	2	3	4	5
[Account No]	[Parties]	[Loan Outstanding]	[County]	[Recording Date]

[Note 1: Schedule to be executed on last page also.]

## SCHEDULE 2

### PART A FORM OF SCOTTISH MORTGAGE TRUST SECURITY – PARAGON MORTGAGES (2010) LIMITED

TO THE FOREGOING DEED OF CHARGE

AMONG PARAGON SEVENTH FUNDING LIMITED,

CITICORP TRUSTEE COMPANY LIMITED AND OTHERS

FORM OF SCOTTISH MORTGAGE TRUST SECURITY

ASSIGNATION IN SECURITY

among

- (1) **PARAGON SEVENTH FUNDING LIMITED** incorporated under the Companies Acts in England (Number 9580619) and having its Registered Office at 51 Homer Road, Solihull, West Midlands, B91 3QJ (the "**Company**");
- (2) **PARAGON MORTGAGES (2010) LIMITED**, a private company incorporated in England and Wales with limited liability as Company Number 6595834, having its Registered Office at 51 Homer Road, Solihull, West Midlands, B91 3QJ (the "**Originator**");

and

- (3) **CITICORP TRUSTEE COMPANY LIMITED**, a private company incorporated in England and Wales with limited liability as Company Number 00235914 and acting through its office at Citigroup Centre, Canada Square Canary Wharf, London E14 5LB (the "**Security Trustee**" which expression shall include all other persons included in such term as defined in the Deed of Charge aftermentioned).

#### WHEREAS:

- (A) This deed is supplemental to a Deed of Charge (the "**Deed of Charge**") entered into among the Company, the Originator, the Security Trustee and others dated [•] November Two Thousand and Eighteen (the "**Signing Date**");
- (B) In terms of the Deed of Charge the Security Trustee was constituted the trustee for the Secured Parties therein defined of the security constituted or to be constituted by or pursuant to the Deed of Charge;
- (C) The Originator has by the Scottish Declaration of Trust aftermentioned declared that it holds and will hold all of its right, title and interest in and to the Trust Property as therein defined (comprising generally certain Scottish Mortgages and the collateral security therefor and certain other rights in respect thereof) on trust for the Company; and

- (D) In implement of paragraph (a)(i) of clause 3.2 of the Deed of Charge the Company has agreed to charge and secure all of its right, title and interest in and to the said Trust Property and the Company and the Originator have agreed to grant certain undertakings pursuant thereto:

**NOW THEREFORE THE PARTIES HEREBY AGREE** as follows:

**1. INTERPRETATION**

In this Assignment:

- 1.1 Words and expressions shall (except where expressed to the contrary herein) have the same meanings respectively ascribed to them expressly or by reference) in the Mortgage Sale Agreement entered into between the Company, the Originator and the Security Trustee dated on or after the Signing Date or in the Deed of Charge;
- 1.2 "**Scottish Declaration of Trust**" means the declaration of trust granted by the Originator in favour of the Company in respect of the Trust Property dated of even date with and executed immediately prior to the execution of this deed; and
- 1.3 "**Trust Property**" means the whole of the Trust Property as specified and defined in the Scottish Declaration of Trust.

**2. UNDERTAKING BY THE COMPANY**

The Company hereby binds and obliges itself and covenants with the Security Trustee timeously to pay and discharge the Company Secured Amounts as defined in and in accordance with the terms of the Deed of Charge.

**3. SECURITY**

The Company as holder of the beneficial interest therein and subject to clause 5 of the Deed of Charge **HEREBY ASSIGNS** to and in favour of the Security Trustee in security of the obligations and undertakings specified in Clause 2 hereof the Company's whole right, title and interest present and future in and to the Trust Property and the Scottish Declaration of Trust, surrogating and substituting the Security Trustee in its full right and place therein and thereto.

**4. INTIMATION**

The Company hereby intimates to the Originator the assignment in security made in terms of Clause 3 hereof and the Originator by its execution hereof immediately subsequent to the execution of the Company consents to such assignment and acknowledges such intimation thereof and confirms that as at the date hereof it has received no intimation of any other dealing with the Trust Property or any part thereof or the Scottish Declaration of Trust.

**5. OBLIGATIONS AND COVENANTS**

The Company and the Originator hereby undertake and bind and oblige themselves and covenant with the Security Trustee that the whole obligations undertakings and covenants specified and contained in the Deed of Charge are deemed to be repeated



herein and shall *mutatis mutandis* apply to the Trust Property and the Scottish Declaration of Trust and the whole obligations and liabilities of the Company hereby undertaken and the Originator hereby confirms and undertakes that the whole rights and powers of the Security Trustee in terms of the Deed of Charge in respect of the security created therein, including without prejudice to the said generality thereof those specified and contained in clause 13 thereof, shall be deemed to be repeated herein and shall apply equally to the security created hereby and the whole obligations and liabilities herein contained.

