

DATED 19 MAY 2005

PARAGON SECOND FUNDING LIMITED

- and -

PARAGON PERSONAL FINANCE LIMITED

- and -

COLONIAL FINANCE (UK) LIMITED

- and -

UNIVERSAL CREDIT LIMITED

- and -

PARAGON CAR FINANCE LIMITED

- and -

PARAGON PERSONAL AND AUTO FINANCE (NO. 3) PLC

- and -

PARAGON FINANCE PLC

- and -

CITICORP TRUSTEE COMPANY LIMITED

PORTFOLIO ASSETS SALE AGREEMENT

Lovells

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THIS AGREEMENT is made on 19 May 2005

BETWEEN:

- (1) **Paragon Second Funding Limited**, a company incorporated in England and Wales (registered number 2637506) whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**PSFL**");
- (2) **Paragon Personal Finance Limited**, a company incorporated in England and Wales (registered number 3303798) whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**PPF**");
- (3) **Universal Credit Limited**, a company incorporated in England and Wales (registered number 1981317) whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**Universal**");
- (4) **Colonial Finance (UK) Limited**, a company incorporated in England and Wales (registered number 2064697) whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**CFUK**");
- (5) **Paragon Car Finance Limited**, a company incorporated in England and Wales (registered number 3203928) whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**PCF**");
- (6) **Paragon Personal and Auto Finance (No.3) PLC**, a company incorporated in England and Wales (registered number 4513186) whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**");
- (7) **Paragon Finance PLC**, a company incorporated in England and Wales (registered number 1917566) whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**PFPLC**"); and
- (8) **Citicorp Trustee Company Limited**, a company incorporated in England and Wales (registered number 235914) whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB (the "**Trustee**").

WHEREAS:

- (A) On the Closing Date the Issuer proposes to purchase and, in relation to the Unsecured Loans and the Secured Loans and their Related Security, PPF and, in relation to the Car Finance Contracts and their related Motor Vehicles, PCF proposes to sell, the Benefit of certain Assets. In addition, on any Business Day from but excluding the Closing Date to and including the Final Addition Date the Issuer may purchase the Benefit of Further Unsecured Loans and/or Further Secured Loans and their Related Security and/or Further Car Finance Contracts and their related Motor Vehicles from PPF and/or PCF respectively and/or any other Seller, on and subject to the terms of this Agreement.
- (B) In consideration of the Issuer agreeing to purchase the Benefit of such Unsecured Loans, Secured Loans and their Related Security and/or Car Finance Contracts and their related Motor Vehicles, PFPLC has agreed to give certain representations and warranties and has agreed various ancillary provisions on and subject to the terms of this Agreement.

IT IS AGREED:

1. INTERPRETATION

- 1.1 The master definitions schedule signed by Herbert Smith and Lovells for the purposes of identification on 17 May 2005 (the "**Master Definitions Schedule**") (as it may be

amended, varied or supplemented from time to time with the consent of the Issuer, the Trustee and the Administrator) is expressly and specifically incorporated into this Agreement and, accordingly, the definitions, rules of construction and clauses in the Master Definitions Schedule shall, except where the context otherwise requires or where otherwise defined herein, have the same meanings in, apply in the same way to and take effect in this Agreement and in the Recitals hereto as if the same were set out in this Agreement.

1.2 References to an Asset, a Secured Loan, an Unsecured Loan, a Car Finance Contract, a Financing Agreement and to the Relevant Documents or any of them shall be construed as including references to any modification thereof, supplement thereto or replacement therefor for the time being in effect in accordance with the terms contained therein or in the Administration Agreement.

1.3 The terms of the Administration Agreement and the Deed of Charge are incorporated in this Agreement 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 in this Agreement to be a valid and enforceable agreement for the purposes of section 2(1) of the said Act.

2. CONDITION PRECEDENT

2.1 This Agreement will take effect on the Closing Date.

2.2 If the Closing Date has not occurred by 30 June 2005 or the issue and payment of the Notes in accordance with the Subscription Agreements does not take place on or before such date, then this Agreement will on that date be cancelled and be of no further effect save for the purpose of enforcing accrued rights of action in respect of matters to be performed or events occurring on or before such date.

3. SALE AND PURCHASE OF THE BENEFIT OF SECURED LOANS AND THEIR RELATED SECURITY ON THE CLOSING DATE

3.1 PSFL hereby agrees to sell, with full title guarantee (or, in relation to Scottish Mortgages, with absolute warrandice or as beneficial owner in relation to the Northern Irish Mortgages), the Benefit of the Secured Loans and their Related Security owned by it and described in the Closing Discs to be delivered to the Issuer on the Closing Date, and PPF hereby agrees to buy the Benefit of such Secured Loans and their Related Security on the terms and conditions set out in this Agreement.

3.2 Immediately following the sale of the Benefit of the Secured Loans and their Related Security to PPF in accordance with clause 3.1, PPF hereby agrees to sell, with full title guarantee (or, in relation to Scottish Mortgages, with absolute warrandice or as beneficial owner in relation to the Northern Irish Mortgages), the Benefit of such Secured Loans and their Related Security to the Issuer and the Issuer hereby agrees to buy the Benefit of such Secured Loans and their Related Security on the terms and conditions set out in this Agreement.

3.3 The total consideration payable by the relevant purchaser in respect of the Benefit of each Secured Loan and its Related Security sold pursuant to clauses 3.1 and 3.2 shall be an amount equal to the Purchase Price for the Benefit of each Secured Loan and its Related Security sold to such purchaser, as applicable.

3.4 The relevant purchaser shall pay to the relevant seller specified in clause 3.1 or 3.2, as applicable, (or as the relevant seller may direct) the Purchase Price for the Benefit of each Secured Loan and its Related Security sold pursuant to such clause on the Closing Date.

- 3.5 The relevant seller acknowledges that the receipt by the payee to whom the relevant seller has directed payment in accordance with clause 3.4 shall be a full and sufficient discharge of the relevant purchaser's obligation under clause 3.3.
- 3.6 In respect of each Secured Loan and its Related Security sold pursuant to this clause 3:
- (a) in the circumstances provided in and subject to the undertakings contained in clause 11:
 - (i) PSFL undertakes with PPF to take such further or other steps and to do all such further or other acts and things and to execute all such further deeds and documents as PPF may reasonably require to effect the transactions referred to in clause 3.1; and
 - (ii) PPF undertakes with the Issuer to take such further or other steps and to do all such further or other acts and things and to execute all such further deeds and documents as the Issuer may reasonably require to effect the transactions referred to in clause 3.2 and/or to perfect the Issuer's title to the Secured Loans and their Related Security sold to the Issuer pursuant to clause 3.2.
 - (b) each of PPF, the Issuer and the Trustee agrees that following a Termination Event which has resulted in the termination of PFPLC's appointment as Administrator under the Administration Agreement, PPF and the Issuer will perfect the sale by PPF of the Benefit of any Portfolio Secured Loan and its Related Security sold to the Issuer pursuant to clause 3.2 and the transfer and assignation of such Benefit to the Issuer as expeditiously as is practicable; and
 - (c) PPF agrees that (to the extent that beneficial title thereto is not transferred pursuant to such sale) it will hold the same (other than the Scottish Secured Loans) upon trust for the Issuer and that it shall not thereafter amend or otherwise deal in any way with any interest in such Secured Loans and their Related Security except as provided in the Administration Agreement or this Agreement.
4. **SALE AND PURCHASE OF THE BENEFIT OF UNSECURED LOANS AND CAR FINANCE CONTRACTS AND THEIR RELATED MOTOR VEHICLES ON THE CLOSING DATE**
- 4.1 PPF hereby agrees to sell the Benefit of the Unsecured Loans owned by it and described in the Closing Discs, and the Issuer hereby agrees to buy the Benefit of such Unsecured Loans on the terms and conditions set out in this Agreement.
- 4.2 PCF hereby agrees to sell the Benefit of the Car Finance Contracts and the related Motor Vehicles owned by it and described in the Closing Discs and the Issuer hereby agrees to buy the Benefit of such Car Finance Contracts and the related Motor Vehicles on the terms and conditions set out in this Agreement.
- 4.3 The total consideration payable by the Issuer in respect of the Benefit of each Unsecured Loan and each Car Finance Contract and its related Motor Vehicle sold pursuant to clauses 4.1 and 4.2 respectively shall be an amount equal to the Purchase Price for the Benefit of each such Unsecured Loan and the Benefit of each such Car Finance Contract and its related Motor Vehicle.
- 4.4 The Issuer shall pay to PPF or PCF, as applicable, (or as PPF or PCF, as applicable, may direct) the Purchase Price for the Benefit of each Unsecured Loan and each Car Finance Contract and its related Motor Vehicle sold pursuant to clause 4.1 or 4.2, as applicable, on the Closing Date.

- 4.5 Each of PPF and PCF acknowledges that the receipt by the payee to whom it has directed payment in accordance with clause 4.4 shall be a full and sufficient discharge of the Issuer's obligation under clause 4.3.
- 4.6 In respect of each Unsecured Loan sold to the Issuer pursuant to clause 4.1:
- (a) in the circumstances provided in and subject to the undertakings contained in clause 11, PPF undertakes with the Issuer to take such further or other steps and to do all such further or other acts and things and to execute all such further deeds and documents and, in relation to the Universal Portfolio Unsecured Loans, Universal and, in relation to the CFUK Portfolio Unsecured Loans, CFUK each undertakes with the Issuer to take such steps and to do all such acts and things and to execute all such deeds and documents, in each case as the Issuer may reasonably require to effect the transactions referred to in clause 4.1 and/or to perfect the Issuer's title to the Unsecured Loans sold to the Issuer pursuant to clause 4.1;
 - (b) each of the Issuer and the Trustee agrees that following a Termination Event which has resulted in the termination of PFPLC's appointment as Administrator under the Administration Agreement, PPF and, in relation to the Universal Portfolio Unsecured Loans, Universal and, in relation to the CFUK Portfolio Unsecured Loans, CFUK and the Issuer will perfect the sale by PPF of the Benefit of any Unsecured Loan sold to the Issuer pursuant to clause 4.1 and the transfer and assignation of such Benefit to the Issuer as expeditiously as is practicable; and
 - (c) PPF agrees that (to the extent that beneficial title thereto is not transferred pursuant to such sale) it will hold the same (other than the Scottish Secured Loans) upon trust for the Issuer and that it shall not thereafter amend or otherwise deal in any way with any interest in such Unsecured Loans except as provided in the Administration Agreement or this Agreement.
- 4.7 In respect of each Car Finance Contract and its related Motor Vehicle sold to the Issuer pursuant to clause 4.2:
- (a) in the circumstances provided in and subject to the undertakings contained in clause 11, PCF undertakes with the Issuer to take such further or other steps and to do all such further or other acts and things and to execute all such further deeds and documents as the Issuer may reasonably require to effect the transactions referred to in clause 4.2 and/or to perfect the Issuer's title to the Car Finance Contracts sold to the Issuer pursuant to clause 4.2; and
 - (b) each of the Issuer and the Trustee agrees that following a Termination Event which has resulted in the termination of PFPLC's appointment as Administrator under the Administration Agreement, PCF and the Issuer will perfect the sale by PCF of the Benefit of any Car Finance Contract sold to the Issuer pursuant to clause 4.2 and the transfer and assignation of such Benefit to the Issuer as expeditiously as is practicable.
 - (c) upon the exercise by the relevant Hirer of the option or the performance by the relevant Hirer of the obligation (in accordance with the relevant Financing Agreement) to purchase the relevant Motor Vehicle and the receipt by the Issuer of the purchase price specified in the relevant Financing Agreement, legal and beneficial ownership rights, title and interest of the Issuer in and to the relevant Motor Vehicle shall pass from the Issuer to PCF to enable the same to pass to the relevant Hirer in accordance with the terms of the relevant Financing Agreement;

- (d) PCF agrees that (to the extent that beneficial title thereto is not transferred pursuant to such sale) it will hold the same (other than the Scottish Car Finance Contracts) upon trust for the Issuer and that it shall not thereafter amend or otherwise deal in any way with any interest in such Car Finance Contracts except as provided in the Administration Agreement or this Agreement.

4.8 The completion of the sale and purchase referred to in clause 4.1 in relation to any Scottish Unsecured Loans which are Universal Portfolio Unsecured Loans or CFUK Portfolio Unsecured Loans in accordance with this Agreement shall *ipso facto* constitute a release of such Scottish Unsecured Loans from the trusts constituted by declarations of trust between (i) Universal and PPF dated 15 April 2005 and (ii) CFUK and PPF dated 15 March 2005 as the same may from time to time have been amended and the termination of the said trusts in respect thereof, the beneficial interest in which Scottish Unsecured Loans shall thereupon revert to and be vested in Universal or CFUK, as applicable.

5. SCOTTISH DECLARATIONS OF TRUST

- 5.1 Subject to the payment of the Purchase Price for the Benefit of the relevant Secured Loans and their Related Security, in further implement of each sale of any Scottish Secured Loan and its Related Security, PPF shall forthwith pursuant to the terms hereof execute in favour of the Issuer and deliver to the Trustee in respect of any Scottish Secured Loan sold to the Issuer on the Closing Date, a Secured Loan Scottish Declaration of Trust in respect of the relevant Scottish Secured Loans and their Related Security.
- 5.2 Subject to the payment of the Purchase Price for the Benefit of the relevant Unsecured Loans, in further implement of each sale of any Scottish Unsecured Loan, PPF and, in relation to the Universal Portfolio Unsecured Loans, Universal and, in relation to the CFUK Portfolio Unsecured Loans, CFUK shall forthwith pursuant to the terms hereof execute in favour of the Issuer and deliver to the Trustee in respect of the Benefit of any Scottish Unsecured Loan sold to the Issuer on the Closing Date, an Unsecured Loan Scottish Declaration of Trust in respect of the relevant Scottish Unsecured Loans.
- 5.3 Subject to the payment of the Purchase Price for the Benefit of the relevant Car Finance Contracts and their related Motor Vehicles, in further implement of each sale of any Scottish Car Finance Contract and its related Motor Vehicle, PCF shall forthwith pursuant to the terms hereof execute in favour of the Issuer and deliver to the Trustee in respect of the Benefit of any Scottish Car Finance Contract (other than the related Motor Vehicle the subject of such Scottish Car Finance Contract) sold to the Issuer on the Closing Date, a Car Finance Scottish Declaration of Trust in respect of the relevant Scottish Car Finance Contracts.
- 5.4 Each of PPF, PCF, Universal and CFUK agrees that it shall not thereafter amend or otherwise deal in any way with any interest in such Scottish Trust Property constituted by the relevant Scottish Declarations of Trust referred to in clauses 5.1, 5.2 and 5.3 above except as permitted by the relevant Scottish Trust, the Administration Agreement and this Agreement and, in particular, each of PPF, PCF, Universal and CFUK agrees that it shall not create or permit to subsist any fixed or floating charge or other security interest or encumbrance over such Scottish Trust Property save in respect of the Security. Any trust referred to in a Scottish Trust shall be governed by and construed in accordance with Scots law.

- 6. SALE AND PURCHASE OF FURTHER SECURED LOANS AND THEIR RELATED SECURITY BY PPF FROM PSFL**
- 6.1 (a) PSFL may, on any Business Day from but excluding the Closing Date to and including the Final Addition Date, sell the Benefit of Secured Loans and their Related Security to PPF by delivering a Sale Notice to PPF in the form set out in Schedule 2 and on the terms and conditions contained in this Agreement as though PSFL was the Relevant Seller. Following the receipt by PPF of a Sale Notice in accordance with the terms of this Agreement, PPF shall, provided it has sufficient funds available for such purpose, purchase the Secured Loans and their Related Security specified therein and pay the Purchase Price specified in the relevant Sale Notice;
- (b) For the purpose of clause 6.1(a), the delivery of a Sale Notice by PSFL shall constitute an agreement by PSFL to sell the Benefit of each such Secured Loan and its Related Security for the Purchase Price and by PPF to purchase such Secured Loans and their Related Security, subject to the conditions of sale set out in clause 9 and the payment of the Purchase Price.
- (c) On the Sale Date relating to the Benefit of any Secured Loan and its Related Security sold to PPF in accordance with clause 6.1(a), PSFL shall, subject as stated in clause (d) below, pay or procure payment to the Transaction Account an amount equal to all moneys whether in respect of interest or principal or other amounts received by PSFL in respect of such Secured Loan and its Related Security in the period from (and including) the relevant Effective Date in respect of such Secured Loan and its Related Security to (and including) the last day prior to the relevant Sale Date on which the Debtor Ledger relating to such Secured Loan and Related Security is updated (which shall not be more than two Business Days before the relevant Sale Date).
- (d) PSFL may in relation to the Benefit of any Secured Loan and its Related Security sold to PPF in accordance with clause 6.1(a) retain for its own account, and shall be under no obligation to pay to the Transaction Account pursuant to clause 6.1(c) above, an amount equal to the aggregate of (i) all Excluded Arrears; and (ii) all Excluded Accruals, in relation to such Secured Loan and Related Security.
- 6.2 Upon the delivery of a Sale Notice by PSFL to PPF, PSFL and PPF agree to give effect to the agreement contained in clause 6.1, that the Benefit of the Secured Loans and their Related Security (other than the Scottish Secured Loans) which are, in each case, the subject of the sale shall be transferred to, and PSFL declares that (to the extent that beneficial title thereto is not transferred pursuant to such sale) it will hold the same upon trust for, PPF, and PSFL shall not thereafter amend or otherwise deal in any way with any interest in such Secured Loans and their Related Security except as provided in the Administration Agreement or this Agreement.
- 6.3 The completion of the sale and purchase referred to in clauses 3.1, 6.1 and 6.2 in relation to any Scottish Secured Loans and their Related Security on the relevant Sale Date in accordance with this Agreement shall ipso facto constitute a release of those Scottish Secured Loans and their Related Security sold by PSFL to PPF pursuant to clause 3.1 and this clause 6 on the relevant Sale Date from the trusts constituted by declaration of trust and supplemental declarations of trust between PPF and PSFL made pursuant to the Consumer Finance (Secured Loans) Sale Agreement entered into among PPF, PSFL and Morgan Guaranty Trust Company of New York (its successor being The Royal Bank of Scotland plc) dated 21 January 1999 as the same may from time to time have been amended and the termination of the said trusts in respect thereof, the beneficial interest in

which Scottish Secured Loans and their Related Security shall thereupon revert to and be vested in PPF.

6.4 In the circumstances provided in and subject to the undertakings contained in clause 11, PSFL (in respect of each Secured Loan and Related Security sold by it) undertakes with PPF to take such further or other steps and to do all such further or other acts and things and to execute all such further deeds and documents as PPF may reasonably require to effect the transactions referred to in clause 6.1 and/or to perfect PPF's title to the Secured Loans and Related Security the subject of the sale.

6.5 Each of PPF and the Trustee agrees that following a Termination Event which has resulted in the termination of PFPLC's appointment as Administrator under the Administration Agreement, PSFL (in respect of each Portfolio Secured Loan and its Related Security sold by it) and PPF will perfect the sale by PSFL of the Benefit of any Portfolio Secured Loan and its Related Security and the transfer of such Benefit to PPF as expeditiously as is practicable.

7. SALE AND PURCHASE OF FURTHER ASSETS BY THE ISSUER FROM PPF, PCF OR ANY OTHER SELLER

7.1 (a) Each Seller may, on any Business Day from but excluding the Closing Date to and including the Final Addition Date, sell the Benefit of Secured Loans and their Related Security and/or Unsecured Loans and/or Car Finance Contracts and their related Motor Vehicle to the Issuer by delivering a Sale Notice to the Issuer in the form set out in Schedule 2 and on the terms and conditions contained in this Agreement. Following the receipt of a Sale Notice in accordance with the terms of this Agreement, the Issuer shall, provided it has received confirmation from the Administrator that sufficient Allocated Purchase Funds are available for the purpose on such Business Day, purchase the Benefit of the Secured Loans and their Related Security and/or Unsecured Loans and/or Car Finance Contracts and the relevant Motor Vehicles specified therein and pay the relevant Purchase Price for each such Further Asset.