6. **OTHER PROVISIONS**

The parties hereby agree and undertake that the whole remaining terms of the Deed of Charge shall, except in so far as inconsistent herewith, apply *mutatis mutandis* to this Assignment.

7. **GOVERNING LAW**

This Assignment in Security shall be governed by and construed in accordance with the laws 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.

8. **REGISTRATION**

The parties hereto consent to registration of these presents for preservation:

**IN WITNESS WHEREOF** these presents typewritten on this and the preceding two pages are executed for and on behalf of the Company, the Originator and the Security Trustee as follows:

Subscribed for and on behalf of  
the said  
**PARAGON SEVENTH FUNDING LIMITED**

At .....

On .....

By .....  
.....

Subscribed for and on behalf of  
the said  
**PARAGON MORTGAGES (2010) LIMITED**

At .....  
On .....  
By .....  
.....

Subscribed for and on behalf of  
the said  
**CITICORP TRUSTEE COMPANY LIMITED**

At .....  
On .....  
By .....  
.....

**PART B**  
**FORM OF SCOTTISH MORTGAGE TRUST SECURITY – PARAGON BANK PLC**  
TO THE FOREGOING DEED OF CHARGE  
AMONG PARAGON SEVENTH FUNDING LIMITED,  
CITICORP TRUSTEE COMPANY LIMITED AND OTHERS  
FORM OF SCOTTISH MORTGAGE TRUST SECURITY  
ASSIGNATION IN SECURITY

among

- (1) **PARAGON SEVENTH FUNDING LIMITED** incorporated under the Companies Acts in England (Number 9580619) and having its Registered Office at 51 Homer Road, Solihull, West Midlands, B91 3QJ (the "**Company**");
- (2) **PARAGON BANK PLC**, a public limited liability company incorporated under the laws of England and Wales under company number 05390593 and having its registered office at 51 Homer Road, Solihull, West Midlands, B91 3QJ (the "**Originator**");

and

- (3) **CITICORP TRUSTEE COMPANY LIMITED**, a private company incorporated in England and Wales with limited liability as Company Number 00235914 and acting through its office at Citigroup Centre, Canada Square Canary Wharf, London E14 5LB (the "**Security Trustee**" which expression shall include all other persons included in such term as defined in the Deed of Charge aftermentioned).

**WHEREAS:**

- (A) This deed is supplemental to a Deed of Charge (the "**Deed of Charge**") entered into among the Company, the Originator, the Security Trustee and others dated [•] November Two Thousand and Eighteen (the "**Signing Date**");
- (B) In terms of the Deed of Charge the Security Trustee was constituted the trustee for the Secured Parties therein defined of the security constituted or to be constituted by or pursuant to the Deed of Charge;
- (C) The Originator has by the Scottish Declaration of Trust aftermentioned declared that it holds and will hold all of its right, title and interest in and to the Trust Property as therein defined (comprising generally certain Scottish Mortgages and the collateral security therefor and certain other rights in respect thereof) on trust for the Company; and

- (D) In implement of paragraph (a)(i) of clause 3.2 of the Deed of Charge the Company has agreed to charge and secure all of its right, title and interest in and to the said Trust Property and the Company and the Originator have agreed to grant certain undertakings pursuant thereto:

**NOW THEREFORE THE PARTIES HEREBY AGREE** as follows:

**1. INTERPRETATION**

In this Assignment:

- 1.1 Words and expressions shall (except where expressed to the contrary herein) have the same meanings respectively ascribed to them expressly or by reference) in the Mortgage Sale Agreement entered into between the Company, the Originator and the Security Trustee dated on or after the Signing Date or in the Deed of Charge;
- 1.2 "**Scottish Declaration of Trust**" means the declaration of trust granted by the Originator in favour of the Company in respect of the Trust Property dated of even date with and executed immediately prior to the execution of this deed; and
- 1.3 "**Trust Property**" means the whole of the Trust Property as specified and defined in the Scottish Declaration of Trust.

**2. UNDERTAKING BY THE COMPANY**

The Company hereby binds and obliges itself and covenants with the Security Trustee timeously to pay and discharge the Company Secured Amounts as defined in and in accordance with the terms of the Deed of Charge.