(b) For the purpose of clause 7.1(a), the delivery of a Sale Notice by a Seller shall constitute an agreement by such Seller to sell each of the Assets the subject of such Sale Notice for the Purchase Price and by the Issuer to purchase such Assets, subject to the conditions of sale set out in clause 9 and the payment of the Purchase Price.

(c) On the Sale Date relating to a sale of the Benefit of any Further Asset in accordance with clause 7.1(a), the Relevant Seller shall, subject as stated in clause 7.1(d) below, pay or procure payment to the Transaction Account an amount equal to all moneys whether in respect of interest or principal or other amounts received by it in respect of the Benefit of each Asset sold to the Issuer in the period from (and including) the relevant Effective Date in respect of the Benefit of each such Asset to (and including) the last day prior to the relevant Sale Date on which the Debtor Ledger relating to each such Asset is updated (which shall not be more than two Business Days before the relevant Sale Date).

(d) The Relevant Seller may, in relation to the Benefit of any Asset sold to the Issuer in accordance with clause 7.1(a), retain for its own account, and shall be under no obligation to pay to the Transaction Account pursuant to clause 7.1(c) above, an amount equal to the aggregate of (i) all Excluded Arrears and (ii) all Excluded Accruals, in relation to each such Asset.

7.2 Upon the delivery of a Sale Notice to the Issuer, the Issuer and the Relevant Seller agree to give effect to the agreement contained in clause 7.1, that the Benefit of the Assets

(other than the Scottish Assets) which are, in each case, the subject of the sale shall be transferred to, and the Relevant Seller declares that (to the extent that legal and beneficial title thereto is not transferred pursuant to such sale) it will hold the same upon trust for, the Issuer, and the Relevant Seller shall not thereafter amend or otherwise deal in any way with any interest in such Assets except as provided in the Administration Agreement or in this Agreement.

- 7.3 Upon the receipt of a Sale Notice by the Issuer and pending perfection of such sale or any part or parts thereof by duly intimated and registered or recorded (as the case may require) assignments in relation thereto pursuant to this Agreement or otherwise, the Relevant Seller shall thereafter hold the Benefit of the Scottish Assets (other than any Motor Vehicle the subject of a Scottish Car Finance Contract) which are the subjects thereof and all amounts received in respect of such Scottish Assets and other Scottish Trust Property in trust absolutely for the Issuer under a relevant Scottish Trust and the Relevant Seller (excluding PPF and PCF) and the Issuer shall, immediately such assets become liable to be held by the Relevant Seller on such a trust, execute a declaration of trust or supplemental declaration of trust in the form of a Scottish Declaration of Trust (as a result of the first purchase by the Issuer of Assets from a Relevant Seller other than PPF or PCF) or a Supplemental Scottish Declaration of Trust (as a result of any subsequent purchase of Assets by the Issuer from the Relevant Seller (including PPF and PCF)). The Relevant Seller shall not thereafter amend or otherwise deal in any way with any interest in such Scottish Trust Property except as permitted by the relevant Scottish Trust, the Administration Agreement and this Agreement and, in particular, the Relevant Seller shall not create or permit to subsist any fixed or floating charge or other security interest or encumbrance over such Scottish Trust Property save in respect of the Security. Any trust referred to in a Scottish Trust shall be governed by and construed in accordance with Scots law.
- 7.4 In the circumstances provided in and subject to the undertakings contained in clause 11, each Seller (in respect of each Asset of which it is the Relevant Seller) undertakes with the Issuer to take such further or other steps and to do all such further or other acts and things and to execute all such further deeds and documents as the Issuer may reasonably require to effect the transactions referred to in clause 7.1 and/or to perfect the Issuer's title to the Assets sold to the Issuer pursuant to clause 7.1.
- 7.5 Each of the Issuer and the Trustee agrees that following a Termination Event which has resulted in the termination of PFPLC's appointment as Administrator under the Administration Agreement, the Relevant Seller (in respect of each Portfolio Asset of which it is the Seller) and the Issuer will perfect the sale by the Relevant Seller of the Benefit of any Portfolio Asset and the transfer and assignment of such Benefit to the Issuer as expeditiously as is practicable.
- 7.6 Upon the exercise by the relevant Hirer of the option or the performance by the relevant Hirer of the obligation (in accordance with the relevant Financing Agreement) to purchase the relevant Motor Vehicle and the receipt by the Issuer of the purchase price specified in the relevant Financing Agreement, legal and beneficial ownership rights, title and interest of the Issuer in and to the relevant Motor Vehicle shall pass from the Issuer to the Relevant Seller to enable the same to pass to the relevant Hirer in accordance with the terms of the relevant Financing Agreement.

8. REPURCHASE OF ASSETS

8.1 This clause applies if:

- (a) a formal legal claim (a "**Claim**") is made against the Relevant Seller or, in relation to any Universal Portfolio Unsecured Loan, Universal or, in relation to any CFUK

Portfolio Unsecured Loan, CFUK in respect of an obligation or liability under a Portfolio Asset or under section 75 of the CCA in respect of such Portfolio Asset; and

- (b) no similar claim against the Issuer is legally possible in respect of the same Portfolio Asset; and
- (c) the Relevant Seller or, in relation to any Universal Portfolio Unsecured Loan, Universal or, in relation to any CFUK Portfolio Unsecured Loan, CFUK identifies in a notice to the Issuer one or more specific warranties or other rights (each a "**Right**"), which have been transferred to the Issuer as part of the sale of the relevant Portfolio Asset to the Issuer and which would either provide a defence to the Claim or would provide a means for the Relevant Seller, CFUK or Universal, as applicable, to seek recompense if it were to be obliged to make any payment to any person as a result of the Claim.

If this clause applies the Issuer agrees that it will transfer back to the Relevant Seller, CFUK or Universal, as applicable, by reassignment, retrocession or release or other legally effective method, its beneficial interest in the relevant Portfolio Asset and, if such Portfolio Asset is a Portfolio Secured Loan, its Related Security, or if such Portfolio Asset is a Portfolio Car Finance Contract, its related Motor Vehicle and/or the relevant Right. The consideration for any such reassignment or release shall be agreed at arm's length at the time when it is to be made.

- 8.2 The passing of title pursuant to clause 8.1 above shall occur free of any Security Interest created by or pursuant to the Deed of Charge, and the Trustee shall (at the cost of PFPLC) execute any document which may be reasonably required in order to effect any necessary release of the relevant Portfolio Asset and, if applicable, its Related Security or related Motor Vehicle and/or Right from the Security.

9. **CONDITIONS OF SALE**

PPF, PCF and each other Seller undertakes with the Issuer and the Trustee that it will not sell the Benefit of any Assets to the Issuer and the Issuer undertakes that it will not purchase or procure any person on its behalf to purchase such Assets unless:

- (a) in respect of the Benefit of any Asset to be sold to the Issuer on the Closing Date in accordance with clauses 3.2, 4.1 and 4.2 (and for the purposes of this clause 9 the provisions of clauses 3.2, 4.1 and 4.2 shall be deemed to constitute the delivery of a Sale Notice) or to be sold to the Issuer on any Business Day from but excluding the Closing Date to and including the Final Addition Date in accordance with clauses 6.1 and 7.1 (except in relation to clause 9(a)(ix) below which shall be applicable to Assets sold to the Issuer on the Closing Date only) and for the purposes of clauses 9(a)(xiii) to (xix) (inclusive) below, whether a particular clause is satisfied will be determined taking into account the effect on the aggregate Current Principal Balances of the Portfolio Assets which the purchase of the Assets specified in such Sale Notice, the purchase of the Benefit of any Assets specified in any other Sale Notices with the same Sale Date, and (if applicable) any Further Advances made on that Sale Date, would have on that Sale Date):
 - (i) such Sale Notice is substantially in the form set out in Schedule 2 and the preconditions set out in clause 12.2 have been satisfied or waived in accordance with clause 12.4;
 - (ii) such Sale Notice is delivered on a Business Day on or prior to the Final Addition Date;

- (iii) on or prior to the relevant Sale Date the Issuer shall have entered into the hedging arrangements (if any) required by and in accordance with clause 4.10 and clause 12 of the Administration Agreement;
- (iv) the Administrator delivers to the Trustee a certificate dated the relevant Sale Date signed by two directors of the Administrator that the relevant Sale Notice complies with all the requirements of this clause 9 and that all of the other requirements of this clause 9 are or will be, on the relevant Sale Date, satisfied;
- (v) PLF1 shall have made an advance pursuant to clause 2.5 of the Subordinated Loan Agreement in order to fund the purchase by the Issuer of the aggregate of all Unamortised Commissions (if any) comprised in the Purchase Price of any Asset the subject of such Sale Notice, and such advance shall have been credited to the Transaction Account after the Calculation Date upon which the Allocated Purchase Funds being utilised to fund the purchase were calculated;
- (vi) PFPLC delivers to the Trustee a certificate dated the relevant Sale Date signed by two directors of PFPLC that so far as PFPLC is aware each Warranty was, at the relevant Cut-Off Date, true and accurate in relation to each Asset the subject of the relevant Sale Notice;
- (vii) such Sale Notice relates to one or more Assets;
- (viii) the Rating Agencies have not been notified by the Administrator at any time on or after the Closing Date that either or both of PGC and PFPLC either (x) is then unable to pay its debts as they fall due within the meaning of section 123(1)(a), (b), (c) or (d) of the Insolvency Act 1986; or (y) has defaulted in repayment when due (after expiry of any applicable grace period) of financial indebtedness aggregating at least £250,000;
- (ix) PFPLC delivers a certificate to the Rating Agencies dated the Closing Date signed by two directors of PFPLC, that PFPLC is able to repay its debts, within the meaning of Section 123(1)(a), (b), (c) or (d) of the Insolvency Act 1986 and PFPLC is not in default of any financial indebtedness of £250,000 or more in aggregate;
- (x) the Relevant Seller and, in relation to any CFUK Portfolio Unsecured Loans the subject of such Sale Notice, CFUK and, in relation to any Universal Portfolio Unsecured Loans the subject of such Sale Notice, Universal (x) is not then unable to pay its debts as they fall due within the meaning of section 123(1)(a), (b), (c) or (d) of the Insolvency Act 1986; and (y) has not defaulted (or if it has defaulted, such default has been cured) in repayment when due (after expiry of any applicable grace period) of financial indebtedness aggregating at least £250,000;
- (xi) at any time any Sale Notice is delivered, the Seller delivering such Sale Notice is a wholly owned subsidiary of PGC;
- (xii) in relation to each Asset (other than a Deferred Payment Loan) the subject of such Sale Notice, payment of the first amount due and payable by the relevant Obligor under such Asset was made by or on behalf of the relevant Obligor within 60 days of the origination of such Asset;
- (xiii) in relation to any Secured Loan and its Related Security the subject of a Sale Notice, the result of the purchase by the Issuer of the Benefit of such

Secured Loans and their Related Security would be that on the relevant Cut-Off Date either:

- (1) the aggregate of the then Current Principal Balances of all Portfolio Secured Loans which are Performing Assets and which are more than three months in arrears would not represent more than 10% (or such other percentage as may be agreed with the Rating Agencies from time to time) of the aggregate of the then Current Principal Balances of all Portfolio Secured Loans which are Performing Assets; or
 - (2) the aggregate of payments of interest (or its equivalent) received from Obligors in respect of all Portfolio Secured Loans which are Performing Assets during the period of three months ending on the immediately preceding Determination Date or, in the case of any sale of Secured Loans which are Performing Assets proposed to take place prior to the first Determination Date, ending on the Closing Date, is at least 100% (or such other percentage as may be agreed with the Rating Agencies from time to time) of the aggregate of interest which fell due for payment by Obligors in respect of all Portfolio Secured Loans which are Performing Assets in such period;
- (xiv) in the case of any Car Finance Contract Purchase Contract or Car Finance Lease Contract the subject of a Sale Notice, the result of the purchase by the Issuer of the Benefit of such Car Finance Contract Purchase Contract or Car Finance Lease Contract (and the delivery of any other Sale Notices with the same Sale Date) would not be that the aggregate of the Current Principal Balances of all Portfolio Car Finance Contracts that are Car Finance Contract Purchase Contracts or Car Finance Lease Contracts and also Performing Assets would exceed £3,000,000;
- (xv) in relation to any Unsecured Loan the subject of a Sale Notice, the result of the purchase by the Issuer of the Benefit of such Unsecured Loan would be that on the relevant Cut-Off Date either:
- (1) the aggregate of the then Current Principal Balances of Portfolio Unsecured Loans that are both Personal Loans and Performing Assets and which are more than three months in arrears would not represent more than 15% (or such other percentage as may be agreed with the Rating Agencies from time to time) of the aggregate of the then Current Principal Balances of all of the Portfolio Unsecured Loans which are both Personal Loans and Performing Assets; or
 - (2) the aggregate of payments of interest (or its equivalent) received from Obligors in respect of all Portfolio Unsecured Loans which are both Personal Loans and Performing Assets during the period of three months ending on the immediately preceding Determination Date or, in the case of any sale of Unsecured Loans which are both Personal Loans and Performing Assets proposed to take place prior to the first Determination Date, ending on the Closing Date, is not less than 100% (or such other percentage as may be agreed with the Rating Agencies from time to time) of the aggregate of interest or its equivalent which fell due for payment by

Obligors in respect of all Portfolio Unsecured Loans which are both Personal Loans and Performing Assets in such period;

- (xvi) in relation to any Unsecured Loan the subject of a Sale Notice, the result of the purchase by the Issuer of the Benefit of such Unsecured Loan would be that on the relevant Cut-Off Date for that Sale Notice either:
 - (1) the aggregate of the then Current Principal Balances of Portfolio Unsecured Loans which are both Retail Credit Loans and Performing Assets and which are more than three months in arrears would not represent more than 6% (or such other percentage as may be agreed with the Rating Agencies from time to time) of the aggregate of the then Current Principal Balances of all of the Portfolio Unsecured Loans which are both Retail Credit Loans and Performing Assets; or
 - (2) the aggregate of payments of interest (or its equivalent) received from Obligors in respect of all Portfolio Unsecured Loans which are both Retail Credit Loans and Performing Assets during the period of three months ending on the immediately preceding Determination Date or, in the case of any sale of Unsecured Loans that are Retail Credit Loans proposed to take place prior to the first Determination Date, ending on the Closing Date, is not less than 100% (or such other percentage as may be agreed with the Rating Agencies from time to time) of the aggregate of interest (or its equivalent) which fell due for payment by Obligors in respect of all Portfolio Unsecured Loans which are both Retail Credit Loans and Performing Assets in such period;
- (xvii) in relation to any Car Finance Contract the subject of a Sale Notice, the result of the purchase by the Issuer of the Benefit of such Car Finance Contract would be that on the relevant Cut-Off Date for that Sale Notice either:
 - (1) the aggregate of the then Current Principal Balances of Portfolio Car Finance Contracts which are Performing Assets and which are more than three months in arrears would not represent more than 4% (or such other percentage as may be agreed with the Rating Agencies from time to time) of the aggregate of the then Current Principal Balances of all of the Portfolio Car Finance Contracts which are Performing Assets; or
 - (2) the aggregate of payments of interest (or its equivalent) received from Obligors in respect of all Portfolio Car Finance Contracts which are Performing Assets during the period of three months ending on the immediately preceding Determination Date or, in the case of any sale of Car Finance Contracts proposed to take place prior to the first Determination Date, ending on the Closing Date, is not less than 100% (or such other percentage as may be agreed with the Rating Agencies from time to time) of the aggregate of interest or its equivalent which fell due for payment by Obligors in respect of all Portfolio Car Finance Contracts which are Performing Assets in such period;
- (xviii) in relation to any Retail Credit Loan the subject of a Sale Notice, the result of the purchase of the Benefit of such Retail Credit Loan would be that on

the relevant Cut-Off Date for that Sale Notice the aggregate Current Principal Balances of all Performing Assets which are both Portfolio Unsecured Loans and Deferred Payment Loans whose Deferred Periods are then current does not exceed an amount equal to 25% of the aggregate Current Principal Balances of all Portfolio Unsecured Loans which are Performing Assets and Retail Credit Loans at that time; and

- (xix) in relation to any Retail Credit Loan that is a Deferred Payment Loan and is the subject of a Sale Notice, such Deferred Payment Loan does not have a Deferred Period that exceeds 12 months.
 - (xx) in relation to any Unsecured Loans the subject of a Sale Notice which are Retail Credit Loans, the weighted average of the interest rates used to calculate payments made under such Unsecured Loans which are Retail Credit Loans and Performing Assets may not on the relevant Sale Date be less than 4.7% (or such other percentage as may be agreed from time to time by the Basis Hedge Provider) above the Swap Screen Rate;
 - (xxi) in relation to any Unsecured Loans the subject of a Sale Notice which are Personal Loans, the weighted average of the interest rates used to calculate payments made under such Unsecured Loans which are Personal Loans and Performing Assets may not on the relevant Sale Date be less than 7.0% (or such other percentage as may be agreed from time to time by the Basis Hedge Provider) above the Swap Screen Rate;
 - (xxii) in relation to any Car Finance Contracts the subject of a Sale Notice, the weighted average of the interest rates used to calculate payments made under such Car Finance Contracts which are Performing Assets may not on the relevant Sale Date be less than 3.3% (or such other percentage as may be agreed from time to time by the Basis Hedge Provider) above the Swap Screen Rate; and
 - (xxiii) in relation to any Secured Loans the subject of a Sale Notice, the weighted average of the interest rates used to calculate payments made under such Secured Loans which are Performing Assets may not on the relevant Sale Date be less than 4.0% (or such other percentage as may be agreed from time to time by the Basis Hedge Provider) above the Swap Screen Rate.
- (b) in respect of the sale of any Assets on any Business Day from but excluding the Closing Date to and including the Final Addition Date in accordance with clauses 6.1 or 7.1:
- (i) in relation to each Asset the subject of any Sale Notice;
 - (1) the relevant Obligor has not failed to make by the due date payment of any amount due and payable under such Asset during the period of six months prior to the relevant Cut-Off Date; and
 - (2) such Asset is not more than one month in arrears on the relevant Cut-Off Date;
 - (ii) in relation to any Sale Notice, the result of the purchase of the Benefit of the Assets the subject of such Sale Notice would be that on the proposed Sale Date (and taking into account the effect on the Portfolio of the delivery of that Sale Notice, and any other Sale Notice with the same Sale Date and any Further Advances made on that Sale Date):

- (1) the aggregate of the Current Principal Balances of all Portfolio Car Finance Contracts and Portfolio Unsecured Loans which are Performing Assets does not exceed 60% of; or
 - (2) the aggregate of the Current Principal Balances of all Portfolio Unsecured Loans which are Performing Assets and Personal Loans does not exceed 15% of; or
 - (3) the aggregate of the Current Principal Balances of all Portfolio Secured Loans which are Performing Assets does not exceed 80% of; or
 - (4) the aggregate of the Current Principal Balances of all Portfolio Unsecured Loans which are Performing Assets does not exceed 25% of:
 - (A) the aggregate Current Principal Balances of all Portfolio Assets which are Performing Assets at such time; plus
 - (B) the excess of the Substitution Amount on such day over the aggregate of (1) the aggregate Purchase Prices of all Portfolio Assets and (2) the aggregate amount of all Further Advances, purchased or made by the Issuer on such day; and
- (iii) the Relevant Originator has not entered into an arrangement with the relevant Obligor pursuant to which the Relevant Originator and the relevant Obligor have agreed that such Obligor will pay Monthly Instalments of an amount which are different to the Monthly Instalments which such Obligor agreed to pay pursuant to the terms of the relevant Asset on the date of origination of such Asset;
- (iv) the product of the weighted average foreclosure frequency ("**WAFF**") and the weighted average loss severity ("**WALS**") for the Portfolio Secured Loans which are Performing Assets (and taking into account the effect on the Portfolio which the purchase of such Secured Loans and their Related Security, and any other Secured Loans and their Related Security to be purchased by the Issuer on the same Sale Date, and any Further Advances made on that Sale Date, would have on that Sale Date), calculated on the same basis as applied to the WAFF and WALS which Standard & Poor's required to be calculated for the Portfolio Secured Loans on the Closing Date (or otherwise as agreed with Standard & Poor's from time to time) would not exceed the product of the WAFF and WALS for the Portfolio Secured Loans as calculated on the Closing Date by more than 0.25% (or such other percentage as may be agreed with the Rating Agencies from time to time);
- (v) in relation to each Secured Loan the subject of any Sale Notice, the weighted average loan-to-value ("**LTV**") ratio for the Portfolio Secured Loans which are Performing Assets and taking into account the loan secured by a first legal charge or standard security over such Property (if any) and the effect on the Portfolio Secured Loans which the purchase of such Secured Loans and their Related Security, and any other Secured Loans and their Related Security to be purchased by the Issuer on the same Sale Date, and any Further Advances made in respect of Portfolio Secured Loans on that Sale Date, would have on that Sale Date, does not exceed 92%;

- (vi) (A) to the extent that any Unsecured Loans or Secured Loans the subject of such Sale Notice are originated by PPF or any Car Finance Contracts the subject of such Sale Notice are originated by PCF, none of the Rating Agencies has notified the Issuer that any rating assigned by it to any class of the Notes will be adversely affected, or (B) to the extent that any Unsecured Loans or Secured Loans the subject of such Sale Notice are originated by any member of the Paragon Group other than PPF or any Car Finance Contracts the subject of such Sale Notice are originated by any member of the Paragon Group other than PCF, each of the Rating Agencies has provided written confirmation that the ratings then assigned by it to any class of the Notes will not be adversely affected, in each case as a result of the delivery of such Sale Notice and the purchase of such Assets by the Issuer;
- (vii) at the relevant Sale Date the aggregate Purchase Price in respect of the Assets the subject of such Sale Notice when added to the aggregate Purchase Prices of all other Portfolio Assets to be purchased on such Sale Date, and the aggregate amount of all Further Advances to be made, on the relevant Sale Date will not be more than the Substitution Amount on such date; and
- (viii) in relation to each Secured Loan the subject of any Sale Notice, the relevant Borrower did not have an outstanding County Court Judgment (or, in the case of a Scottish or Northern Irish Secured Loan, its Scottish or Northern Irish equivalent, as applicable) against its name at the date of origination of such Secured Loan.