**3. SECURITY**

The Company as holder of the beneficial interest therein and subject to clause 5 of the Deed of Charge **HEREBY ASSIGNS** to and in favour of the Security Trustee in security of the obligations and undertakings specified in Clause 2 hereof the Company's whole right, title and interest present and future in and to the Trust Property and the Scottish Declaration of Trust, surrogating and substituting the Security Trustee in its full right and place therein and thereto.

**4. INTIMATION**

The Company hereby intimates to the Originator the assignment in security made in terms of Clause 3 hereof and the Originator by its execution hereof immediately subsequent to the execution of the Company consents to such assignment and acknowledges such intimation thereof and confirms that as at the date hereof it has received no intimation of any other dealing with the Trust Property or any part thereof or the Scottish Declaration of Trust.

**5. OBLIGATIONS AND COVENANTS**

The Company and the Originator hereby undertake and bind and oblige themselves and covenant with the Security Trustee that the whole obligations undertakings and covenants specified and contained in the Deed of Charge are deemed to be repeated

herein and shall *mutatis mutandis* apply to the Trust Property and the Scottish Declaration of Trust and the whole obligations and liabilities of the Company hereby undertaken and the Originator hereby confirms and undertakes that the whole rights and powers of the Security Trustee in terms of the Deed of Charge in respect of the security created therein, including without prejudice to the said generality thereof those specified and contained in clause 13 thereof, shall be deemed to be repeated herein and shall apply equally to the security created hereby and the whole obligations and liabilities herein contained.

6. **OTHER PROVISIONS**

The parties hereby agree and undertake that the whole remaining terms of the Deed of Charge shall, except in so far as inconsistent herewith, apply *mutatis mutandis* to this Assignment.

7. **GOVERNING LAW**

This Assignment in Security shall be governed by and construed in accordance with the laws 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.

8. **REGISTRATION**

The parties hereto consent to registration of these presents for preservation:

**IN WITNESS WHEREOF** these presents typewritten on this and the preceding two pages are executed for and on behalf of the Company, the Originator and the Security Trustee as follows:

Subscribed for and on behalf of  
the said  
**PARAGON SEVENTH FUNDING LIMITED**

At .....

On .....

By .....  
.....

Subscribed for and on behalf of  
the said  
**PARAGON BANK PLC**

At .....  
On .....  
By .....  
.....

Subscribed for and on behalf of  
the said  
**CITICORP TRUSTEE COMPANY LIMITED**

At .....  
On .....  
By .....  
.....

**PART C**  
**FORM OF SUPPLEMENTAL TRUST SECURITY – PARAGON MORTGAGES**  
**(2010) LIMITED**

TO THE FOREGOING DEED OF CHARGE

AMONG PARAGON SEVENTH FUNDING LIMITED,

CITICORP TRUSTEE COMPANY LIMITED AND OTHERS

FORM OF SUPPLEMENTAL TRUST SECURITY

ASSIGNATION IN SECURITY

among

- (1) **PARAGON SEVENTH FUNDING LIMITED** incorporated under the Companies Acts in **England** (Number 9580619) and having its Registered Office at 51, Homer Road, Solihull, West Midlands, B91 3QJ (the "**Company**");
- (2) **PARAGON MORTGAGES (2010) LIMITED**, a private company incorporated in England and Wales with limited liability as Company Number 6595834, having its Registered Office at 51 Homer Road, Solihull, West Midlands, B91 3QJ (the "**Originator**");

and

- (3) **CITICORP TRUSTEE COMPANY LIMITED**, a private company incorporated in England and Wales with limited liability as Company Number 00235914 and acting through its office at Citigroup Centre, Canada Square Canary Wharf, London E14 5LB (the "**Security Trustee**", which expression shall include all other persons included in such term as defined in the Deed of Charge aftermentioned).

**WHEREAS:**

- (A) This deed is supplemental to a Deed of Charge (the "**Deed of Charge**") entered into among the Company, the Originator, the Security Trustee and others dated [•] November Two Thousand and Eighteen (the "**Signing Date**");
- (B) In terms of the Deed of Charge the Security Trustee was constituted the trustee for the Secured Parties therein defined of the security constituted or to be constituted by or pursuant to the Deed of Charge;
- (C) The Originator has by the Supplemental Declaration[s] of Trust aftermentioned declared that it holds and will hold all of its right, title and interest in and to the Additional Trust Property as [respectively] therein defined (comprising generally certain Scottish Mortgages and the collateral security therefor and certain other rights in respect thereof) on trust for the Company; and
- (D) In implement of paragraph (b)(ii) of clause 3.2 of the Deed of Charge the Company has agreed to charge and secure all of its right, title and interest in and to the said

Additional Trust Property and the Company and the Originator have agreed to grant certain undertakings pursuant thereto:

**NOW THEREFORE THE PARTIES HEREBY AGREE** as follows:

**1. INTERPRETATION**

In this Assignment:

- 1.1 Words and expressions shall (except where expressed to the contrary herein) have the same meanings respectively ascribed to them (expressly or by reference) in the Mortgage Sale Agreement entered into between the Company, the Originator and the Security Trustee dated on or after the Signing Date or in the Deed of Charge;
- 1.2 "**Supplemental Declaration[s] of Trust**" means the Supplemental Declaration[s] of Trust granted by the Originator in favour of the Company in respect of the [relevant] Additional Trust Property dated [respectively] [•]; and
- 1.3 "**Additional Trust Property**" means the whole of the Additional Trust Property as [respectively] specified and defined in each Supplemental Declaration of Trust.

**2. UNDERTAKING BY THE COMPANY**

The Company hereby binds and obliges itself and covenants with the Security Trustee timeously to pay and discharge the Company Secured Amounts as defined in and in accordance with the terms of the Deed of Charge.

**3. SECURITY**

The Company as holder of the beneficial interest therein and subject to Clause 8 of the Deed of Charge **HEREBY ASSIGNS** to and in favour of the Security Trustee in security of the obligations and undertakings specified in Clause 2 hereof the Company's whole right, title and interest present and future in and to the Additional Trust Property and the Supplemental Declaration[s] of Trust, surrogating and substituting the Security Trustee in its full right and place therein and thereto.

**4. INTIMATION**

The Company hereby intimates to the Originator the assignment in security made in terms of Clause 3 hereof and the Originator by its execution hereof immediately subsequent to the execution of the Company consents to such assignment and acknowledges such intimation thereof and confirms that as at the date hereof it has received no intimation of any other dealing with the Additional Trust Property or any part thereof or [any] Supplemental Declaration of Trust.

**5. OBLIGATIONS AND COVENANTS**

The Company and the Originator hereby undertake and bind and oblige themselves and covenant with the Security Trustee that the whole obligations undertakings and covenants specified and contained in the Deed of Charge are deemed to be repeated herein and shall *mutatis mutandis* apply to the Additional Trust Property and [each] Supplemental Declaration of Trust and the whole obligations and liabilities of the



Company hereby undertaken and the Originator hereby confirms and undertakes that the whole rights and powers of the Security Trustee in terms of the Deed of Charge in respect of the security created therein, including without prejudice to the said generality thereof those specified and contained in clause 13 thereof, shall be deemed to be repeated herein and shall apply equally to the security created hereby and the whole obligations and liabilities herein contained.

**6. OTHER PROVISIONS**

The parties hereby agree and undertake that the whole remaining terms of the Deed of Charge shall, except in so far as inconsistent herewith, apply *mutatis mutandis* to this Assignment.

**7. GOVERNING LAW**

This Assignment in Security shall be governed by and construed in accordance with the laws 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.

**8. REGISTRATION**

The parties hereto consent to registration of these presents for preservation:

**IN WITNESS WHEREOF** these presents typewritten on this and the preceding two pages are executed for and on behalf of the Company, the Originator and the Security Trustee as follows:

Subscribed for and on behalf of  
the said  
**PARAGON SEVENTH FUNDING LIMITED**

At .....

On .....

By .....  
.....

Subscribed for and on behalf of  
the said  
**PARAGON MORTGAGES (2010) LIMITED**

At .....

On .....

By ..... ..

..... ..

Subscribed for and on behalf of  
the said

**CITICORP TRUSTEE COMPANY LIMITED**

At .....

On .....

By ..... ..

..... ..

**PART D**  
**FORM OF SUPPLEMENTAL TRUST SECURITY – PARAGON BANK PLC**

TO THE FOREGOING DEED OF CHARGE

AMONG PARAGON SEVENTH FUNDING LIMITED,

CITICORP TRUSTEE COMPANY LIMITED AND OTHERS

FORM OF SUPPLEMENTAL TRUST SECURITY

ASSIGNATION IN SECURITY

among

- (1) **PARAGON SEVENTH FUNDING LIMITED** incorporated under the Companies Acts in **England** (Number 9580619) and having its Registered Office at 51, Homer Road, Solihull, West Midlands, B91 3QJ (the "**Company**");
- (2) **PARAGON BANK PLC**, a public limited liability company incorporated under the laws of England and Wales under company number 05390593 and having its registered office at 51 Homer Road, Solihull, West Midlands, B91 3QJ (the "**Originator**");

and

- (3) **CITICORP TRUSTEE COMPANY LIMITED**, a private company incorporated in England and Wales with limited liability as Company Number 00235914 and acting through its office at Citigroup Centre, Canada Square Canary Wharf, London E14 5LB (the "**Security Trustee**", which expression shall include all other persons included in such term as defined in the Deed of Charge aftermentioned).