10. OBLIGATION TO ACCOUNT FOR MONEYS

10.1 To the extent that, on or after the relevant Effective Date relating to any Portfolio Asset, the Relevant Seller or, in relation to the Universal Portfolio Unsecured Loans, Universal or, in relation to the CFUK Portfolio Unsecured Loans, CFUK holds or receives, or there is held or received to its order:

- (a) any Benefit in such Portfolio Asset; and/or
- (b) the proceeds of such Benefit (including, without limitation, all moneys received (whenever paid) in relation or referable to such Portfolio Asset in respect of any period from (and including) such Effective Date from the Obligor, any person on behalf of the Obligor, or any other person or persons and any moneys received or recovered in respect of such Portfolio Asset on the enforcement of any security for such Portfolio Asset enforceable by the Relevant Seller, CFUK or Universal, as applicable, on or after the relevant Effective Date),

the Relevant Seller, CFUK or Universal, as applicable, will account for the same to the relevant purchaser in accordance with the provisions of the Administration Agreement (in the case of a sale by a Seller) and in as nearly equivalent a manner as possible (in the case of a sale by PSFL).

10.2 Until so accounted for as provided by clause 10.1, the Relevant Seller, CFUK or Universal, as applicable, will hold such Benefit and/or such proceeds upon trust for the relevant purchaser, provided that the Relevant Seller shall in relation to each Portfolio Asset of which it is the Seller be entitled to receive and retain for its own account all amounts attributable to Excluded Arrears and Excluded Accruals, which shall be paid first out of moneys received from the relevant Obligor on or after the relevant Effective Date and shall, to the extent received in the Transaction Account, be paid by the Administrator to the Relevant Seller in accordance with clause 7.10 of the Administration Agreement in

the case of a sale by a Seller and in as nearly equivalent a manner as possible in the case of a sale by PSFL.

11. PERFECTION OF LEGAL TITLE

11.1 Subject to clause 11.3, the Issuer undertakes with each Seller and, in relation to the Universal Portfolio Unsecured Loans, Universal and, in relation to the CFUK Portfolio Unsecured Loans, CFUK that it will not, and each of the Trustee and PFPLC (in its capacity as Administrator) undertakes to each Seller, Universal and CFUK, that it will not require any of the Issuer or the Relevant Seller, Universal or CFUK, as applicable, to take any steps to perfect the sale and purchase of the Benefit of any Portfolio Asset or give or register any notice and/or intimation of the assignment, assignation or transfer of the Benefit in the relevant Portfolio Asset, whether to the relevant Obligor or to any third party or otherwise save as otherwise required by the terms of the Relevant Documents.

11.2 Subject to clause 11.3, the Issuer undertakes with each Seller that it will not, and each of the Trustee and PFPLC (in its capacity as Administrator) undertakes to each Seller that it will not, require any of the Issuer or the Relevant Seller to take any steps in relation to any Secured Loan and its Related Security:

- (a) to register the Issuer and/or the Trustee at the Land Registry as proprietor of, or sub-chargee (as the case may be) of, any Mortgage of Registered Land or effect any other registration at the Land Registry in respect thereof; or
- (b) to complete the transfer or assignment to the Issuer and/or the Trustee of the legal title to, or the assignment by way of security of or registration at the Central Land Charges Registry in respect of, any Mortgage of Unregistered Land, or effect any other registration at the Central Land Charges Registry in respect thereof; or
- (c) to register or record the title of the Issuer (pursuant to a duly executed and delivered Sasine Register Transfer or SLR Transfer as the case may require) in the Registers of Scotland as heritable creditor under any Scottish Secured Loan and its Related Security or register or record the title of the Trustee in the Registers of Scotland as heritable creditor over the Issuer's interest in any Scottish Secured Loan and its Related Security or effect any other registration or recording in the Registers of Scotland in respect thereof;
- (d) to register the Issuer and/or the Trustee at the Land Registry of Northern Ireland as owner of, or sub-chargee (as the case may be) of, any Northern Irish Mortgage of Registered Land or effect any other registration at the Land Registry of Northern Ireland; or
- (e) to complete the transfer or assignment to the Issuer and/or the Trustee of the legal title to, or assignment by way of security of or registration at the Registry of Deeds, Belfast in respect of a Northern Irish Mortgage of Unregistered Land, or effect any other registration at the Registry of Deeds, Belfast in respect thereof; or
- (f) to call for legal title to any Secured Loan and its Related Security to be vested in it as sole beneficiary under a trust, where applicable.

11.3 Each of the Issuer and the Trustee reserves the right (but shall not be under any obligation unless required to do so by the Trustee) to take any of the steps in clause 11.1 (in relation to all or any of the Portfolio Assets) and in clause 11.2 (in relation to all or any of the Portfolio Secured Loans and their Related Security) and the Relevant Seller and, in relation to the Universal Portfolio Unsecured Loans, Universal and, in relation to the CFUK Portfolio Unsecured Loans, CFUK undertakes to co-operate therewith immediately (which co-operation shall include, for the avoidance of doubt, the provision by the

Relevant Seller of completed schedules to the Scottish Transfers in the appropriate form annexed to the Sasine Register Transfer or SLR Transfer, as appropriate):

- (a) after the occurrence of any Termination Event;
- (b) if an Enforcement Notice is given by the Trustee;
- (c) if it shall be compelled or obliged so to do by an order of any court of competent jurisdiction, by law or by any regulatory authority;
- (d) if the Trustee certifies to the Issuer, the Relevant Seller and, in relation to the Universal Portfolio Unsecured Loans, Universal and, in relation to the CFUK Portfolio Unsecured Loans, CFUK and PFPLC that, in its reasonable opinion, as a result of any change, after the Closing Date, in law or in the interpretation of any law or in the practice generally applicable to the sale of Secured Loans and their Related Security or Motor Vehicles or the securitisation of financial assets similar to the Portfolio Assets in the United Kingdom market, the Security or any part thereof is in jeopardy and considers the doing of any of the foregoing is necessary or desirable materially to reduce such jeopardy;
- (e) if the Trustee certifies to the Issuer and PFPLC that, in its opinion, for any reason (other than that specified in paragraph (d) above) the Security or any part thereof is in jeopardy and considers the doing of any of the foregoing is necessary or desirable materially to reduce such jeopardy;
- (f) PGC or PFPLC is deemed unable to pay its debts within the meaning of Section 123(1)(a), (b), (c) or (d) of the Insolvency Act 1986 or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or otherwise becomes insolvent;
- (g) PFPLC is in breach of its obligations to Repurchase a Portfolio Asset under clause 14 (but only in respect of a Portfolio Asset which PFPLC is obliged to Repurchase); or
- (h) on the Interest Payment Date falling in April 2036,

and any such assignment, assignation or transfer and/or notification and/or intimation and/or other steps (other than in the case where such action is taken pursuant to paragraph (e) above) shall be at the expense of PFPLC.

- 11.4 Upon the delivery of any assignation or the registration or recording of any Scottish Transfer or the giving of any notice or intimation as aforesaid in relation to any Scottish Asset such part or parts of the Scottish Trust Property as are specified in such assignation, Transfer, notice or intimation shall ipso facto be released from the trust created in terms of the relevant Scottish Declaration of Trust or (as the case may be) the relevant Supplemental Scottish Declaration of Trust relating thereto and the said trust shall thereby fall and cease to be of effect in respect of such part of the relevant Scottish Trust Property.

12. COMPLETION

- 12.1 On or prior to the Closing Date in respect of Assets to be sold to the Issuer on the Closing Date and prior to the delivery of each Sale Notice in respect of Assets the subject of such Sale Notice, a meeting for the purposes of completion shall take place at PFPLC's offices at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE or at such other

place in the United Kingdom or elsewhere as the parties to this Agreement may agree (a **"Completion Meeting"**).

12.2 Save as the Issuer may otherwise agree in accordance with clause 12.4, at the Completion Meeting to be held on the Closing Date and at each other Completion Meeting prior to the delivery of the relevant Sale Notice, the Relevant Seller shall produce to the meeting:

- (a) certificates dated the relevant Sale Date (or, in the case of the Closing Date, the Closing Discs) and signed by a duly authorised senior executive officer or director of the Relevant Seller confirming the aggregate of the Purchase Prices of the Assets to be sold to the Issuer on the Closing Date or the subject of the relevant Sale Notice as at the relevant Effective Date, as applicable, (broken down into the constituent parts of those Purchase Prices as described in the various paragraphs of the definition of **"Purchase Price"** in the Master Definitions Schedule);
- (b) copies of resolutions or extracts of resolutions of the Board of Directors of the Relevant Seller approving the sale of the Assets to the Issuer on the Closing Date or the delivery of the relevant Sale Notice, as applicable, the performance of any contract concluded as a result of the agreement to sell the Assets on the Closing Date set out in this Agreement or the delivery of the relevant Sale Notice, as applicable, and the transactions contemplated thereby and authorising a named person or persons to execute this Agreement or sign any such Sale Notice, as applicable, and any documents to be delivered by the Relevant Seller pursuant thereto, in each such case certified true copies as at the relevant Sale Date;
- (c) a certificate of the Relevant Seller dated as at the relevant Sale Date in or substantially in the form set out in Schedule 3 or in such other form and dated such other date as the Rating Agencies may agree; and
- (d) a Deed of Release.

12.3 At each Completion Meeting:

- (a) the Relevant Seller shall, following payment of the appropriate sum, confirm orally to the persons present at the Completion Meeting that it has received such payment and, if requested to do so by the Issuer at any time after such Completion Meeting, produce written evidence (which may be a bank statement of the Relevant Seller) of the receipt of the consideration paid by the Issuer in respect of the relevant Assets purchased from such Seller on the Closing Date or the Sale Notice, as applicable; and
- (b) in relation to the Scottish Assets to be sold to the Issuer on the Closing Date or any Scottish Assets the subject of such Sale Notice, as applicable, the Relevant Seller and the Issuer shall execute and deliver the relevant Scottish Declaration of Trust or a Supplemental Scottish Declaration of Trust as referred to in clauses 5 or 7.3, as applicable.

12.4 Each Seller, CFUK, Universal, PFPLC, the Issuer and the Trustee acknowledge that clause 12.2 above is for the sole benefit of the Issuer and the Issuer may vary or waive any of the requirements of such clause with the prior written consent of the Trustee (not to be unreasonably withheld or delayed).

12.5 At each Completion Meeting occurring subsequent to the Closing Date, after completion of the matters referred in clause 12.3, the Issuer shall enter into a Supplemental Deed of Charge in relation to the Scottish Assets (if any) and their Related Security purchased by

the Issuer pursuant to the terms of the relevant Sale Notice which the Relevant Seller shall execute.

- 12.6 The Printout to be annexed to any Sale Notice which the Relevant Seller may make may, unless the Trustee has given prior written notice to the contrary to the Relevant Seller prior to the delivery of that Sale Notice, take the form of a computer disk delivered by the Relevant Seller to the relevant Completion Meeting, provided that the data contained therein may be accessed without further recourse to the Relevant Seller's computer systems. If the Printout is so annexed the computer disk shall be kept at all times attached to the relevant Sale Notice.

13. WARRANTIES

- 13.1 In relation to (i) each Asset to be sold by PPF or PCF, as applicable, to the Issuer on the Closing Date, and (ii) each Sale Notice, PFPLC warrants as at (in relation to (i)) the Closing Date and (in relation to (ii)) each relevant Cut-Off Date to the Issuer and the Trustee and each of them, in relation to Secured Loans and their Related Security, in the terms set out in Schedule 1 Part A, in relation to Unsecured Loans, in the terms set out in Schedule 1 Part B and, in relation to Car Finance Contracts and their related Motor Vehicles, in the terms set out in Schedule 1 Part C as if references therein to Secured Loans and their Related Security, Unsecured Loans and/or Car Finance Contracts and their related Motor Vehicles, as applicable, or each or any of them or to the Printout or to any Property, Mortgage, Motor Vehicle or Obligor were references only to the Secured Loans and their Related Security, Unsecured Loans and/or Car Finance Contracts and their related Motor Vehicles, as applicable, (in relation to (i)) to be sold to the Issuer on the Closing Date or (in relation to (ii)) the subject of such Sale Notice and to the relevant Property, Mortgage, Motor Vehicle or Obligor in respect of such Assets.

- 13.2 PFPLC acknowledges that:

- (a) the Warranties will be made with a view to inducing the Issuer to purchase the Assets and the Issuer and the Trustee to enter into the Administration Agreement and certain other agreements and the transactions contemplated thereby and have caused and will cause (as the case may be) the Issuer and the Trustee to enter into the said agreements and transactions and to take other actions in relation to such agreements and transactions, and the Issuer and the Trustee will rely upon the Warranties notwithstanding any information or fact possessed or discoverable by the Issuer or the Trustee or otherwise disclosed to either of them; and
- (b) prior to the purchase of any Asset by the Issuer neither the Issuer nor the Trustee will have made any enquiries of or in respect of any Obligor, and/or the sums receivable under or in respect of or stated to be receivable under or in respect of the Assets to be sold to the Issuer from time to time and/or the terms and conditions of such Assets and/or as to the creditworthiness of any Obligor and/or as to compliance by the Relevant Seller or, in relation to the purchase of any Universal Portfolio Unsecured Loans, Universal or, in relation to the purchase of any CFUK Portfolio Unsecured Loans, CFUK with, and/or the validity and/or enforceability of, the related Financing Agreements or insurance policies and/or any reduction in or set-off, compensation, retention or other counterclaim against any amount owing under any Financing Agreement by virtue of the provisions of the CCA.

- 13.3 PFPLC shall notify the Issuer and the Trustee of any breach of the Warranties and of any breach of any of the terms and conditions of this Agreement as soon as practicable (and in any event within 14 days) after becoming aware of that breach.

- 13.4 The sole remedy of the Issuer and the Trustee under this Agreement in respect of a breach of any of the Warranties shall be to take such action under clause 13 as may be available to it.
- 13.5 Any Repurchase in respect of a Portfolio Asset shall constitute a full discharge and release (subject to any such Repurchase being set aside for any reason) of the Relevant Seller and of PFPLC from any claims which the Issuer or the Trustee may have against the Relevant Seller or PFPLC arising from a breach of the Warranties in relation to such Asset or the relevant Obligor but shall not affect any rights arising from a breach of the Warranties in relation to, or otherwise affecting, any other Asset or the relevant Obligor.
- 13.6 Upon the date of any Repurchase and the payment of the relevant consideration in respect of such Repurchase, any rights and obligations of PFPLC, the Relevant Seller, CFUK (in relation to the Repurchase of any CFUK Portfolio Unsecured Loans), Universal (in relation to the Repurchase of any Universal Portfolio Unsecured Loans), the Issuer and/or the Trustee in respect of the Asset the subject of such Repurchase under this Agreement shall cease (subject to any such Repurchase being set aside for any reason) but without prejudice to any rights of the parties accrued prior to the date of such Repurchase, and any provision of this Agreement which relates to or governs the acts of the parties hereto subsequent to such Repurchase shall remain in full force and effect and shall be enforceable notwithstanding such Repurchase.

14. **OBLIGATION TO REPURCHASE ASSETS**

- 14.1 If on any date after the date hereof it shall become apparent that any of the Warranties relating to or otherwise affecting any Portfolio Secured Loan and its Related Security contained in Schedule 1 Part A, any Portfolio Unsecured Loan, contained in Schedule 1 Part B, or any Portfolio Car Finance Contract and its related Motor Vehicle, contained in Schedule 1 Part C, the related Financing Agreement or the relevant Obligor was untrue or incorrect in any material respect by reference to the facts and circumstances subsisting at the date as of which such Warranty was given having regard, but without limitation, to whether a loss is likely to be incurred in respect of such Portfolio Asset as a result of such untruth or breach of warranty, and such matter is not capable of remedy or is not remedied, in each case, within the period of 30 days of receipt of written notice thereof by PFPLC from the Issuer (such 30 day period being the "**Remedy Period**") (which notice the Trustee can require the Issuer to serve and which, when given, shall be copied to the Trustee), then PFPLC shall be obliged to purchase or to procure another purchaser to purchase such Portfolio Asset on the date (the "**Repurchase Date**" for that Portfolio Asset) which is two Business Days after the end of the Remedy Period. Any such Repurchase shall be made at the Repurchase Price for the relevant Portfolio Asset on that date and in accordance with the provisions of this clause 14.
- 14.2 In the circumstances set out in clause 14.1, the Issuer agrees to sell to PFPLC, and PFPLC agrees to purchase from the Issuer all the right, title, interest and benefit of the Issuer in and to the Benefit of each relevant Portfolio Asset.
- 14.3 The Repurchase shall be made free from any charge or other security or encumbrance created by the Issuer and PFPLC or, as the case may require, the relevant transferee shall accept all right, title, interest and benefit of the Issuer thereto including, without limitation, the matters referred to in clause 14.2 in relation thereto and the Trustee shall (to the extent necessary to supplement clause 4 of the Deed of Charge) consent to such sale as being made free of all security created in relation to each relevant Portfolio Asset under the terms of the Deed of Charge, and (at PFPLC's expense) execute such additional documentation as may be reasonably required to effect any necessary release.

- 14.4 Each Repurchase and consent pursuant to clauses 14.2 and 14.3 shall be effected on the Repurchase Date by execution of a Repurchase Memorandum in or substantially in the form set out in Schedule 4 which shall be entered into by the appropriate parties thereto duly signed for and on behalf of such parties.
- 14.5 The Issuer, the Relevant Seller and, in relation to the Universal Portfolio Unsecured Loans, Universal and, in relation to the CFUK Portfolio Unsecured Loans, CFUK and the Trustee shall, if so requested by PFPLC and at the cost and expense of PFPLC, do all such further or other acts and things and take such further or other steps and execute all such further deeds and documents as PFPLC may reasonably require to give effect to the Repurchase referred to in the preceding clauses of this clause (and in the case of the Relevant Seller or, in relation to the Universal Portfolio Unsecured Loans, Universal or, in relation to the CFUK Portfolio Unsecured Loans, CFUK the transfer or assignation to PFPLC or to its nominee of such legal title (if any) as is held by the Relevant Seller, CFUK or Universal, as applicable, to the relevant Portfolio Assets) free from any charge or other security or encumbrance created by the Issuer and the Issuer, PFPLC, the Relevant Seller, CFUK (in relation to the CFUK Portfolio Unsecured Loans), Universal (in relation to the Universal Portfolio Unsecured Loans) and the Trustee agree that they will co-operate fully to do all such further acts and things, in each case at the cost and expense of PFPLC, to take such further and other steps and execute any further deeds and documents that may be reasonably desirable for the purposes of the foregoing.
- 14.6 (a) PFPLC hereby by way of security irrevocably appoints the Issuer and the Trustee jointly and severally as its attorneys (with full power of substitution) on its behalf and in its name or otherwise at such time and in such manner as the attorneys may think fit to execute on behalf of PFPLC the relevant Repurchase Memorandum in the event that PFPLC shall fail to do so on the relevant Repurchase Date.
- (b) PFPLC 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 the powers of attorney in clause 14.6(a).
- 14.7 Upon the date of any Repurchase and the payment of the consideration referred to in clause 14.8, any rights and obligations of the Relevant Seller, Universal (in relation to any Universal Portfolio Unsecured Loans), CFUK (in relation to any CFUK Portfolio Unsecured Loans), the Issuer and/or the Trustee in respect of the relevant Portfolio Asset or Portfolio Assets under this Agreement shall cease (subject to such Repurchase being set aside for any reason) but without prejudice to any rights of the parties accrued prior to the date of such Repurchase, and any provision of this Agreement which relates to or governs the acts of the parties hereto subsequent to such Repurchase shall remain in full force and effect and shall be enforceable notwithstanding such Repurchase.
- 14.8 The consideration payable by PFPLC on a Repurchase of any Portfolio Asset shall be an amount equal to the Repurchase Price of such Portfolio Asset as at the Repurchase Date relating to such Repurchase and such consideration shall be paid by PFPLC to the Transaction Account on the Repurchase Date.
15. **ASSIGNMENT OF RIGHTS**
- 15.1 If PFPLC makes payment of the Repurchase Price under clause 14, then:
- (a) the Issuer and the Trustee shall at PFPLC's expense assign to PFPLC all such rights as the Issuer or the Trustee may have and which PFPLC may reasonably request against any third party which may enable PFPLC to recover all or part of any such payment; and

- (b) to the extent that the Issuer or the Trustee subsequently recovers from a third party any sum in respect of the liability for the relevant breach of any Warranty giving rise to the relevant payment by PFPLC, the Issuer and the Trustee shall forthwith repay to PFPLC so much of the amount paid by PFPLC as does not exceed the sum recovered from the third party less all reasonable costs, charges and expenses and tax incurred by the Issuer or the Trustee in recovering that sum from the third party.
- 15.2 Upon the date of any Repurchase and the payment of the consideration referred to in clause 14.8 in relation to any Scottish Asset such part or parts of the Scottish Trust Property as are specified in the Repurchase Memorandum relative to such Repurchase shall ipso facto be released from the trust created in terms of the relevant Scottish Declaration of Trust or (as the case may be) the relevant Supplemental Scottish Declaration of Trust relating thereto and the said trust shall thereby fall or cease to be of effect in respect of such part of the relevant Scottish Trust Property.
- 16. **FURTHER ASSURANCE AND POWER OF ATTORNEY**
 - 16.1 For the purposes, inter alia, of further assuring to the Issuer the Benefit of any Asset sold to the Issuer pursuant to this Agreement and the right to exercise the rights, powers, remedies and discretions of the Relevant Seller and, in relation to Universal Portfolio Unsecured Loans, Universal and, in relation to CFUK Portfolio Unsecured Loans, CFUK in respect thereof and enabling the Issuer and the Trustee to ensure compliance by the Relevant Seller and CFUK and Universal, as applicable, with certain obligations under this Agreement, the Scottish Trusts and the Administration Agreement, each Seller (other than PPF and PCF) shall, by way of security for such obligations on or before the Sale Date specified in the first Sale Notice delivered by it, and PPF, PCF, CFUK and Universal shall, by way of security for such obligations on the Closing Date, execute in favour of the Issuer and the Trustee respectively powers of attorney substantially in the respective forms of Schedule 5 Parts A, B, C and D (as appropriate). Each such power of attorney shall only be exercisable:
 - (a) in circumstances where a Termination Event has occurred and is continuing or in the case of any of the acts or things set out in clause 11 in the circumstances permitted therein; and/or
 - (b) (save where the subject matter of any such power (if any) is not capable of transfer, assignment or assignation by the Relevant Seller, CFUK or Universal, as applicable, when the provisions of this clause (b) shall not apply) in relation to those Portfolio Assets in respect of which the transfer thereof from the Relevant Seller, CFUK or Universal, as applicable, has not been perfected.
 - 16.2 Each of the Relevant Seller, CFUK (in relation to the CFUK Portfolio Unsecured Loans) and Universal (in relation to the Universal Portfolio Unsecured Loans) agrees that it will to the extent reasonably required by the Issuer or the Trustee co-operate with the Issuer and PFPLC in any legal or other action brought by or on behalf of the Issuer against any Obligor or other person (including without limitation any relevant Supplier) under or in respect of any Portfolio Asset sold by it to the Issuer. Such co-operation shall without limitation extend to the bringing of any such legal action in the name of the Relevant Seller, CFUK or Universal, as applicable, whether or not together with the Issuer or any other person.
 - 16.3 The Issuer agrees that it will to the extent reasonably necessary and practicable co-operate with the Relevant Seller, CFUK (in relation to the CFUK Portfolio Unsecured Loans) and Universal (in relation to the Universal Portfolio Unsecured Loans) in relation to any legal or other action brought against or by the Relevant Seller, CFUK and/or

Universal, as applicable, in respect of any Portfolio Asset sold by it to the Issuer. Such co-operation shall without limitation extend to the bringing or defence of any such action being made in the name of the Issuer, but subject always to full indemnification being provided to the Issuer in respect of any such co-operation.

17. CONSEQUENCE OF BREACH

Save as expressly provided in the Relevant Documents, the Issuer and the Trustee acknowledge to and agree with PFPLC, each Seller, CFUK and Universal and to and with each other that both PFPLC and (in respect of any Asset sold to the Issuer on the Closing Date by it or the subject of a Sale Notice in relation to which it is the Relevant Seller) each Seller and, in respect of any Unsecured Loan that is a Universal Portfolio Unsecured Loan, Universal and in respect of any Unsecured loan that is a CFUK Portfolio Unsecured Loan, CFUK shall have no liability or responsibility (whether, in either case, contractual, tortious or delictual, express or implied) for any loss or damage for or in respect of any breach of, or any act or omission in respect of, any of their respective obligations under this Agreement other than loss or damage directly (and not indirectly or consequentially) suffered by the Issuer and the Trustee by reason of such breach, act or omission. For this purpose (and without limiting the scope of the above exclusion in respect of indirect or consequential loss or damage) any loss or damage suffered by the Issuer or the Trustee which would not have been suffered by it had the breach, act or omission in question not also been or given rise to an Event of Default or enforcement of the Security shall be treated as indirect or consequential loss or damage.

18. RIGHTS RELATING TO PORTFOLIO ASSETS

PFPLC (other than in its capacity (if any) as Administrator under the Administration Agreement), the Issuer, PCF (by selling Car Finance Contracts and their related Motor Vehicles) and PPF (by selling Unsecured Loans and Secured Loans and their Related Security to the Issuer on the Closing Date), CFUK (by being the legal owner of CFUK Portfolio Unsecured Loans sold to the Issuer on the Closing Date) and Universal (by being the legal owner of Universal Portfolio Unsecured Loans sold to the Issuer on the Closing Date) and each other Seller (by delivering a Sale Notice) agrees and declares that, other than as provided in the Relevant Documents:

- (a) it shall not seek to recover any moneys from any Obligor, insurer or other person in relation to any Portfolio Asset;
- (b) it shall not seek to exercise any ownership or other rights in relation to the Portfolio Motor Vehicles or the Properties; and
- (c) all the rights relating thereto shall be exercised at the discretion of the Issuer or the Administrator pursuant to the terms of the Administration Agreement or any other agent or attorney appointed by the Issuer.

19. NO AGENCY OR PARTNERSHIP

It is hereby acknowledged and agreed by the parties hereto that nothing in this Agreement shall be construed as giving rise to any relationship of agency, save as expressly provided herein, or partnership between the parties hereto and that in fulfilling its obligations hereunder each party shall be acting entirely for its own account (save to the extent that any party is acting as a trustee).

20. PAYMENTS

All payments to be made to the Issuer pursuant to this Agreement shall be made in sterling in immediately available funds to the Transaction Account.

21. NOTICES

Save as otherwise provided herein, any notices or communications to be given pursuant to this Agreement shall be delivered by hand or sent by prepaid first-class post or by facsimile transmission to the address of the relevant party set out in clause 8 of the Master Definitions Schedule.

22. ASSIGNMENT

No party hereto shall be entitled to assign, charge or otherwise dispose of all or any of its rights or obligations hereunder to any other person without the prior written consent of each of the other parties hereto save that:

- (a) the Issuer shall be entitled to assign by way of security any of its rights under this Agreement, any Scottish Declaration of Trust and any Supplemental Scottish Declaration of Trust to the Trustee;
- (b) all or any of the rights of the Trustee may be assigned without any such consent to any successor Trustee for the Noteholders; and
- (c) the Issuer may assign its rights under clause 13 hereof in accordance with clause 15.

23. EXCLUSION OF THIRD PARTY RIGHTS

The parties to this Agreement do not intend that any term of this Agreement or of any contract concluded between PSFL and PPF pursuant to the terms of this Agreement should be enforced, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.

24. GOVERNING LAW

This Agreement is governed by, and shall be construed in accordance with, the laws of England, other than any terms hereof which are particular to Scots or Northern Irish law which shall be governed by, and shall be construed in accordance with, the laws of Scotland or Northern Ireland, as appropriate.

25. TRUSTEE

- 25.1 If there is any change in the identity of the Trustee or appointment of an additional trustee in accordance with the provisions of the Relevant Documents, the retiring Trustee, the Issuer, PFPLC, PSFL, CFUK, Universal and each Relevant Seller shall execute such documents and take such action as the new Trustee, the retiring Trustee or, as the case may be, the existing Trustee may properly require for the purpose of vesting in the new Trustee the rights and obligations of the Trustee and releasing the outgoing Trustee from its obligations.
- 25.2 It is hereby acknowledged and agreed that, for the avoidance of doubt, by its execution of this Agreement the Trustee shall not assume or have any of the obligations or liabilities of any other party under this Agreement.

26. FURTHER ASSURANCE

The parties hereto agree that they will co-operate fully to do all such further acts and things and execute any further documents as may reasonably be necessary or desirable to give full effect to the terms of this Agreement.

IN WITNESS WHEREOF each party has executed this instrument as a deed and caused it to be delivered on its behalf at the place and on the day and year first before written.

Executed as a deed by)
Adam Mehmet)
for and on behalf of)
Paragon Second Funding Limited) /s/ Adam Mehmet
under power of attorney dated)
13 May 2005)
in the presence of:)

Ai Ling Ong
Lovells
Atlantic House
Holborn Viaduct
London EC1A 2FG

Executed as a deed by)
Adam Mehmet)
for and on behalf of)
Paragon Personal Finance Limited) /s/ Adam Mehmet
under power of attorney dated)
13 May 2005)
in the presence of:)

Ai Ling Ong
Lovells
Atlantic House
Holborn Viaduct
London EC1A 2FG

Executed as a deed by)
Adam Mehmet)
for and on behalf of)
Universal Credit Limited) /s/ Adam Mehmet
under power of attorney dated)
13 May 2005)
in the presence of:)

Ai Ling Ong
Lovells
Atlantic House
Holborn Viaduct
London EC1A 2FG

Executed as a deed by)
Adam Mehmet)
for and on behalf of)
Colonial Finance (UK) Limited) /s/ Adam Mehmet
under power of attorney dated)

13 May 2005)
in the presence of:)

Ai Ling Ong
Lovells
Atlantic House
Holborn Viaduct
London EC1A 2FG

Executed as a deed by)
Adam Mehmet)
for and on behalf of)
Paragon Car Finance Limited) /s/ Adam Mehmet
under power of attorney dated)
13 May 2005)
in the presence of:)

Ai Ling Ong
Lovells
Atlantic House
Holborn Viaduct
London EC1A 2FG

Executed as a deed by)
Adam Mehmet)
for and on behalf of)
Paragon Personal and Auto Finance) /s/ Adam Mehmet
(No.3) PLC under power of attorney dated)
13 May 2005)
in the presence of:)

Ai Ling Ong
Lovells
Atlantic House
Holborn Viaduct
London EC1A 2FG

Executed as a deed by)
Adam Mehmet)
for and on behalf of)
Paragon Finance PLC) /s/ Adam Mehmet
under power of attorney dated)
13 May 2005)
in the presence of:)

Ai Ling Ong
Lovells
Atlantic House
Holborn Viaduct

London EC1A 2FG

Executed as a deed by)			
Citicorp Trustee)	Director	/s/	Jillian Hamblin
Company Limited)			
by a director and its secretary/)			
two directors:)	Director	/s/	David Mares

SCHEDULE 1

PART A

REPRESENTATIONS AND WARRANTIES AS TO THE SECURED LOANS AND THEIR RELATED SECURITY

1. Each Secured Loan (including, for the avoidance of doubt, any Further Advance) is secured by a Mortgage.
2. Each Printout is complete, true and accurate in all material respects.
3. Subject only to the completion of any registration or recording of the Mortgage which may be pending at the Land Registry or the Registers of Scotland, the Land Registry of Northern Ireland or the Registry of Deeds, Belfast, each Mortgage constitutes a valid and subsisting legal mortgage (in the case of an English Mortgage or Northern Irish Mortgage) or Standard Security (in the case of a Scottish Mortgage) over the relevant Property.
4. Subject as aforesaid, the Relevant Seller is or will be on the relevant Sale Date the absolute beneficial owner of each Mortgage free and clear of Security Interests.
5. Subject as aforesaid, the Relevant Seller is validly registered or recorded as heritable proprietor in respect of each Scottish Mortgage.
6. In the case of an English Mortgage of a Property comprised in a lease which was newly granted at the date the Secured Loan was advanced:
 - (a) where the lessor's title should have been registered at the Land Registry at the date the Secured Loan was advanced, it was so registered;
 - (b) where the lessor's title is registered, an application for registration was (or will be) delivered to the Land Registry within the priority period conferred by an official search protecting the mortgagee and disclosing nothing adverse to the mortgagee's security against the relevant title at the Land Registry other than for the existence of any prior ranking mortgage or charge; or
 - (c) where the lessor's title is unregistered, such Mortgage was completed within the priority period conferred by an official search at the Land Charges Department against all relevant estate owners and disclosing nothing adverse to the mortgagee's security other than for the existence of any prior ranking mortgage or charge and where necessary application was (or will be) made for first registration within two months of completion of the relevant acquisition by the Borrower.
 - (d) in the case of a Northern Irish Mortgage of a Property comprised in a lease which was newly granted at the date of origination:
 - (i) where the lessor's title should have been registered at the Land Registry of Northern Ireland at the date of origination, it was so registered;
 - (ii) where the lessor's title is registered, an application for registration was (or will be) delivered to the Land Registry of Northern Ireland within the priority period conferred by an official search protecting the Relevant Seller and disclosing nothing adverse to the Relevant Seller's security against the relevant folio at the Land Registry of Northern Ireland other than for the existence of any prior ranking charge; or
 - (iii) where the lessor's title consists of unregistered land, such Mortgage was completed and registered at the Registry of Deeds, Belfast and a closing search against all relevant estate owners and the Property completed

which disclosed nothing adverse to the Relevant Seller's security other than for the existence of any prior ranking mortgage and, where necessary, application was (or will be) made for first registration to the Land Registry of Northern Ireland within two months of completion of the relevant acquisition by the Borrower.

7. In relation to each Mortgage where application for registration or recording has been made and is pending at the Land Registry or the Registers of Scotland, the Relevant Seller has an absolute right to be registered or recorded as proprietor of the Mortgage as second or subsequent legal mortgagee of, or second or subsequent ranking heritable creditor over the relevant Property.
8. In relation to each Northern Irish Mortgage where application for registration has been made and is pending at the Land Registry of Northern Ireland or is made but not yet completed at the Registry of Deeds, Belfast, PPF has an absolute right to be registered as the owner of the Northern Irish Mortgage as second or subsequent chargee of the relevant Property.
9. As at the Cut-off Date in respect of each relevant Sale Notice, it is not a term of any Secured Loan Agreement the subject of that Sale Notice that any payment should be made after April 2034.
10. The Relevant Seller has not received actual or constructive notice of any litigation or claim calling into question in any way its title to any Secured Loan or its Related Security.
11. All the Contract Records relating to each of the Secured Loans and their Related Security are held by or to the order of the Relevant Seller or have been lodged at the Land Registry or the Registers of Scotland or the Land Registry of Northern Ireland or the Registry of Deeds, Belfast, as applicable.
12. Each Secured Loan and its Related Security constitute valid and binding obligations of the Borrower.
13. No Secured Loan was advanced to more than four persons.
14. The Borrower comprises one or more individuals none of whom is a body corporate or has limited liability.
15. Prior to making the original advance the lending criteria of the Relevant Originator were satisfied so far as applicable.
16. No lien or right of set-off or counterclaim is exercisable against the Relevant Seller by any Borrower which would entitle such Borrower to reduce the amount of any payment otherwise due under his Secured Loan.
17. In the case of an English Mortgage or a Northern Irish Mortgage, if the Property was Unregistered Land at the Sale Date and was not required to be registered, the relevant Borrower has a good and marketable title to the fee simple absolute in possession or other good freehold estate or a term of years certain in the relevant Property subject only to any prior ranking mortgage or charge.
18. In the case of a Scottish Mortgage, subject to completion of any pending registration or recording, the relevant Borrower has a valid and marketable heritable or long leasehold title to the relevant Property subject only to any prior ranking standard security.
19. In the case of an English Mortgage of a Property (not being a Property comprised in a newly granted lease) which was at the date the Secured Loan was advanced Registered Land, an application for registration of the relevant mortgagee's interest was or will be

delivered to the Land Registry within the priority period conferred by an official search against the relevant title at the Land Registry disclosing nothing adverse to the relevant mortgagee's security other than for the existence of any prior ranking mortgage or charge.