**WHEREAS:**

- (A) This deed is supplemental to a Deed of Charge (the "**Deed of Charge**") entered into among the Company, the Originator, the Security Trustee and others dated [•] November Two Thousand and Eighteen (the "**Signing Date**");
- (B) In terms of the Deed of Charge the Security Trustee was constituted the trustee for the Secured Parties therein defined of the security constituted or to be constituted by or pursuant to the Deed of Charge;
- (C) The Originator has by the Supplemental Declaration[s] of Trust aftermentioned declared that it holds and will hold all of its right, title and interest in and to the Additional Trust Property as [respectively] therein defined (comprising generally certain Scottish Mortgages and the collateral security therefor and certain other rights in respect thereof) on trust for the Company; and

- (D) In implement of paragraph (b)(ii) of clause 3.2 of the Deed of Charge the Company has agreed to charge and secure all of its right, title and interest in and to the said Additional Trust Property and the Company and the Originator have agreed to grant certain undertakings pursuant thereto:

**NOW THEREFORE THE PARTIES HEREBY AGREE** as follows:

**1. INTERPRETATION**

In this Assignment:

- 1.1 Words and expressions shall (except where expressed to the contrary herein) have the same meanings respectively ascribed to them (expressly or by reference) in the Mortgage Sale Agreement entered into between the Company, the Originator and the Security Trustee dated on or after the Signing Date or in the Deed of Charge;
- 1.2 "**Supplemental Declaration[s] of Trust**" means the Supplemental Declaration[s] of Trust granted by the Originator in favour of the Company in respect of the [relevant] Additional Trust Property dated [respectively] [•]; and
- 1.3 "**Additional Trust Property**" means the whole of the Additional Trust Property as [respectively] specified and defined in each Supplemental Declaration of Trust.

**2. UNDERTAKING BY THE COMPANY**

The Company hereby binds and obliges itself and covenants with the Security Trustee timeously to pay and discharge the Company Secured Amounts as defined in and in accordance with the terms of the Deed of Charge.

**3. SECURITY**

The Company as holder of the beneficial interest therein and subject to Clause 8 of the Deed of Charge **HEREBY ASSIGNS** to and in favour of the Security Trustee in security of the obligations and undertakings specified in Clause 2 hereof the Company's whole right, title and interest present and future in and to the Additional Trust Property and the Supplemental Declaration[s] of Trust, surrogating and substituting the Security Trustee in its full right and place therein and thereto.

**4. INTIMATION**

The Company hereby intimates to the Originator the assignment in security made in terms of Clause 3 hereof and the Originator by its execution hereof immediately subsequent to the execution of the Company consents to such assignment and acknowledges such intimation thereof and confirms that as at the date hereof it has received no intimation of any other dealing with the Additional Trust Property or any part thereof or [any] Supplemental Declaration of Trust.

**5. OBLIGATIONS AND COVENANTS**

The Company and the Originator hereby undertake and bind and oblige themselves and covenant with the Security Trustee that the whole obligations undertakings and covenants specified and contained in the Deed of Charge are deemed to be repeated

herein and shall *mutatis mutandis* apply to the Additional Trust Property and [each] Supplemental Declaration of Trust and the whole obligations and liabilities of the Company hereby undertaken and the Originator hereby confirms and undertakes that the whole rights and powers of the Security Trustee in terms of the Deed of Charge in respect of the security created therein, including without prejudice to the said generality thereof those specified and contained in clause 13 thereof, shall be deemed to be repeated herein and shall apply equally to the security created hereby and the whole obligations and liabilities herein contained.

6. **OTHER PROVISIONS**

The parties hereby agree and undertake that the whole remaining terms of the Deed of Charge shall, except in so far as inconsistent herewith, apply *mutatis mutandis* to this Assignment.

7. **GOVERNING LAW**

This Assignment in Security shall be governed by and construed in accordance with the laws 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.

8. **REGISTRATION**

The parties hereto consent to registration of these presents for preservation:

**IN WITNESS WHEREOF** these presents typewritten on this and the preceding two pages are executed for and on behalf of the Company, the Originator and the Security Trustee as follows:

Subscribed for and on behalf of  
the said  
**PARAGON SEVENTH FUNDING LIMITED**

At .....

On .....

By .....  
.....