20. In the case of a Northern Irish Mortgage of a Property (not being a Property comprised in the newly granted lease) which was at the date of origination registered land, an application for registration of the Relevant Seller's interest was or will be delivered to the Land Registry of Northern Ireland within the priority period conferred by an official search against the relevant folio at the Land Registry of Northern Ireland disclosing nothing adverse to the Relevant Seller's security other than the existence of any prior ranking charge.
21. In the case of an English Mortgage of a Property (not being a Property comprised in a newly granted lease), which was at the date the Secured Loan was advanced Unregistered Land, such Mortgage was (or will be) completed within the priority period conferred by an official search at the Land Charges Department against all relevant estate owners disclosing nothing adverse to the relevant mortgagee's security (other than for the existence of any prior ranking mortgage or charge) and where necessary application was (or will be) made for first registration within two months of completion of the relevant acquisition by the Borrower.
22. In the case of the Northern Irish Mortgage of a Property (not being a Property comprised in a newly granted lease) which was at the date of origination unregistered land, such Mortgage was completed and registered at the Registry of Deeds, Belfast and a closing search against the Property and/or any relevant estate owner completed which disclosed nothing adverse to the Relevant Seller's security other than the existence of any prior ranking mortgage and, where necessary, application was (or will be) made for first registration to the Land Registry of Northern Ireland within two months of completion of the relevant acquisition by the Borrower.
23. Where any agreement for a Secured Loan is in whole or in part a regulated agreement or a consumer credit agreement (as defined in section 8 of the CCA) or, to the extent that any Secured Loan is in whole or in part a regulated agreement or consumer credit agreement, the Relevant Seller has not done anything which would cause such Secured Loan or its Related Security to be invalid or irrecoverable.
24. All steps necessary with a view to perfecting the title of the mortgagee or grantee to the Related Security have been or are in the process of being taken without undue delay and with all due diligence on the part of the mortgagee or grantee.
25. Not more than three months prior to the date the Secured Loan was advanced, the mortgagee or heritable creditor carried out such written searches and investigations of title to the Property which a reasonably prudent provider of secured consumer finance would carry out, which searches and investigations either initially or after further investigation disclosed nothing which would cause a reasonably prudent provider of secured consumer finance to decline to proceed with the Secured Loan on the proposed terms.
26. Not more than eight months prior to the date the Secured Loan was advanced the mortgagee or heritable creditor received from a valuer acting for it a valuation of the relevant Property or calculated an assessed value by reference to the Nationwide House Prices Index or on such other indexation basis which might be used by a reasonably prudent provider of secured consumer finance which either initially or after further investigation disclosed nothing which would cause a reasonably prudent provider of secured consumer finance to decline to proceed with the Secured Loan on the proposed terms.

27. The Contract Records contain full, proper and up-to-date accounts, books and records showing all transactions, payments, receipts and proceedings relating to the Secured Loan and its Related Security.
28. Prior to the completion of an English Mortgage or Northern Irish Mortgage, each person who at the date the Secured Loan was advanced had attained the age of eighteen and who resided or was about to reside at the relevant Property and was not a tenant of the Borrower is either named as a party to the Mortgage or has executed a Deed of Postponement.
29. Prior to the completion of a Scottish Mortgage, the creditor obtained all relevant MHA Documentation so as to ensure that neither the relevant Scottish Mortgage nor the relevant Property was subject to or affected by any statutory right of occupancy.
30. Neither the relevant mortgagee or heritable creditor nor its successors or assigns has waived any of its rights under or in relation to a Secured Loan or its Related Security other than such waivers as a reasonably prudent mortgage lender would make.
31. The Secured Loan Agreement in relation to each Secured Loan is in a form that would be acceptable to a reasonably prudent mortgage lender.
32. Each Secured Loan was advanced by the Relevant Originator in the ordinary course of its business.
33. The Secured Loan Agreement in relation to each Secured Loan is governed by either English law or Scots law or Northern Irish law and does not oblige any member of the Paragon Group to make further advances under the Secured Loan.
34. At the Cut-Off Date in respect of each Sale Notice, the first payment due after its origination in respect of each Secured Loan has fallen due and has been received in full by the Relevant Originator.
35. In the case of a Mortgage created over land that was Unregistered Land at the time of the creation of the Mortgage or over any land in Scotland, notice has been given (or will be given) by or on behalf of the Relevant Seller to any prior ranking mortgagee or heritable creditor of the existence of the Mortgage within 10 Business Days after the creation of such Mortgage.
36. No Borrower under a Secured Loan is an employee of the Relevant Seller.
37. As at the relevant Sale Date, each Relevant Seller will have the right to assign, absolutely and without restriction, the Benefit of each Secured Loan in respect of which it is the Relevant Seller.
38. No Borrower under a Secured Loan has a savings account with the Relevant Seller.
39. Each Seller has a valid and current licence under the CCA.
40. No Borrower is a company.
41. So far as the Relevant Seller is aware, no term of any Secured Loan Agreement is an unfair term for the purposes of the Unfair Terms in Consumer Contracts Regulations 1994 or 1999.
42. Each Secured Loan is enforceable against the Borrower save that:

- (a) claims may become time barred or prescribed under the Limitation Act 1980, the Prescription and Limitation (Scotland) Act 1973 or the Limitation (Northern Ireland) Order 1989;
 - (b) enforcement may be limited by bankruptcy, sequestration and other laws relating to or affecting generally the enforcement of creditor rights;
 - (c) enforcement (including the availability of specific performance or specific implement and/or any other relief) may be limited by general principles of equity or discretion; and
 - (d) enforcement may be limited by the non-existence of any Borrower.
43. Each Secured Loan which is regulated by the CCA complies with the CCA and the delegated legislation made under it.
44. Each Portfolio Secured Loan that is subject in whole or in part to the Finance Services and Markets Act 2000 (Regulated Activities) Order 2001 complies in all material respects with such order.
45. PPF has not entered into any agreement with any other mortgagees or heritable creditors which would result in any Further Advances ranking otherwise than at the same point of the priority as, or subordinated to, the initial advance.

SCHEDULE 1

PART B

REPRESENTATIONS AND WARRANTIES AS TO THE UNSECURED LOANS

1. The Relevant Seller is, or will be on the relevant Sale Date, the sole legal and beneficial owner of each Unsecured Loan (other than Universal Portfolio Unsecured Loans, in respect of which the sole legal owner is Universal, and CFUK Portfolio Unsecured Loans, in respect of which the sole legal owner is CFUK) and of the Benefit relating thereto. Each Seller is transferring the Benefit of the Unsecured Loans of which it is the Relevant Seller free from any Security Interest. No Unsecured Loan was, is, or will be on the relevant Sale Date, subject to or comprised in any trust.
2. The information about each Portfolio Unsecured Loan, stated in the Printout annexed to the relevant Sale Notice, is true and accurate and contains (so far as applicable) each of the items specified in the Appendix to the form of Sale Notice set out in Schedule 2 to the Portfolio Assets Sale Agreement.
3. The Relevant Seller (and in relation to the Universal Portfolio Unsecured Loans (if any), Universal, and in relation to the CFUK Portfolio Unsecured Loans (if any), CFUK) has not received actual or constructive notice of any litigation or proceedings or any claim calling into question its title to any Unsecured Loan of which it is the Relevant Seller, or of the existence of any CCA Claim in relation to any Unsecured Loan of which it is the Relevant Seller.
4. Except for any such rights arising in respect of claims by Borrowers under or by virtue of sections 56 and 75 of the CCA, no right of set off (or analogous claim) has been created or arisen or exists (save only set-off that arises automatically by operation of law) or has been asserted between any Relevant Seller or, in relation to the Universal Portfolio Unsecured Loans, Universal or, in relation to the CFUK Portfolio Unsecured Loans, CFUK and any Borrower which would entitle such Borrower to reduce the amount of any payment otherwise due under any Unsecured Loan the subject of such Sale Notice.
5. Each Relevant Seller (and in relation to the Universal Portfolio Unsecured Loans (if any), Universal, and in relation to the CFUK Portfolio Unsecured Loans (if any), CFUK) and those persons who have acted as introducers of any Unsecured Loan have at all material times been licensed under the CCA to carry on the relevant business carried on by them in relation to such Unsecured Loan. Each Seller (and in relation to the Universal Portfolio Unsecured Loans (if any), Universal, and in relation to the CFUK Portfolio Unsecured Loans (if any), CFUK) has at all material times been licensed under the Data Protection Acts 1984 and 1998 to carry on the relevant business carried on by it in relation to any Unsecured Loan in respect of which that Seller is the Relevant Seller. Each Seller (and in relation to the Universal Portfolio Unsecured Loans (if any), Universal, and in relation to the CFUK Portfolio Unsecured Loans (if any), CFUK) has a valid and current licence under the CCA and a current registration under the Data Protection Acts 1984 and 1998. These licences and registrations are in full force and effect and the Relevant Seller and CFUK and/or Universal (if applicable) is not aware of any existing circumstances which indicate that any such licence or registration is likely to be revoked.
6. So far as the Relevant Seller (and in relation to the Universal Portfolio Unsecured Loans (if any), Universal, and in relation to the CFUK Portfolio Unsecured Loans (if any), CFUK) is aware, each Unsecured Loan Agreement was entered into, and each Unsecured Loan advanced, without any conduct constituting fraud on the part of any person, which conduct would entitle the Borrower to repudiate any of his obligations under such

Unsecured Loan Agreement or would render such Unsecured Loan Agreement unenforceable.

7. The Relevant Seller has maintained records showing clearly all of the material transactions, payments, receipts and proceedings relating to each Unsecured Loan (except in the case of those Unsecured Loans identified by the Issuer on or before the Closing Date as non-performing Unsecured Loans) of which it is the Relevant Seller. These records are accurate and complete in all material respects and are sufficient to enable the principal documentation relating to each such Unsecured Loan to be individually identified by reference to the relevant Borrowers' account numbers set out in the Appendix to the relevant Sale Notice.
8. The Relevant Seller (and in relation to the Universal Portfolio Unsecured Loans (if any), Universal, and in relation to the CFUK Portfolio Unsecured Loans (if any), CFUK) has not entered into any agreement pursuant to which it has waived or agreed to waive in whole or in part any of its rights to be indemnified by any person in respect of claims made against it in respect of any Unsecured Loan of which it is the Relevant Seller under or by virtue of sections 56 or 75 of the CCA or any right of contribution arising under the Civil Liability (Contribution) Act 1978.
9. Other than in respect of any Unsecured Loans which are (in whole or in part) debtor - creditor - supplier agreements within the meaning of section 12 of the CCA or for consolidating existing indebtedness of the relevant Borrower, it is not a term of any Unsecured Loan Agreement that the cash advance in question is used by the relevant Borrower for any purpose specified by the Borrower.
10. Each Unsecured Loan Agreement is governed by English, Scots or Northern Irish law.
11. As from the relevant Sale Date, each Seller will have the right to assign, absolutely and without restriction, the Benefit of each Unsecured Loan in respect of which it is the Relevant Seller.
12. As at the Cut-Off Date in respect of each Sale Notice it is not a term of any Unsecured Loan Agreement the subject of that Sale Notice that any payment should be made after April 2024.
13. The terms of each Unsecured Loan Agreement as to the payment of principal and/or interest constitute valid and binding obligations of the relevant Borrower which are enforceable against the Borrower save that:
 - (a) claims may become time barred or prescribed under the Limitation Act 1980, the Prescription and Limitation (Scotland) Act 1973 or the Limitation (Northern Ireland) Order 1989;
 - (b) enforcement may be limited by bankruptcy, sequestration and other laws relating to or affecting generally the enforcement of creditor rights;
 - (c) enforcement (including the availability of specific performance or specific implement and/or any other relief) may be limited by general principles of equity or discretion; and
 - (d) enforcement may be limited by the non-existence of any Borrower.
14. No Borrower is a company.
15. Prior to the making of each Unsecured Loan the then current procedures of the Relevant Originator, in relation to the assessment by it of the credit risk posed by the relevant Borrower, were followed.

16. The documentation in relation to each Unsecured Loan Agreement is in a form that would be acceptable to a reasonably prudent provider of unsecured consumer loan finance.
17. No Borrower is an employee of the Relevant Seller (or, in relation to the Universal Portfolio Unsecured Loans (if any), Universal or, in relation to the CFUK Portfolio Unsecured Loans (if any), CFUK).
18. No Borrower under an Unsecured Loan has a savings account with the Relevant Seller.
19. So far as the Relevant Seller is aware, no term of any Unsecured Loan Agreement is an unfair term for the purposes of the Unfair Terms in Consumer Contracts Regulations 1994 or 1999.
20. Each Unsecured Loan that is not a Universal Portfolio Unsecured Loan or a CFUK Portfolio Unsecured Loan and which is regulated by the CCA complies with the CCA and the delegated legislation made under it.
21. Each CFUK Portfolio Unsecured Loan and each Universal Portfolio Unsecured Loan that is regulated by the CCA has not been the subject of a declaration by a court of competent jurisdiction that any principal amount outstanding of such CFUK Portfolio Unsecured Loan or Universal Portfolio Unsecured Loan, as applicable, is irrecoverable by reason of breaches of the CCA.

SCHEDULE 1

PART C

REPRESENTATIONS AND WARRANTIES AS TO THE CAR FINANCE CONTRACTS AND THEIR RELATED MOTOR VEHICLES

1. Each Car Finance Contract is or will be on the relevant Sale Date the absolute property of the Relevant Seller free and clear of Security Interests.
2. The information about each Portfolio Car Finance Contract, and each relative Motor Vehicle, stated in the Printout annexed to the relevant Sale Notice, is true and accurate and contains (so far as applicable) each of the items specified in the Appendix to the form of Sale Notice set out in Schedule 2 to the Portfolio Assets Sale Agreement.
3. The Relevant Seller has not received actual or constructive notice of any litigation or claim calling into question in any way its title to any Car Finance Contract or to any relative Motor Vehicle or of the existence of any CCA Claim in relation to any Car Finance Contract of which it is the Relevant Seller or the existence of any claim under the Supply of Goods (Implied Terms) Act 1973 or the Supply of Goods and Services Act 1982 or the Sale of Goods Act 1979 in relation to any Car Finance Contract of which it is the Relevant Seller.
4. Each Car Finance Agreement constitutes valid and binding obligations of the Hirer/Lessee which are enforceable against the Hirer/Lessee save that:
 - (a) claims may become time barred or prescribed under the Limitation Act 1980, the Prescription and Limitation (Scotland) Act 1973 or the Limitation (Northern Ireland) Order 1989;
 - (b) enforcement may be limited by bankruptcy, sequestration and other laws relating to or affecting generally the enforcement of creditor rights;
 - (c) enforcement (including the availability of specific performance or specific implement and/or any other relief) may be limited by general principles of equity or discretion; and
 - (d) enforcement may be limited by the non existence of any Hirer/Lessee.
5. Except for any such rights arising in respect of claims by Obligors under or by virtue of sections 56 and 75 of the CCA, no lien or right of set-off (or analogous right) (save only set-off that arises automatically by operation of law) or counterclaim is exercisable against the Relevant Seller by any Hirer/Lessee which would entitle such Hirer/Lessee to reduce the amount of any payment otherwise due under his Car Finance Agreement.
6. No right of cancellation has arisen under any Car Finance Agreement which is regulated by the CCA and the Relevant Seller has done nothing that would cause any Car Finance Agreement to be invalid or revocable. The Relevant Seller holds category A and B licences under the CCA.
7. Without prejudice to paragraph 6 above, each Car Finance Agreement which is regulated by the CCA complies with the CCA and the delegated legislation made under it. None of these agreements:
 - (a) has been introduced by an unlicensed credit broker;

- (b) was entered into with conduct constituting fraud or misrepresentation or breach of the CCA on the part of any person so as to entitle the Hirer/Lessee or any other person to make a claim against the Relevant Seller for that conduct or entitle the Hirer/Lessee to repudiate any of his obligations under the relevant Car Finance Agreement; or
 - (c) is an extortionate credit bargain.
- 8. The Relevant Originator exercised the level of skill and care of a reasonably prudent provider of motor vehicle finance in originating each Car Finance Agreement. Prior to the Relevant Originator entering into each Car Finance Contract its then current procedures, in relation to the assessment by it of the credit risk posed by the relevant Hirer or as the case may be, Lessee, were followed.
- 9. The Contract Records contain full, proper and up-to-date accounts, books and records showing all transactions, payments, receipts and proceedings relating to each Car Finance Agreement. The Contract Records are accurate and complete in all material respects and are sufficient to enable the principal documentation relating to each such Car Finance Contract to be individually identified by reference to the relevant Hirer's or Lessee's account numbers set out in the Appendix to the relevant Sale Notice.
- 10. The Relevant Seller has not waived any of its rights under or in relation to any Car Finance Agreement other than such waivers as a reasonably prudent provider of motor vehicle finance would make.
- 11. The documentation in relation to each Car Finance Agreement is in a form that would be acceptable to a reasonably prudent provider of motor vehicle finance.
- 12. The Relevant Seller is, or will be on the relevant Sale Date, the legal owner of each Motor Vehicle the subject of a Car Finance Agreement. No such Motor Vehicle is or will become the subject of any assignment, mortgage, pledge, charge or other encumbrance other than:
 - (a) liens arising by operation of law (although the Relevant Seller is not aware of the existence of any such lien);
 - (b) the rights of the Hirer/Lessee under the relevant Car Finance Contract; or
 - (c) any such encumbrance arising under the Deed of Charge.
- 13. The Relevant Seller has not and will not give any guarantee, warranty or representation in respect of any Motor Vehicle the subject of a Car Finance Agreement and has not accepted and will not accept any liability or obligation which could apply after it has supplied such Motor Vehicle. This paragraph does not apply to:
 - (a) statements expressly set out in the Car Finance Agreements or deemed to be given under section 56 of the CCA;
 - (b) in respect of each Motor Vehicle the subject of a Car Finance Hire Purchase Contract or a Car Finance Contract Purchase Contract, terms implied under the Supply of Goods (Implied Terms) Act 1973;
 - (c) in respect of each Motor Vehicle the subject of a Car Finance Lease Contract, terms implied under the Supply of Goods and Services Act 1982; and
 - (d) in respect of each Motor Vehicle the subject of a Car Finance Conditional Sale Contract, terms implied under the Sale of Goods Act 1979.

14. The terms of each Car Finance Agreement require the Hirer/Lessee to insure the Motor Vehicle the subject thereof.
15. None of the Car Finance Agreements:
 - (a) has been introduced by a dealer who does not hold a CCA licence valid for category C; or
 - (b) relates to a vehicle which does not have the benefit of guarantees or warranties obtained from the manufacturer and/or the dealer and/or with an appropriate insurance company.
16. If finance is provided by the Relevant Seller to any Hirer/Lessee which is a body corporate or partnership (whether or not having separate legal personality) or sole trader the aggregate Current Principal Balance of the Portfolio Car Finance Contracts so provided and for the time being and from time to time outstanding to each such person and its subsidiaries, subsidiary undertakings, holding company and any other subsidiary of that holding company (if any) does not exceed £500,000.
17. Where a Hirer/Lessee is a body corporate or partnership such steps (if any) as the Relevant Seller considers were in all the circumstances reasonably prudent were taken prior to the making of the Car Finance Agreement to verify so far as reasonably practicable that the Car Finance Agreement would be a binding obligation of the Hirer/Lessee and that the Car Finance Agreement would be executed and delivered by a person or persons with power and authority to bind the body corporate or partnership.
18. Each Car Finance Agreement is governed by English, Scots or Northern Irish law.
19. As from the relevant Sale Date, each Seller will have the right to assign, absolutely and without restriction, the Benefit of each Car Finance Contract in respect of which it is the Relevant Seller.
20. As at the Cut-Off Date in respect of each Sale Notice, it is not a term of any Car Finance Contract the subject of that Sale Notice that any payment should be made after April 2019.
21. No Hirer or Lessee under a Car Finance Contract is an employee of the Relevant Seller.
22. No Hirer or Lessee under a Car Finance Contract has a savings account with the Relevant Seller.
23. So far as the Relevant Seller is aware, no term of any Car Finance Contract is an unfair term for the purposes of the Unfair Terms in Contracts Regulations 1994 or 1999.

SCHEDULE 2

FORM OF SALE NOTICE

THIS SALE NOTICE is made the [] day of [] by:

[PSFL]/[PPF]/[PCF]/[insert name of Relevant Seller], (registered number []) (the **"Seller"**) whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE

to

[PPF]/[Issuer] (registered number []) (the **"Purchaser"**) whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE.

WHEREAS:

In pursuance of a Portfolio Assets Sale Agreement dated 19 May 2005 and made between PSFL, PPF, PFPLC, CFUK, Universal, the Issuer and others (the **"Agreement"**), the Seller agrees to sell to the Purchaser the Benefit of certain [Secured Loans and their Related Security]/[Unsecured Loans]/[Car Finance Contracts and their related Motor Vehicles] and the Purchaser agrees to purchase such [Secured Loans and their Related Security]/[Unsecured Loans]/[Car Finance Contracts and their related Motor Vehicles], in each case, upon and subject to the terms and conditions of the Agreement.

1. INTERPRETATION

In this Sale Notice words and expressions defined in the Master Definitions Schedule signed by Lovells and Herbert Smith for the purposes of identification on 17 May 2005 shall, except so far as the context otherwise requires, have the same respective meanings when used in this Sale Notice.

2. INCORPORATION OF THE AGREEMENT

The provisions of the Agreement are expressly and specifically incorporated into this Sale Notice. Accordingly, the provisions of the Agreement and the provisions set out in this Sale Notice shall together constitute the terms and conditions of the contract concluded as a result of the delivery of this Sale Notice.

3. SALE NOTICE

3.1 We hereby give you notice under clause [6.1/7.1] of the Agreement that you are required to purchase the Benefit of each of the [Secured Loans and their Related Security]/[Unsecured Loans]/[Car Finance Contracts and their related Motor Vehicles], the summary particulars of which are shown in the Printout annexed to this Sale Notice, on [●] (the **"Sale Date"**) upon and subject to the terms and conditions of the Agreement.

3.2 The consideration payable by the Purchaser to the Seller in respect of the sale of the Benefit of the [Secured Loans and their Related Security]/[Unsecured Loans]/[Car Finance Contracts and their related Motor Vehicles] the subject of this Sale Notice shall be £[insert Purchase Price in words and figures] and shall be payable on the Sale Date (being [insert day, date and month, year] in cash by transferring, or by procuring the transfer of, (by one or more transfers) such amount to [insert name of receiving bank] for credit to Account No. [insert account number].

3.3 The Cut-Off Date in respect of the [Secured Loans and their Related Security]/[Unsecured Loans]/[Car Finance Contracts and their related Motor Vehicles] the subject

of this Sale Notice shall be [insert a Business Day not more than five Business Days before the relevant Sale Date].

- 3.4 The Effective Date in respect of the [Secured Loans and their Related Security]/[Unsecured Loans]/[Car Finance Contracts and their related Motor Vehicles] the subject of this Sale Notice shall be [insert a Business Day not more than three Business Days before the relevant Sale Date].

4. COMPLETION

Completion shall take place at a Completion Meeting and the matters referred to in clause 12 of the Agreement shall take place at such Completion Meeting.

SIGNED for and)
on behalf of)
[])

Director

To: [Offeror]

[Date]

Dear Sirs,

We hereby acknowledge receipt of your attached Sale Notice dated [].

SIGNED for and)
on behalf of)
[])

Director

APPENDIX

Summary particulars of [Secured Loans]/[Unsecured Loans]/[Car Finance Contracts] to be given in, or in an attachment to, the Printout in respect of each Sale Notice

1. Obligor's(s') Account Number.
2. Obligor's(s') name and address.
3. [Title number (if registered) or address of Property (if different from that given under paragraph 2 above) (if unregistered or Sasine registered).]
4. [Vehicle registration of each relevant Motor Vehicle].
5. Current Balance of each Asset as at the Effective Date.
6. Provision Amount (if any) of each Asset as at the Effective Date.
7. Total aggregate of the Current Balances of the Assets the subject of the Sale Notice as at the Effective Date.
8. Total aggregate of the Provision Amount (if any) of the Assets the subject of the Sale Notice as at the Effective Date.
9. Purchased Accruals (if any) of each Asset as at the Effective Date (comprising actual accruals less Excluded Accruals).
10. Total aggregate of the Purchased Accruals (if any) of the Assets the subject of the Sale Notice as at the Effective Date.
11. Unamortised Commission (if any) of each Asset as at the Effective Date.
12. Total aggregate of the Unamortised Commission (if any) of the Assets the subject of the Sale Notice as at the Effective Date.
13. Excluded Arrears (if any) of each Asset as at the Effective Date.
14. Total aggregate of the Excluded Arrears (if any) of the Assets the subject of the Sale Notice as at the Effective Date.

SCHEDULE 3

FORM OF SOLVENCY CERTIFICATE

[On letterhead of Relevant Seller]

Paragon Personal and Auto Finance (No.3) PLC
St Catherine's Court
Herbert Road
Solihull
West Midlands
B91 3QE

Citicorp Trustee Company Limited
Third Floor,
Cottons Centre,
Hay's Lane,
London SE1 2QT

WE HEREBY CERTIFY that at a Meeting of the Board of Directors of []¹ (the "**Company**") held at [] on [] 200[], the Board of Directors, having duly considered:

- (a) Sections 123 and 238 to 241 (and in addition, in relation to those aspects of the [Transaction] (as defined in the minutes of the meeting of the Board of Directors of the Company held on [] (the "**Minutes**")) relating to assets located in Scotland or otherwise subject to Scottish law, sections 242 and 243) of the Insolvency Act 1986 (the "**Act**") and in relation to assets located in Northern Ireland or otherwise subject to Northern Irish law, Articles 202 to 205 and 242 of the Insolvency (Northern Ireland) Order 1989; and
- (b) A draft form of Sale Notice incorporating the provisions of the Portfolio Assets Sale Agreement pursuant to which the Company will sell the Benefit of [a portfolio of] [Secured Loans and their Related Security]/[Unsecured Loans]/[Car Finance Contracts and their related Motor Vehicles] (the "**Portfolio**") to Paragon Personal and Auto Finance (No.3) PLC for an amount equal to the current book value of the Portfolio, on terms that the Portfolio be transferred to (and in the case of [Scottish Secured Loans and their Related Security]/[Scottish Unsecured loans]/[Scottish Car Finance Contracts] the Company will declare that it holds the Benefit of such [Scottish Secured Loans and their Related Security]/[Scottish Unsecured Loans]/[Scottish Car Finance Contracts] [other than any related Motor Vehicles] upon trust for) Paragon Personal and Auto Finance (No.3) PLC.

1. Determined that:

- (a) (i) the Company was not then unable to pay its debts as they fall due within the meaning of section 123 of the Act and would not become unable to do so within the meaning of that section in consequence of the sale of the [Secured Loans and their Related Security]/[Unsecured Loans]/[Car Finance Contracts] the subject of the Sale Notice to Paragon Personal and Auto Finance (No.3) PLC and that the assets of the Company were then not less than its liabilities taking into account contingent and prospective liabilities and that this would continue to be the case after the conclusion of the sale of the [Secured Loans and their Related Security]/[Unsecured Loans]/[Car Finance Contracts] the subject of the Sale Notice; and

- (ii) in addition, in relation to those aspects of [the Transaction] relating to assets located in Scotland or otherwise subject to Scots law, the Company was not then unable to pay its debts as they fall due within the meaning of section 123 of the Act and otherwise and would not become unable to do so in consequence of the sale of the [Scottish Secured Loans and their Related Security]/[Scottish Unsecured Loans]/[Scottish Car Finance Contracts] the subject of the Sale Notice, that the assets of the Company were then, and will remain immediately after the execution of the Documents (as defined in the Minutes) and the sale of the [Scottish Secured Loans and their Related Security]/[Scottish Unsecured Loans]/[Scottish Car Finance Contracts] the subject of the Sale Notice greater than its liabilities at such times for the purposes of sections 123 and 242 of the Act, and that there was no reason to believe that such state of affairs would not continue thereafter;
- (b)
 - (i) the conclusion of the sale of the [Secured Loans and their Related Security]/[Unsecured Loans]/[Car Finance Contracts] the subject of the Sale Notice to Paragon Personal and Auto Finance (No.3) PLC by the Company in accordance with the terms of the Sale Notice and the Portfolio Assets Sale Agreement would not be a transaction at an undervalue within the meaning of section 238 of the Act since the value in money or money's worth of the consideration to be received by the Company would not be significantly less than the value in money or money's worth of the consideration provided by it;
 - (ii) in addition, in relation to those aspects of [the Transaction] relating to assets located in Scotland or otherwise subject to Scots law, the conclusion and completion of the sale of the [Scottish Secured Loans and their Related Security]/[Scottish Unsecured Loans]/[Scottish Car Finance Contracts] the subject of the Sale Notice would constitute reciprocal obligations of the Company with the other parties involved for the purposes of section 243 of the Act (since the value in money or money's worth of the consideration to be received by the Company would be fully and fairly equivalent to the value in money or money's worth of the consideration provided by it) and would not be collusive with the purpose of prejudicing the general body of the Company's creditors;
- (c) the Company has not defaulted (or has remedied any default to the relevant lender's satisfaction) in any repayment when due (after any applicable grace period) of financial indebtedness aggregating at least £250,000;
- (d) the agreement concluded by the delivery of the Sale Notice to Paragon Personal and Auto Finance (No.3) PLC would be entered into by the Company in good faith and for the purpose of carrying on its business, and there are reasonable grounds for believing that the conclusion of the sale of the [Secured Loans and their Related Security]/[Unsecured Loans]/[Car Finance Contracts] the subject of the Sale Notice to Paragon Personal and Auto Finance (No.3) PLC would benefit the Company;
- (e) in entering into the Agreement concluded by the delivery of the Sale Notice to Paragon Personal and Auto Finance (No.3) PLC, the Company is not influenced by a desire to give a preference to any person as contemplated by section 239 of the Act; and

¹ Insert according to who is the Relevant Seller.
LIB02/F2MGL/1773362.9

- (f) the Company is [not]² a creditor, surety or guarantor for any of the debts or other liabilities of Paragon Personal and Auto Finance (No.3) PLC or the Trustee.

Expressions defined in the Master Definitions Schedule signed by Lovells and Herbert Smith for the purposes of identification on 17 May 2005 have the same meanings when used herein.

This Certificate is given to the addressees referred to above and may not be relied upon by any other person or used for any other purpose without our prior written consent. We agree, however, that it can be released to Moody's Investors Service Limited ("**Moody's**") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**") for the purposes of information only since we understand that they wish to know that a Solvency Certificate has been given and to be made aware of its terms. However, none of Moody's and S&P and their respective advisers may rely on this Certificate for their own benefit or for that of any other person.

DATED this [Sale Date]

Signed for and on behalf of)
[]³)

Director

Director

² Delete where not applicable.

³ Insert according to who is the Relevant Seller.

SCHEDULE 4

FORM OF REPURCHASE MEMORANDUM

This Memorandum of Agreement is supplemental to and incorporates the terms of an agreement for the sale and purchase of assets (the "**Portfolio Assets Sale Agreement**") dated 19 May 2005 and made between (1) Paragon Second Funding Limited, (2) Paragon Personal Finance Limited, (3) Paragon Personal and Auto Finance (No.3) PLC, (4) Colonial Financial (UK) Limited, (5) Universal Credit Limited, (6) Paragon Finance PLC and (7) Citicorp Trustee Company Limited. Pursuant to clause 8 of the Portfolio Assets Sale Agreement the Issuer hereby agrees to sell and PFPLC hereby agrees to buy, upon the terms relating thereto in the Portfolio Assets Sale Agreement, the Benefit of the [Secured Loans and their Related Security]/[Unsecured Loans]/[Car Finance Contracts and their related Motor Vehicles] brief details of which are set out below and it is hereby acknowledged and confirmed by the parties hereto that:

- (a) immediately as from the date hereof PFPLC shall be entitled to the custody of the Contract Records in so far as they relate exclusively to such [Secured Loans]/[Unsecured Loans]/[Car Finance Contracts]; and
- (b) the Issuer shall transfer and assign all its right, title, interest and benefit in and to the Benefit of such [Secured Loans and their Related Security]/[Unsecured Loans]/[Car Finance Contracts] to such person (including PFPLC) as PFPLC shall direct.

Immediately prior to the said sale, the said Trustee hereby consents to the said sale as being made free of all security created in relation to such [Secured Loans]/[Unsecured Loans]/[Car Finance Contracts] under the terms of the Deed of Charge.

Expressions defined in the master definitions schedule signed by Lovells and Herbert Smith for the purposes of identification on 17 May 2005 shall have the same meanings when used herein.

PARTICULARS OF ASSETS

Account Number

Repurchase Price

.....

Signed for and on behalf of
Paragon Personal and Auto Finance (No.3) PLC

.....

Signed for and on behalf of
Paragon Finance PLC

.....

Signed for and on behalf of
Citicorp Trustee Company Limited

before

Witness

Occupation

Address

Witness

Occupation

Address

SCHEDULE 5

PART A

POWER OF ATTORNEY IN FAVOUR OF THE ISSUER FROM RELEVANT SELLERS

THIS DEED OF POWER OF ATTORNEY is given on [], 200[] by [insert name of the Relevant Seller]⁴ whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (registered number [insert relevant registered number]) (the "**Principal**") in favour of **Paragon Personal and Auto Finance (No.3) PLC** whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (registered number 4513186) (the "**Attorney**").

WHEREAS:

- (A) The Principal may from time to time sell to the Issuer [the Benefit of secured loans and their related security/the Benefit of unsecured consumer loans/the Benefit of motor vehicle hire purchase, contract purchase, conditional sale or lease contracts, together with the relative motor vehicles]⁵ on and subject to the terms of the Portfolio Assets Sale Agreement.
- (B) Pursuant to clause 16 of the Portfolio Assets Sale Agreement the Principal has agreed to appoint the Attorney its attorney in the manner hereinafter appearing irrevocably and by way of security for the performance of the Principal's obligations under the Portfolio Assets Sale Agreement or under the [Unsecured Loan Scottish Trusts]/[Car Finance Scottish Trusts]/[Secured Loan Scottish Trusts]⁶.
- (C) Words and expressions in this Deed shall (save where expressed to the contrary) have the same meanings respectively as the words and expressions as defined in the Master Definitions Schedule signed by Lovells and Herbert Smith for the purposes of identification on 17 May 2005.

WITNESS:

1. The Principal hereby irrevocably and by way of security for the performance of the covenants, conditions and undertakings on the part of the Principal contained in the Portfolio Assets Sale Agreement and/or the [Unsecured Loan Scottish Trusts]/[Car Finance Scottish Trusts]/[Secured Loan Scottish Trusts]⁷ and/or any further trusts arising pursuant to the Portfolio Assets Sale Agreement hereby appoints the Attorney and any receiver and/or administrator appointed from time to time in respect of the Attorney or its assets to be its true and lawful attorney for and in the Principal's name to do any of the following acts, deeds or things or any of them as may be within the power of the Principal:
 - (a) to exercise the rights, powers and discretions of the Principal under and in respect of the [Portfolio Secured Loans/Portfolio Unsecured Loans/Portfolio Car Finance Contracts]⁸ and the Financing Agreements relating thereto;
 - (b) to exercise all rights, powers, remedies and discretions exercisable by the Principal by reason of it remaining for the time being the legal owner of or creditor

⁴ Each Seller will complete this form of Power of Attorney in the appropriate form.

⁵ Each Seller will complete this form of Power of Attorney in the appropriate form.

⁶ Delete as applicable.

⁷ Delete as applicable.

⁸ Delete as applicable.

under any of the [Portfolio Secured Loans/Portfolio Unsecured Loans/Portfolio Car Finance Contracts]⁹;

- (c) to amend, reduce, increase or otherwise alter the frequency or amounts of sums payable by Obligors in respect of the [Portfolio Secured Loans/Portfolio Unsecured Loans/Portfolio Car Finance Contracts]¹⁰ and their related Financing Agreements;
 - (d) to demand, sue for and receive all moneys due or payable under or in respect of the [Portfolio Secured Loans/Portfolio Unsecured Loans/Portfolio Car Finance Contracts]¹¹ or any related rights;
 - (e) to do every act or thing which the Attorney may deem to be necessary proper or expedient for fully and effectually vesting or transferring or assigning the relevant [Portfolio Secured Loans/Portfolio Unsecured Loans/Portfolio Car Finance Contracts]¹², or any or each of them [and (in the case of Portfolio Secured Loans) their Related Security] [and (in the case of Portfolio Car Finance Contracts) the relative Portfolio Motor Vehicles]¹³ and/or the Principal's estate, right and title therein or thereto in the Attorney and its successors in title or any other person or persons entitled to the benefit thereof and the giving of any such notices and/or intimations and the doing of any other acts as are referred to in clause 11 of the Portfolio Assets Sale Agreement (subject however to the provisos respectively set out therein);
 - (f) to do all such other acts and things and execute all such other deeds and documents as may be required of the Principal under the Administration Agreement, the Portfolio Assets Sale Agreement, each [Unsecured Loan Scottish Declaration of Trust and each Unsecured Loan Supplemental Scottish Declaration of Trust] [Secured Loan Scottish Declaration of Trust and each Secured Loan Supplemental Scottish Declaration of Trust] [Car Finance Scottish Declaration of Trust and each Car Finance Supplemental Scottish Declaration of Trust]¹⁴; and
 - (g) to do every other act or thing which the Attorney may deem to be necessary, proper or expedient for all or any of the foregoing purposes.
2. The Attorney shall have the power by writing under its hand by an officer of the Attorney from time to time to appoint a substitute ("**Substitute Attorney**") who shall have power to act on behalf of the Principal (whether concurrently with or independently of the Attorney) as if that Substitute Attorney shall have been originally appointed Attorney by this Deed and/or to revoke any such appointment at any time without assigning any reason therefor.
3. The laws of England shall apply to this Deed and the interpretation thereof and to all acts of the Attorney or any Substitute Attorney or Attorneys carried out or purported to be carried out under the terms hereof.
4. The Principal hereby agrees at all times hereafter to ratify and confirm whatsoever the said Attorney or any Substitute Attorney or Attorneys shall lawfully do or cause to be done in and concerning the [Portfolio Secured Loans and the Related Security/Portfolio Unsecured Loans/Portfolio Car Finance Contracts and the relative Portfolio Motor

⁹ Delete as applicable.

¹⁰ Delete as applicable.

¹¹ Delete as applicable.

¹² Delete as applicable.

¹³ Delete as applicable.

¹⁴ Delete as applicable.

Vehicles]¹⁵ by virtue of this Deed and to indemnify the said Attorney or any Substitute Attorney in respect of any loss, cost, expense or liability asserted against or imposed upon the Attorney or any Substitute Attorney as a result of any action taken by the said Attorney or any Substitute Attorney in conformity with these presents except such as arises in consequence of its or their negligence, wilful default or bad faith.

5. The Principal hereby declares that, these presents having been given for security purposes and to secure a continuing obligation of the Principal and the implementation of the [Secured Loan Scottish Trusts/Car Finance Scottish Trusts/Unsecured Loan Scottish Trusts]¹⁶ the powers hereby created shall be irrevocable and shall not be affected by the bankruptcy, liquidation, receivership, the making of an administration order or appointment of an administrative receiver or any other equivalent event of or affecting the Principal.