Subscribed for and on behalf of  
the said  
**PARAGON BANK PLC**

At .....  
On .....  
By .....  
.....

Subscribed for and on behalf of  
the said  
**CITICORP TRUSTEE COMPANY LIMITED**

At .....  
On .....  
By .....  
.....

**SCHEDULE 3  
FORM OF AGENCY LETTER**

From: **CITICORP TRUSTEE COMPANY LIMITED**

[Address]

To: **PARAGON MORTGAGES (2010) LIMITED ("PML")**

and

**PARAGON BANK PLC ("PB")**

Dated: [•] 2018

Dear Sirs,

Paragon Seventh Funding Limited (the "**Company**")

We refer to a Deed of Charge (the "**Deed of Charge**") dated [•] November 2018 made between the Company, yourselves, HML and others. Expressions defined in the Master Definitions Schedule (as defined in the Deed of Charge) shall where the context so admits have the same meanings when used in this letter.

By the Deed of Charge the Charged Property was charged and secured to us as Security Trustee to secure certain obligations of the Company which agreed (*inter alia*) not to dispose of or otherwise deal with the Charged Property or any part thereof without the Security Trustee's prior written consent or as contemplated by and in accordance with the provisions of the Administration Agreement and the Deed of Charge but not otherwise.

We hereby appoint PML and PB with effect from the date hereof as our agent for the purpose of giving and recording our consent to any such disposal or dealing with the Charged Property as is referred to above and which is contemplated by and in accordance with the provisions of the Administration Agreement and the Deed of Charge but not otherwise.

You may from time to time with our prior written consent appoint a substitute who shall have power to act as our agent in place of you as if such substitute had originally been appointed as our agent in this letter in place of you.

This appointment may be terminated by us, or by the Bank on our behalf, at any time.

We agree to ratify and confirm any consent you may give, or other act lawfully carried out pursuant to and in accordance with the terms of and during the currency of this letter to the extent that such consents or acts are within our power.

Please sign and return the enclosed copy of this letter to confirm your acceptance of this appointment and the terms and conditions contained in this letter.

Yours faithfully,

.....  
For and on behalf of  
**CITICORP TRUSTEE COMPANY LIMITED**

We accept our appointment as agent of Citicorp Trustee Company Limited on the terms and subject to the conditions set out in the foregoing letter of which this is a true copy.

.....  
For an on behalf of  
**PARAGON MORTGAGES (2010) LIMITED**

.....  
For an on behalf of  
**PARAGON BANK PLC**



**SCHEDULE 4**  
**FORM OF NOTICE OF ASSIGNMENT TO THE ACCOUNT BANK**

**PART A**  
**FORM OF NOTICE OF ASSIGNMENT**

Date: [•] 2018

From: **PARAGON SEVENTH FUNDING LIMITED** as **Company**  
51 Homer Road  
Solihull  
West Midlands  
B91 3QJ

To: **[CITIBANK, N.A., LONDON BRANCH** as Account Bank  
[Address]

For the attention of [the Manager]]

With a copy to: **CITICORP TRUSTEE COMPANY LIMITED** as **Security Trustee**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

For the attention of [specify]

Dear Sirs,

**Notice of Assignment**

**Paragon Seventh Funding Limited - Account No [REDACTED] (the "Company Transaction Account"),**  
**Paragon Seventh Funding Limited – Account No [REDACTED] (the "Reserve Account")**

1. We give you notice that, by a Deed of Charge dated [•] November 2018 between, amongst others, Paragon Seventh Funding Limited (the "**Company**") and Citicorp Trustee Company Limited, (the "**Security Trustee**"), a copy of which is attached hereto (the "**Deed of Charge**") we assigned by way of first fixed security all our rights, title, interest and benefit, present and future, in and to and all monies now or in the future standing to the credit of:
  - (a) the Company Transaction Account – account number [REDACTED];
  - (b) the Reserve Account – account number [REDACTED]; and
  - (c) any Additional Accounts,and all interest accruing thereon from time to time.
2. Words and expressions used in this notice shall have the meanings and constructions ascribed to them in the Master Definitions Schedule dated 6<sup>th</sup> October 2015 and

signed for the purpose of identification by each of the parties to the Deed of Charge and others.