The Principal intends this Power of Attorney to be a deed and agrees to execute and deliver it as a deed and the signature or sealing of the document by or on behalf of the Principal shall constitute an authority to the solicitors acting for the Principal in connection with this Power of Attorney to deliver it as a deed on its behalf.

IN WITNESS whereof this Deed has been executed and delivered as a deed the day and year first before written.

Executed as a deed by)
[insert name of the Relevant Seller])
acting by a Director and its)
Secretary/two Directors)

Director

Secretary

¹⁵ Delete as applicable.

¹⁶ Delete as applicable.

SCHEDULE 5

PART B

POWER OF ATTORNEY IN FAVOUR OF THE TRUSTEE FROM RELEVANT SELLERS

THIS DEED OF POWER OF ATTORNEY is given on [] 200[] by [insert name of the **Relevant Seller**]¹⁷ whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (registered number [insert relevant registered number]) (the "**Principal**") in favour of **Citicorp Trustee Company Limited** whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB (the "**Attorney**" which expression includes the Trustee or trustees for the time being for the Noteholders).

WHEREAS:

- (A) The Principal may from time to time sell to the Issuer [the Benefit of secured loans and their related security/the Benefit of unsecured consumer loans/the Benefit of motor vehicle hire purchase, contract purchase, conditional sale or lease contracts, together with the relative motor vehicles]¹⁸ on and subject to the terms of the Portfolio Assets Sale Agreement.
- (B) Pursuant to clause 16 of the Portfolio Assets Sale Agreement, the Principal has agreed to appoint the Attorney its attorney in the manner hereinafter appearing irrevocably and by way of security for the performance of the Principal's obligations under the Portfolio Assets Sale Agreement, under the [Unsecured Loan Scottish Trusts]/[Car Finance Scottish Trusts]/[Secured Loan Scottish Trusts]¹⁹ and for the purpose of the Deed of Charge.
- (C) Words and phrases in this Deed shall (save where expressed to the contrary) have the same meanings respectively as the words and phrases as defined in the Master Definitions Schedule signed by Lovells and Herbert Smith for the purposes of identification on 17 May 2005.

WITNESS:

- 1. The Principal hereby irrevocably and by way of security for the performance of the covenants, conditions and undertakings on the part of the Principal contained in the Portfolio Assets Sale Agreement and/or the [Unsecured Loan Scottish Trusts]/[Car Finance Scottish Trusts]/[Secured Loan Scottish Trusts] appoints the Attorney its true and lawful attorney for and in the Principal's name to do any of the following acts, deeds or things or any of them as may be within the power of the Principal:
 - (a) pending perfection of the transfer of the Benefit of all or some of the [Portfolio Secured Loans/Portfolio Unsecured Loans/Portfolio Car Finance Contracts]²⁰ by the Seller to the Issuer (but not so as to entitle the Attorney to transfer any of such [Portfolio Unsecured Loans/Portfolio Car Finance Contracts]²¹ to itself):
 - (i) to exercise the rights, powers and discretions of the Principal under and in respect of the [Portfolio Secured Loans/Portfolio Unsecured

¹⁷ Each Seller will complete this form of Power of Attorney in the appropriate form.

¹⁸ Delete as applicable.

¹⁹ Delete as applicable.

²⁰ Delete as applicable.

²¹ Delete as applicable.

- Loans/Portfolio Car Finance Contracts]²² and the Financing Agreements relating thereto;
- (ii) to exercise all rights, powers, remedies and discretions exercisable by the Principal by reason of it remaining for the time being the legal owner of or creditor under any of the [Portfolio Secured Loans/Portfolio Unsecured Loans/Portfolio Car Finance Contracts]²³;
 - (iii) to amend, reduce, increase or otherwise alter the frequency or amounts of sums payable by Obligors in respect of the [Portfolio Secured Loans/Portfolio Unsecured Loans/Portfolio Car Finance Contracts]²⁴ and their related Financing Agreements; and
 - (iv) to demand, sue for and receive all moneys due or payable under or in respect of the [Portfolio Secured Loans/Portfolio Unsecured Loans/Portfolio Car Finance Contracts]²⁵ or any related rights;
- (b) to do every other act or thing which the Attorney may deem to be necessary, proper or expedient for all or any of the foregoing purposes.
2. The Attorney shall have the power by writing under its hand by an officer of the Attorney from time to time to appoint a substitute ("**Substitute Attorney**") who shall have power to act on behalf of the Principal (whether concurrently with or independently of the Attorney) as if that Substitute Attorney shall have been originally appointed Attorney by this Deed and/or to revoke any such appointment at any time without assigning any reason therefor.
3. The laws of England shall apply to this Deed and the interpretation thereof and to all acts of the Attorney or any Substitute Attorney or Attorneys carried out or purported to be carried out under the terms hereof.
4. The Principal hereby agrees at all times hereafter to ratify and confirm whatsoever the said Attorney or any Substitute Attorney or Attorneys shall lawfully do or cause to be done in and concerning the [Portfolio Secured Loans/Portfolio Unsecured Loans/Portfolio Car Finance Contracts]²⁶ [and the relative Portfolio Motor Vehicles]²⁷ [and the Related Security]²⁸ by virtue of this Deed and to indemnify the said Attorney or any Substitute Attorney in respect of any loss, cost, expense or liability asserted against or imposed upon the Attorney or any Substitute Attorney as a result of any action taken by the said Attorney or any Substitute Attorney in conformity with these presents except such as arises in consequence of its or their negligence, wilful default or bad faith.
5. The Principal hereby declares that, these presents having been given for security purposes and to secure a continuing obligation of the Principal and the implementation of the [Unsecured Loan Scottish Trusts]/[Secured Loan Scottish Trusts]/[Car Finance Scottish Trusts]²⁹, the powers hereby created shall be irrevocable and shall not be affected by the bankruptcy, liquidation, receivership, the making of an administration order or appointment of an administrative receiver or any other equivalent event of or affecting the Principal.

²² Delete as applicable.

²³ Delete as applicable.

²⁴ Delete as applicable.

²⁵ Delete as applicable.

²⁶ Delete as applicable.

²⁷ Only in the case of Portfolio Car Finance Contracts.

²⁸ Only in the case of Portfolio Secured Loans.

²⁹ Delete as applicable.

The Principal intends this Power of Attorney to be a deed and agrees to execute and deliver it as a deed and the signature or sealing of the document by or on behalf of the Principal shall constitute an authority to the solicitors acting for the Principal in connection with this Power of Attorney to deliver it as a deed on its behalf.

IN WITNESS whereof this document has been executed and delivered as a deed the day and year first before written.

Executed as a deed by)
[insert name of the Relevant Seller])
acting by a Director and its)
Secretary/two Directors)

Director

Secretary

SCHEDULE 5

PART C

POWER OF ATTORNEY IN FAVOUR OF THE ISSUER FROM CFUK/UNIVERSAL

THIS DEED OF POWER OF ATTORNEY is given on 19 May 2005 by [Colonial Finance (UK) Limited/Universal Credit Limited]³⁰ whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (registered number [2064697/1981317]) (the "**Principal**") in favour of **Paragon Personal and Auto Finance (No.3) PLC** whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (registered number 4513186) (the "**Attorney**").

WHEREAS:

- (A) On the Closing Date, PPF intends to sell to the Issuer the Benefit of unsecured consumer loans originated by the Principal on and subject to the terms of the Portfolio Assets Sale Agreement.
- (B) Pursuant to clause 16 of the Portfolio Assets Sale Agreement the Principal has agreed to appoint the Attorney its attorney in the manner hereinafter appearing irrevocably and by way of security for the performance of the Principal's obligations under the Portfolio Assets Sale Agreement or under the Unsecured Loan Scottish Trusts.
- (C) Words and expressions in this Deed shall (save where expressed to the contrary) have the same meanings respectively as the words and expressions as defined in the Master Definitions Schedule signed by Lovells and Herbert Smith for the purposes of identification on 17 May 2005.

WITNESS:

1. The Principal hereby irrevocably and by way of security for the performance of the covenants, conditions and undertakings on the part of the Principal contained in the Portfolio Assets Sale Agreement and/or the Unsecured Loan Scottish Trusts and/or any further trusts arising pursuant to the Portfolio Assets Sale Agreement hereby appoints the Attorney and any receiver and/or administrator appointed from time to time in respect of the Attorney or its assets to be its true and lawful attorney for and in the Principal's name to do any of the following acts, deeds or things or any of them as may be within the power of the Principal:
 - (a) to exercise the rights, powers and discretions of the Principal under and in respect of the [CFUK/Universal]³¹ Portfolio Unsecured Loans and the Financing Agreements relating thereto;
 - (b) to exercise all rights, powers, remedies and discretions exercisable by the Principal by reason of it remaining for the time being the legal owner of or creditor under any of the [CFUK/Universal] Portfolio Unsecured Loans;
 - (c) to amend, reduce, increase or otherwise alter the frequency or amounts of sums payable by Obligors in respect of the [CFUK/Universal] Portfolio Unsecured Loans and their related Financing Agreements;

³⁰ Each of CFUK and Universal will complete this form of Power of Attorney in the appropriate form.

³¹ Delete as applicable.

- (d) to demand, sue for and receive all moneys due or payable under or in respect of the [CFUK/Universal] Portfolio Unsecured Loans or any related rights;
 - (e) to do every act or thing which the Attorney may deem to be necessary proper or expedient for fully and effectually vesting or transferring or assigning the [CFUK/Universal] Portfolio Unsecured Loans, or any or each of them and/or the Principal's estate, right and title therein or thereto in the Attorney and its successors in title or any other person or persons entitled to the benefit thereof and the giving of any such notices and/or intimations and the doing of any other acts as are referred to in clause 11 of the Portfolio Assets Sale Agreement (subject however to the processes respectively set out therein);
 - (f) to do all such other acts and things and execute all such other deeds and documents as may be required of the Principal under the Administration Agreement, the Portfolio Assets Sale Agreement, each Unsecured Loan Scottish Declaration of Trust and each Unsecured Loan Supplemental Scottish Declaration of Trust; and
 - (g) to do every other act or thing which the Attorney may deem to be necessary, proper or expedient for all or any of the foregoing purposes.
2. The Attorney shall have the power by writing under its hand by an officer of the Attorney from time to time to appoint a substitute ("**Substitute Attorney**") who shall have power to act on behalf of the Principal (whether concurrently with or independently of the Attorney) as if that Substitute Attorney shall have been originally appointed Attorney by this Deed and/or to revoke any such appointment at any time without assigning any reason therefor.
3. The laws of England shall apply to this Deed and the interpretation thereof and to all acts of the Attorney or any Substitute Attorney or Attorneys carried out or purported to be carried out under the terms hereof.
4. The Principal hereby agrees at all times hereafter to ratify and confirm whatsoever the said Attorney or any Substitute Attorney or Attorneys shall lawfully do or cause to be done in and concerning the [CFUK/Universal] Portfolio Unsecured Loans by virtue of this Deed and to indemnify the said Attorney or any Substitute Attorney in respect of any loss, cost, expense or liability asserted against or imposed upon the Attorney or any Substitute Attorney as a result of any action taken by the said Attorney or any Substitute Attorney in conformity with these presents except such as arises in consequence of its or their negligence, wilful default or bad faith.
5. The Principal hereby declares that, these presents having been given for security purposes and to secure a continuing obligation of the Principal and the implementation of the Unsecured Loan Scottish Trusts the powers hereby created shall be irrevocable and shall not be affected by the bankruptcy, liquidation, receivership, the making of an administration order or appointment of an administrative receiver or any other equivalent event of or affecting the Principal.

The Principal intends this Power of Attorney to be a deed and agrees to execute and deliver it as a deed and the signature or sealing of the document by or on behalf of the Principal shall constitute an authority to the solicitors acting for the Principal in connection with this Power of Attorney to deliver it as a deed on its behalf.

IN WITNESS whereof this Deed has been executed and delivered as a deed the day and year first before written.

Executed as a deed by)
)
for and on behalf of)
[Universal Credit Limited]/)
[Colonial Finance (UK) Limited])
under power of attorney dated)
)
in the presence of:)

SCHEDULE 5

PART D

POWER OF ATTORNEY IN FAVOUR OF THE TRUSTEE FROM CFUK/UNIVERSAL

THIS DEED OF POWER OF ATTORNEY is given on 19 May 2005 by [**Colonial Finance (UK) Limited/Universal Credit Limited**]³² whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (registered number [2064697/1981317]) (the "**Principal**") in favour of **Citicorp Trustee Company Limited** whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB (the "**Attorney**" which expression includes the Trustee or trustees for the time being for the Noteholders).

WHEREAS:

- (A) On the Closing Date, PPF intends to sell to the Issuer the Benefit of unsecured consumer loans originated by the Principal on and subject to the terms of the Portfolio Assets Sale Agreement.
- (B) Pursuant to clause 16 of the Portfolio Assets Sale Agreement, the Principal has agreed to appoint the Attorney its attorney in the manner hereinafter appearing irrevocably and by way of security for the performance of the Principal's obligations under the Portfolio Assets Sale Agreement, under the Unsecured Loan Scottish Trusts and for the purpose of the Deed of Charge.
- (C) Words and phrases in this Deed shall (save where expressed to the contrary) have the same meanings respectively as the words and phrases as defined in the Master Definitions Schedule signed by Lovells and Herbert Smith for the purposes of identification on 17 May 2005.

WITNESS:

- 1. The Principal hereby irrevocably and by way of security for the performance of the covenants, conditions and undertakings on the part of the Principal contained in the Portfolio Assets Sale Agreement and/or the Unsecured Loan Scottish Trusts appoints the Attorney its true and lawful attorney for and in the Principal's name to do any of the following acts, deeds or things or any of them as may be within the power of the Principal:
 - (a) pending perfection of the transfer of the Benefit of all or some of the [CFUK/Universal]³³ Portfolio Unsecured Loans by the Seller to the Issuer (but not so as to entitle the Attorney to transfer any of such [CFUK/Universal] Portfolio Unsecured Loans to itself):
 - (i) to exercise the rights, powers and discretions of the Principal under and in respect of the [CFUK/Universal] Portfolio Unsecured Loans and the Financing Agreements relating thereto;
 - (ii) to exercise all rights, powers, remedies and discretions exercisable by the Principal by reason of it remaining for the time being the legal owner of or creditor under any of the [CFUK/Universal] Portfolio Unsecured Loans;
 - (iii) to amend, reduce, increase or otherwise alter the frequency or amounts of sums payable by Obligors in respect of the [CFUK/Universal] Portfolio Unsecured Loans and their related Financing Agreements; and

³² Each of CFUK/Universal will complete this form of Power of Attorney in the appropriate form.

³³ Delete as applicable.

- (iv) to demand, sue for and receive all moneys due or payable under or in respect of the [CFUK/Universal] Portfolio Unsecured Loans or any related rights;
 - (b) to do every other act or thing which the Attorney may deem to be necessary, proper or expedient for all or any of the foregoing purposes.
- 2. The Attorney shall have the power by writing under its hand by an officer of the Attorney from time to time to appoint a substitute ("**Substitute Attorney**") who shall have power to act on behalf of the Principal (whether concurrently with or independently of the Attorney) as if that Substitute Attorney shall have been originally appointed Attorney by this Deed and/or to revoke any such appointment at any time without assigning any reason therefor.
- 3. The laws of England shall apply to this Deed and the interpretation thereof and to all acts of the Attorney or any Substitute Attorney or Attorneys carried out or purported to be carried out under the terms hereof.
- 4. The Principal hereby agrees at all times hereafter to ratify and confirm whatsoever the said Attorney or any Substitute Attorney or Attorneys shall lawfully do or cause to be done in and concerning the [CFUK/Universal] Portfolio Unsecured Loans by virtue of this Deed and to indemnify the said Attorney or any Substitute Attorney in respect of any loss, cost, expense or liability asserted against or imposed upon the Attorney or any Substitute Attorney as a result of any action taken by the said Attorney or any Substitute Attorney in conformity with these presents except such as arises in consequence of its or their negligence, wilful default or bad faith.
- 5. The Principal hereby declares that, these presents having been given for security purposes and to secure a continuing obligation of the Principal and the implementation of the Unsecured Loan Scottish Trusts, the powers hereby created shall be irrevocable and shall not be affected by the bankruptcy, liquidation, receivership, the making of an administration order or appointment of an administrative receiver or any other equivalent event of or affecting the Principal.

The Principal intends this Power of Attorney to be a deed and agrees to execute and deliver it as a deed and the signature or sealing of the document by or on behalf of the Principal shall constitute an authority to the solicitors acting for the Principal in connection with this Power of Attorney to deliver it as a deed on its behalf.

IN WITNESS whereof this document has been executed and delivered as a deed the day and year first before written.

Executed as a deed by)
)
for and on behalf of)
[Universal Credit Limited]/)
[Colonial Finance (UK) Limited])
under power of attorney dated)
)
in the presence of:)

SCHEDULE 6

SASINE REGISTER TRANSFER

We, **[Insert Seller Details]**, incorporated under the Companies Acts in England (Number []) and having our registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferor**") CONSIDERING that [in terms of a Sale Notice dated [] pursuant to the delivery of which the Transferee (as hereinafter defined) agrees to buy and we agree to sell certain Secured Loans and their Related Security set out in such Sale Notice[s] (the "**Sale Notice[s]**") made]³⁴ in terms of and pursuant to a Portfolio Assets Sale Agreement among us, the Transferor, and **Paragon Personal and Auto Finance (No.3) PLC**, incorporated under the Companies Act in England (Number 4513186) and having its registered office at St Catherine's Court, aforesaid (the "**Transferee**") and others dated 19 May 2005 (the "**Portfolio Assets Sale Agreement**") we have sold the Standard Securities and others hereinafter mentioned to the Transferee NOW THEREFORE we the Transferor HEREBY in implement pro tanto of [the Sale Notice[s] and]³⁵ the Portfolio Assets Sale Agreement and for the consideration therein specified ASSIGN to the Transferee:

1. the 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 us the Transferor for all sums due and to become due, to the extent of the respective amounts specified in the relative entry in Column 5 of the said Schedule being the amounts now due under the said respective Standard Securities recorded said Standard Securities in the Division of the General Register for the County specified in the relative entry in Column 3 of the said Schedule on the date specified in the relative entry in Column 4 of the said Schedule; and
2. the whole right, title and interest of us the Transferor in and under all personal bonds, credit agreements or agreements for loan (howsoever constituted) granted or entered into by the said respective parties whose names are specified in Column 2 of the said Schedule and secured by the said Standard Securities:

With interest from and also arrears and accumulations of interest due and unpaid (except as specified in the Portfolio Assets Sale Agreement) as at the [] day of []; And we, the Transferor, 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 [] as follows:

SUBSCRIBED for and on behalf of the said
[Insert the name of Seller]

by:	
and	

³⁴ Delete in relation to Standard Securities sold on the Closing Date.
LIB02/F2MGL/1773362.9

This is the Schedule referred to in the foregoing Assignment by [Insert Seller Name] in favour of **Paragon Personal and Auto Finance (No.3) PLC**

1	2	3	4	5
Account No.	Borrowers' Full Names	County	Recording Date	Balance Outstanding

SCHEDULE 7

SLR TRANSFER

We, [insert Seller details], incorporated under the Companies Acts in England (Number []) and having our registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferor**") CONSIDERING that [in terms of [a] Sale Notice[s] dated [] pursuant to the delivery of which we agree to sell and the Transferee (as hereinafter defined) agrees to buy certain Secured Loans and their Related Security set out in such Sale Notice[s] (the "**Sale Notices[s]**") made]³⁵ in terms of and pursuant to a Portfolio Assets Sale Agreement among us, the Transferor, and **Paragon Personal and Auto Finance (No.3) PLC**, incorporated under the Companies Act in England (Number 4513186) and having its registered office at St Catherine's Court, aforesaid (the "**Transferee**") and others dated 19 May 2005 (the "**Portfolio Assets Sale Agreement**") we have sold the Standard Securities and others hereinafter mentioned to the Transferee NOW THEREFORE we the Transferor HEREBY in implement pro tanto of [the Sale notice[s] and]³⁶ the Portfolio Assets Sale Agreement and for the consideration therein specified ASSIGN to the Transferee:

1. the Standard Securities granted by the respective parties whose name are specified in Column 2 of the Schedule annexed and executed as relative hereto in favour of us the Transferor for all sums due and to be become due, to the extent of the respective amounts specified in the relative entry in Column 5 of the said Schedule being the amounts now due under the said respective Standard Securities, registered said Standard Securities in the Land Register under the Title Number specified in the relative entry in Column 3 of the said Schedule on the date specified in the relative entry in Column 4 of the said Schedule; and
2. the whole right, title and interest of us the Transferor in and under all personal bonds, credit agreements or agreements for loan (howsoever constituted) granted or entered into by the said respective parties whose names are specified in Column 2 of the said Schedule and secured by the said Standard Securities;

With interest from and also arrears and accumulations of interest due and unpaid (except as specified in the Portfolio Assets Sale Agreement) as at the [] day of []; And we, the Transferor, grant warrandice.