3. We authorise and instruct you, until receipt by you of further written instructions from the Security Trustee (after which time you will comply with the directions of the Security Trustee) to permit the Company Transaction Account and the Reserve Account to be operated by Paragon Mortgages (2010) Limited (the "**PML Administrator**"), in accordance with the terms of:
  - (a) the relevant Mandates in respect of the Company Transaction Account and the Reserve Account;
  - (b) the Administration Agreement dated 6<sup>th</sup> October 2015 between (among others) the Company, the Security Trustee, the Originators and the PML Administrator; and
  - (c) the Deed of Charge.
4. You are not authorised to recognise any action on the part of the Company or the PML Administrator to close the Company Transaction Account, the Reserve Account unless the prior written consent of the Security Trustee (acting on the instructions of the Bank) has been obtained.
5. Please note that the foregoing authorisations and instructions may not be revoked or varied without the prior written consent of the Security Trustee (acting on the instructions of the Bank).
6. Please acknowledge receipt of this notice and your acceptance of the instructions herein contained by signing two copies of the attached form of acknowledgement and returning one copy to ourselves and sending the other directly to the Security Trustee at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.
7. This notice of assignment and any non-contractual obligations arising out of it or in connection with it are governed by the laws of England.

Yours faithfully,

For and on behalf of  
**PARAGON SEVENTH FUNDING LIMITED**  
as Company

**PART B**  
**FORM OF ACKNOWLEDGEMENT OF CHARGE AND ASSIGNMENT**

[Letterhead of Citibank, N.A., London Branch]

[Date]

To: **PARAGON SEVENTH FUNDING LIMITED as Company**  
51 Homer Road  
Solihull  
West Midlands  
B91 3QJ

For the attention of the Directors

And to: **CITICORP TRUSTEE COMPANY LIMITED as Security Trustee**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

For the attention of [•]

Dear Sirs,

**Acknowledgement of Assignment**  
**Paragon Seventh Funding Limited - Account No [REDACTED]**  
**(the "Company Transaction Account")**  
**Paragon Seventh Funding Limited – Account No [REDACTED] (the "Reserve Account")**

1. We acknowledge receipt of the Notice of Assignment dated on or about [•] 2018, a copy of which is attached.
2. Words and expressions used in this Acknowledgement of Assignment shall have the meanings and constructions ascribed to them in the Notice of Assignment.
3. We confirm that as at the date of this Acknowledgement of Assignment we have not received from any other person any notice of any assignment or charge of, or of any interest in, the Company Transaction Account or the Reserve Account or any other matter the subject of the Notice of Assignment.
4. In consideration of your agreeing to maintain or establish the Company Transaction Account and the Reserve Account with us, we agree, and confirm to the Security Trustee, that we accept and will comply with the authorisations and instructions contained in the Notice of Assignment and will not accept or act on any instructions contrary thereto unless the same shall be in writing signed by the Security Trustee.
5. We unconditionally and irrevocably waive all rights of set-off, lien, combinations or consolidation of accounts and security in respect of the Company Transaction Account and the Reserve Account and similar rights (however described) which we may have now or in the future in respect of each of the Company Transaction

Account and the Reserve Account or the balance thereon to the extent such rights relate to amounts owed to us by the Company.

6. This acknowledgment and any non-contractual obligations arising out of it or in connection with it are governed by the laws of England.

Yours faithfully,

For and on behalf of  
**[CITIBANK, N.A., LONDON BRANCH]**

**IN WITNESS WHEREOF** the parties have executed this Deed of Charge as a deed the day and year first before written.

**SIGNED as a DEED by** )  
**for and on behalf of** )  
**PARAGON SEVENTH FUNDING LIMITED** )  
**acting by two directors** )  
Intertrust Directors 1 Limited

)  
)  
)  
)  
Intertrust Directors 2 Limited

**SIGNED as a DEED by** )  
**for and on behalf of** )  
**PARAGON MORTGAGES (2010) LIMITED** )  
**acting by a Director in the presence of** )

Signature of Witness .....  
Name of Witness (print) .....  
Occupation .....  
Address of Witness .....  
.....  
.....

IN WITNESS WHEREOF the parties have executed this Deed of Charge as a deed the day and year first before written.

SIGNED as a DEED by  
for and on behalf of  
PARAGON SEVENTH FUNDING LIMITED  
acting by two directors

)  
)  
)  
)  
Intertrust Directors 1 Limited

)  
)  
)  
)  
Intertrust Directors 2 Limited

SIGNED as a DEED by  
for and on behalf of  
PARAGON MORTGAGES (2010) LIMITED  
acting by a Director in the presence of

)  
)  
)  
)

Signature of Witness

Name of Witness (print)

Occupation

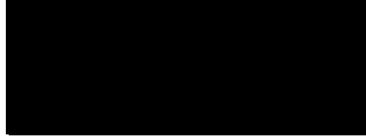
Address of Witness

ANDREW KITCHING  
SECURITISATION MANAGER  
51 HOMER ROAD  
SOUTHALL  
B91 3QJ

SIGNED as a DEED by )  
for and on behalf of )  
PARAGON BANK PLC )  
acting by its duly Authorised Attorney in the presence of )



Signature of Witness



Name of Witness (print)

ANDREW KITCHING

Occupation

SECURITISATION MANAGER

Address of Witness

51 HOMER ROAD

SOLIHULL

B91 3QJ

HML

SIGNED as a DEED by )  
for and on behalf of )  
HOMELoAN MANAGEMENT LIMITED )  
acting by Authorised Signatory in the presence of )

Signature of Witness

.....

Name of Witness (print)

.....

Occupation

.....

Address of Witness

.....

.....

.....

**SIGNED** as a **DEED** by )  
for and on behalf of )  
**PARAGON BANK PLC** )  
acting by its duly Authorised Attorney in the presence of )

.....

Signature of Witness .....

Name of Witness (print) .....

Occupation .....

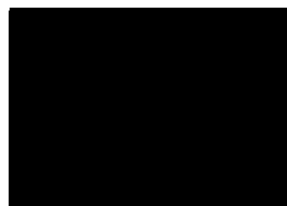
Address of Witness .....

.....

.....

#### **HML**

**SIGNED** as a **DEED** by )  
for and on behalf of )  
**HOMELOAN MANAGEMENT LIMITED** )  
acting by Authorised Signatory in the presence of )



Signature of Witness ..... *Kay Pearson* .....

Name of Witness (print) ..... *KAY PEARSON* .....

Occupation ..... *STANDBY SERVICING MANAGER* .....

Address of Witness ..... *GATEWAY HOUSE* .....

..... *SKIPTON* .....

..... *BD23 1UD* .....



**SIGNED as a DEED by**  
**for and on behalf of**  
**CITIBANK, N.A., LONDON BRANCH**  
**acting by Authorised Signatory**

)  
)  
)  
)



Andrew McIntosh  
Vice President  
Citibank, N.A.  
25 Canada Square  
Canary Wharf  
London E14 5LB

**SIGNED as a DEED by**  
**for and on behalf of**  
**INTERTRUST MANAGEMENT LIMITED**  
**acting by two authorised signatories**  
**in the presence of**

)  
)  
)  
)  
)

Director

)  
)  
)  
)

Director/Secretary

**SIGNED** as a **DEED** by )  
for and on behalf of )  
**CITIBANK, N.A., LONDON BRANCH** )  
acting by Authorised Signatory )

**SIGNED** as a **DEED** by )  
for and on behalf of )  
**INTERTRUST MANAGEMENT LIMITED** )  
acting by two authorised signatories )  
in the presence of )

Director

~~Director~~/Secretary

SIGNED as a DEED by )  
for and on behalf of )  
CITICORP TRUSTEE COMPANY LIMITED )  
acting by its duly authorised attorney in the presence of )

Andrew McIntosh  
Vice President  
Citibank, N.A.  
25 Canada Square  
Canary Wharf  
London E14 5LB

Signature of Witness

Name of Witness (print)

David Mares  
Vice President

Occupation

Bank Officer

Address of Witness

Citi  
Citigroup Centre  
25 Canada Square  
Canary Wharf  
London E14 5LB

SIGNED as a DEED by )  
for and on behalf of )  
MERRILL LYNCH INTERNATIONAL )  
acting by Authorised Signatory in the presence of )

Signature of Witness

Name of Witness (print)

Occupation

Address of Witness

SIGNED as a DEED by )  
for and on behalf of )  
CITICORP TRUSTEE COMPANY LIMITED )  
acting by its duly authorised attorney in the presence of )

Signature of Witness

Name of Witness (print)

Occupation

Address of Witness

SIGNED as a DEED by )  
for and on behalf of )  
MERRILL LYNCH INTERNATIONAL )  
acting by Authorised Signatory in the presence of )

Manuel Weller  
Managing Director

Signature of Witness

Name of Witness (print)

Occupation

Address of Witness

STEVEN CAPPLEMAN

BANKING

2 King Edward Street  
London  
EC1A 1HQ

SIGNED as a DEED by  
for and on behalf of  
BANK OF AMERICA MERRILL LYNCH  
INTERNATIONAL LIMITED  
acting by its Authorised Signatory in the presence of

  
Prashant Sood  
Managing Director

Signature of Witness

Name of Witness (print)

Occupation

Address of Witness

  
.....ALISON BELL.....

.....VP.....

.....2 King Edward Street  
.....London.....  
.....EC1A 1HQ.....