IN WITNESS whereof those present typewritten on this [and the preceding] page are together with the Schedule annexed hereto executed at [] on the [] day of [] as follows:

SUBSCRIBED for and on behalf of the said
[Insert name of Seller]

by:	
and:	

³⁵ Delete in relation to Standard Securities sold on the Closing Date.
LIB02/F2MGL/1773362.9

This is the Schedule referred to in the foregoing Assignment by [Insert Seller Name] in favour of **Paragon Personal and Auto Finance (No.3) PLC**

1	2	3	4	5
Account No.	Borrowers' Full Names	Title Number	Registration Date	Balance Outstanding

SCHEDULE 8

PART A

Form of SECURED LOAN SCOTTISH DECLARATION OF TRUST RELATING TO THE SALE OF THE BENEFIT OF SECURED LOANS AND THEIR RELATED SECURITY ON THE CLOSING DATE BY PPF

Declaration of Trust

by

- (1) **Paragon Personal Finance Limited** (Registered Number 3303798) having its registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the **"Seller"**);

in favour of

- (2) **Paragon Personal and Auto Finance (No.3) PLC** (registered number 4513186, having its registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the **"Purchaser"**)).

WHEREAS:

- (A) The legal title to the Secured Loan Scottish Trust Property relating to the Secured Loans and their Related Security (defined below) is or, as regards parts thereof not yet existing will be forthwith on coming into existence, held by and vested in the Seller.
- (B) Pursuant to clause 3 of the Portfolio Assets Sale Agreement dated the date hereof and made between the Purchaser, the Seller and others (the **"Portfolio Assets Sale Agreement"**) the Seller has agreed to sell to the Issuer (inter alia) the Benefit of the Secured Loans and their Related Security specified in the Closing Discs and the Issuer has agreed to purchase the same on the Closing Date.
- (C) Pursuant to clause 5 of the Portfolio Assets Sale Agreement, the Seller proposes to declare a trust in the terms hereof over (inter alia) its interest in the Secured Loan Scottish Trust Property purchased from it pursuant to the Portfolio Assets Sale Agreement on the Closing Date.

IT IS AGREED:

1. INTERPRETATION

Save as otherwise provided herein, this Deed (which expression shall include the Recitals hereto) shall be interpreted in accordance with the Master Definitions Schedule signed by Lovells and Herbert Smith for the purposes of identification on 17 May 2005 (as the same may be amended, varied or supplemented from time to time with the consent of the Issuer, the Trustee and PFPLC) (the **"Master Definitions Schedule"**) and save where the context otherwise requires or as otherwise defined herein, words defined in the Master Definitions Schedule shall have the same meanings in this Deed. In particular reference to Secured Loan Scottish Trust Property shall be interpreted as the Secured Loan Scottish Trust Property relating to the said Secured Loans specified in the Closing Discs to be sold to the Issuer on the Closing Date details of which are specified in the Schedule annexed and executed hereto.

2. DECLARATION OF TRUST

The Seller hereby declares for its whole right, title and interest in and to the Secured Loan Scottish Trust Property as is testified by its execution hereof, that from and after the date

hereof (or as regards parts thereof not yet existing and vested in the Seller, from and after the coming into existence and such vesting thereof) it holds and, subject to clause 6 hereof, shall henceforth hold the Secured Loan Scottish Trust Property and its whole right, title and interest present and future, therein and thereto in trust absolutely for the Issuer and its assignees (whether absolutely or in security) whomsoever.

3. INTIMATION

The Seller hereby intimates to the Purchaser the coming into effect of the trust hereby declared and created and the Purchaser by its execution hereof immediately subsequent to the execution of this Deed by the Seller acknowledges such intimation.

4. WARRANTIES AND UNDERTAKINGS

The Seller warrants and undertakes that it shall deal with the Secured Loan Scottish Trust Property in accordance with the Portfolio Assets Sale Agreement and the specific instructions (if any) of the Purchaser, including regarding the payment of amounts received in respect of or comprised in the Secured Loan Scottish Trust Property and the taking of such action (including court or other proceedings) as may be necessary to secure or protect the title to the Secured Loan Scottish Trust Property.

5. INCORPORATION OF PORTFOLIO ASSETS SALE AGREEMENT

The obligations and liabilities stated in the Portfolio Assets Sale Agreement to be or become or being or becoming incumbent on the Seller to or for the benefit of the Purchaser and in particular those contained in clauses 3, 5.4, 8 and 11 of the Portfolio Assets Sale Agreement shall be deemed mutatis mutandis to be provisions of the trust hereby declared and created so far as the same pertain to the Secured Loan Scottish Trust Property, and that during the continuance of such trust the Purchaser shall have the benefit of all rights and powers thereby conferred and that to full effect, subject as otherwise required by law and to the Relevant Documents, notwithstanding the winding-up of or the making of an administration order in respect of the Seller or the appointment of a receiver to all or any part of the Secured Loan Scottish Trust Property.

6. TERMINATION OF TRUST

The trust hereby declared and created shall ipso facto fall and cease to be of effect in respect of any part or parts of the Secured Loan Scottish Trust Property:

- (a) concerning which perfection of the purchase by the Purchaser shall have duly taken place in accordance with clause 11 of the Portfolio Assets Sale Agreement; or
- (b) concerning which a repurchase shall have been duly completed in accordance with clauses 8 or 14 of the Portfolio Assets Sale Agreement;

provided that such trust shall continue in full force and effect in respect of the whole remainder (if any) of the Secured Loan Scottish Trust Property.

7. VARIATION

This Deed and the trust hereby declared and created shall not be varied in any respect without the consent in writing of the Issuer and (for so long as it retains any interest in the Secured Loan Scottish Trust Property) the Trustee.

8. **GOVERNING LAW**

This deed and the trust hereby declared and created shall be governed by and construed in accordance with the laws of Scotland.

9. **CONSENT**

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

IN WITNESS whereof these presents typewritten on this and the preceding [three] pages are together with the Schedule annexed hereto executed for and on behalf of the Seller and the Purchaser at [] on [] as follows:

SUBSCRIBED for and on behalf of the said
Paragon Personal Finance Limited
by its duly appointed Attorney

.....
(Signature of Attorney)

[in terms of power of attorney dated []]
before this witness

.....(Signature)
.....(Full Name)
.....(Address)

SUBSCRIBED for and on behalf of the said
Paragon Personal and Auto Finance (No.3) PLC
by its duly appointed Attorney

.....
(Signature of Attorney)
[in terms of power of attorney dated []]
before this witness

.....(Signature)
.....(Full Name)
.....(Address)

SCHEDULE 8

PART B

Form of SECURED LOAN SCOTTISH DECLARATION OF TRUST RELATING TO THE SALE OF THE BENEFIT OF SECURED LOANS AND THEIR RELATED SECURITY BY SELLERS OTHER THAN PPF

Declaration of Trust

by

- (1) [●] (Registered Number []) having its registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Seller**");

in favour of

- (2) **Paragon Personal and Auto Finance (No.3) PLC** (registered number 4513186, having its registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**").

WHEREAS:

- (A) The legal title to the Secured Loan Scottish Trust Property relating to the Sale Notice (defined below) is or, as regards parts thereof not yet existing will be forthwith on coming into existence, held by and vested in the Seller.
- (B) Pursuant to the delivery of a Sale Notice on the date hereof (the "**Sale Notice**") the Seller has agreed to sell to the Issuer (inter alia) the Benefit of the Secured Loans and their Related Security the subject of such Sale Notice and the Issuer has agreed to purchase the same.
- (C) Pursuant to clause 7.3 of the Portfolio Assets Sale Agreement, the Seller proposes to declare a trust in the terms hereof over (inter alia) its interest in the Secured Loan Scottish Trust Property the subject of such Sale Notice.

IT IS AGREED:

1. INTERPRETATION

Save as otherwise provided herein, this Deed (which expression shall include the Recitals hereto) shall be interpreted in accordance with the Master Definitions Schedule signed by Lovells and Herbert Smith for the purposes of identification on 17 May 2005 (as the same may be amended, varied or supplemented from time to time with the consent of the Issuer, the Trustee and PFPLC) (the "**Master Definitions Schedule**") and save where the context otherwise requires or as otherwise defined herein, words defined in the Master Definitions Schedule shall have the same meanings in this Deed. In particular reference to Secured Loan Scottish Trust Property shall be interpreted as the Secured Loan Scottish Trust Property the subject of the Sale Notice details of which are specified in the Schedule annexed and executed hereto.

2. DECLARATION OF TRUST

The Seller hereby declares for its whole right, title and interest in and to the Secured Loan Scottish Trust Property as is testified by its execution hereof, that from and after the date hereof (or as regards parts thereof not yet existing and vested in the Seller, from and after the coming into existence and such vesting thereof) it holds and, subject to clause 6 hereof, shall henceforth hold the Secured Loan Scottish Trust Property and its whole

right, title and interest present and future, therein and thereto in trust absolutely for the Issuer and its assignees (whether absolutely or in security) whomsoever.

3. INTIMATION

The Seller hereby intimates to the Issuer the coming into effect of the trust hereby declared and created and the Issuer by its execution hereof immediately subsequent to the execution of this Deed by the Seller acknowledges such intimation.

4. WARRANTIES AND UNDERTAKINGS

The Seller warrants and undertakes that it shall deal with the Secured Loan Scottish Trust Property in accordance with the Portfolio Assets Sale Agreement and the specific instructions (if any) of the Issuer, including regarding the payment of amounts received in respect of or comprised in the Secured Loan Scottish Trust Property and the taking of such action (including court or other proceedings) as may be necessary to secure or protect the title to the Secured Loan Scottish Trust Property.

5. INCORPORATION OF PORTFOLIO ASSETS SALE AGREEMENT

The obligations and liabilities stated in or incorporated into the Sale Notice and comprised in the Portfolio Assets Sale Agreement to be or become or being or becoming incumbent on the Seller to or for the benefit of the Issuer and in particular those contained in clauses 7.3 to 7.6 (inclusive), 8 and 11 of the Portfolio Assets Sale Agreement shall be deemed mutatis mutandis to be provisions of the trust hereby declared and created so far as the same pertain to the Secured Loan Scottish Trust Property, and that during the continuance of such trust the Issuer shall have the benefit of all rights and powers thereby conferred and that to full effect, subject as otherwise required by law and to the Relevant Documents, notwithstanding the winding-up of or the making of an administration order in respect of the Seller or the appointment of a receiver to all or any part of the Secured Loan Scottish Trust Property.

6. TERMINATION OF TRUST

The trust hereby declared and created shall ipso facto fall and cease to be of effect in respect of any part or parts of the Secured Loan Scottish Trust Property:

- (a) concerning which perfection of the purchase by the Issuer shall have duly taken place in accordance with clause 11 of the Portfolio Assets Sale Agreement as incorporated into the Sale Notice; or
- (b) concerning which a repurchase shall have been duly completed in accordance with clauses 8 or 14 of the Portfolio Assets Sale Agreement;

provided that such trust shall continue in full force and effect in respect of the whole remainder (if any) of the Secured Loan Scottish Trust Property.

7. VARIATION

This Deed and the trust hereby declared and created shall not be varied in any respect without the consent in writing of the Issuer and (for so long as it retains any interest in the Secured Loan Scottish Trust Property) the Trustee.

8. GOVERNING LAW

This deed and the trust hereby declared and created shall be governed by and construed in accordance with the laws of Scotland.

9. **CONSENT**

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

IN WITNESS whereof these presents typewritten on this and the preceding [three] pages are together with the Schedule annexed hereto executed for and on behalf of the Seller and the Issuer at [] on [] as follows:

SUBSCRIBED for and on behalf of the said
[]
by its duly appointed Attorney

.....
(Signature of Attorney)

[in terms of power of attorney dated []]
before this witness

.....(Signature)
.....(Full Name)
.....(Address)

SUBSCRIBED for and on behalf of the said
Paragon Personal and Auto Finance (No.3) PLC
by its duly appointed Attorney

.....
(Signature of Attorney)
[in terms of power of attorney dated []]
before this witness

.....(Signature)
.....(Full Name)
.....(Address)

SCHEDULE 8

PART C

**FORM OF UNSECURED ASSET SCOTTISH DECLARATION OF TRUST RELATING TO THE SALE OF THE
BENEFIT OF UNSECURED LOANS/CAR FINANCE CONTRACTS AND THE RELEVANT MOTOR VEHICLES ON
THE CLOSING DATE BY PPF/PCF**

DECLARATION OF TRUST

by

- (1) **[Paragon Personal Finance Limited] [Paragon Car Finance Limited]**, a company incorporated in England and Wales (registered number [3303798] [3203928]) whose registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the **"Seller"**); and
- (2) **Paragon Personal and Auto Finance (No.3) PLC**, a company incorporated in England and Wales (registered number 4513186), whose registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the **"Issuer"**)

WHEREAS:

- (A) The legal title to the Unsecured Asset Scottish Trust Property relating to the [Unsecured Loans] [Car Finance Contracts] described below is or, as regards parts thereof not yet existing, will be forthwith on coming into existence, held by and vested in the Seller.
- (B) Pursuant to clause 4 of the Portfolio Assets Sale Agreement dated the date hereof and made between the Issuer, the Trustee, the Seller and others (the **"Portfolio Assets Sale Agreement"**) the Seller has agreed to sell to the Issuer (inter alia) the Benefit of certain [Unsecured Loans] [Car Finance Contracts]³⁶ specified in the Closing Discs and the Issuer has agreed to purchase the same on the Closing Date.
- (C) Pursuant to clause 5 of the Portfolio Assets Sale Agreement, on the Closing Date the Seller proposes to declare a trust in the terms hereof over (inter alia) its interest in the Unsecured Asset Scottish Trust Property purchased from it pursuant to the said Portfolio Assets Sale Agreement on the Closing Date.

IT IS AGREED:

1. INTERPRETATION

Save as otherwise provided herein, this Deed (which expression shall include the Recitals hereto) shall be interpreted in accordance with the Master Definitions Schedule signed by Lovells and Herbert Smith for the purposes of identification on 17 May 2005 (as the same may be amended, varied or supplemented from time to time with the consent of the Issuer) (the **"Master Definitions Schedule"**) and save where the context otherwise requires or as otherwise defined herein, words and expressions defined in the Master Definitions Schedule shall have the same meanings in this Deed. In particular reference to Unsecured Asset Scottish Trust Property shall be interpreted as the [Unsecured Loan Scottish Trust Property relating to the said Unsecured Loans specified in the Closing Discs to be sold to the Issuer on the Closing Date] [Car Finance Scottish Trust Property relating to the said Car Finance Contracts specified in the Closing Discs to be sold to the

Issuer on the Closing Date]³⁷ details of which are specified in the Schedule annexed and executed hereto.

2. DECLARATION OF TRUST

The Seller hereby declares for its whole right, title and interest in and to the Unsecured Asset Scottish Trust Property as is testified by its execution hereof, that from and after the date hereof (or as regards parts thereof not yet existing and vested in the Seller, from and after the coming into existence and such vesting thereof) it holds and, subject to clause 6 hereof, shall henceforth hold the Unsecured Asset Scottish Trust Property and its whole right, title and interest present and future, therein and thereto in trust absolutely for the Issuer and its assignees (whether absolutely or in security) whomsoever.

3. INTIMATION

The Seller hereby intimates to the Issuer the coming into effect of the trust hereby declared and created and the Issuer by its execution hereof immediately subsequent to the execution of this Deed by the Seller acknowledges such intimation.

4. WARRANTIES AND UNDERTAKINGS

The Seller warrants and undertakes that it shall deal with the Unsecured Asset Scottish Trust Property in accordance with the Portfolio Assets Sale Agreement and the specific instructions (if any) of the Issuer, including regarding the payment of amounts received in respect of or comprised in the Unsecured Asset Scottish Trust Property and the taking of such action (including court or other proceedings) as may be necessary to secure or protect the title to the Unsecured Asset Scottish Trust Property.

5. INCORPORATION OF PORTFOLIO ASSETS SALE AGREEMENT

The obligations and liabilities stated in or incorporated into the Portfolio Assets Sale Agreement to be or become or being or becoming incumbent on the Seller to or for the benefit of the Issuer and in particular those contained in clauses 4, 5.4, 8, 10 and 11 of the Portfolio Assets Sale Agreement shall be deemed mutatis mutandis to be provisions of the trust hereby declared and created so far as the same pertain to the Unsecured Asset Scottish Trust Property, and that during the continuance of such trust the Issuer shall have the benefit of all rights and powers thereby conferred and that to full effect, subject as otherwise required by law and to the Relevant Documents, notwithstanding the winding up of or the making of an administration order in respect of the Seller or the appointment of a receiver to all or any part of the Unsecured Asset Scottish Trust Property.

6. TERMINATION OF TRUST

The trust hereby declared and created shall ipso facto fall and cease to be of effect in respect of any part or parts of the Unsecured Asset Scottish Trust Property:

- (a) concerning which perfection of the purchase by the Issuer shall have duly taken place in accordance with clause 11 of the Portfolio Assets Sale Agreement, or
- (b) concerning which a Repurchase shall have been duly completed in accordance with clauses 8 or 14 of the Portfolio Assets Sale Agreement,

provided that such trust shall continue in full force and effect in respect of the whole remainder (if any) of the Unsecured Asset Scottish Trust Property.

³⁷ Delete as applicable.
LIB02/F2MGL/1773362.9

7. **VARIATION**

This Deed and the trust hereby declared and created shall not be varied in any respect without the consent in writing of the Issuer and (for so long as it retains any interest in the Unsecured Asset Scottish Trust Property) the Trustee.

8. **GOVERNING LAW**

This Deed and the trust hereby declared and created shall be governed by and construed in accordance with the laws of Scotland.

9. **CONSENT**

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

IN WITNESS whereof these presents typewritten on this and the preceding [three] pages are together with the Schedule annexed hereto executed for and on behalf of the Seller and the Issuer at [] on [] as follows:

SUBSCRIBED for and on behalf of the said
[Paragon Personal Finance Limited] [Paragon Car Finance Limited]
by its duly appointed Attorney

.....
(Signature of Attorney)

[in terms of power of attorney dated []]
before this witness

..... (Signature)

..... (Full Name)

..... (Address)

.....

SUBSCRIBED for and on behalf of the
said **Paragon Personal and Auto Finance (No.3) PLC**
by its duly appointed Attorney

.....
(Signature of Attorney)

[in terms of power of attorney dated [_____]]
before this witness

..... (Signature)

..... (Full Name)

..... (Address)

.....

SCHEDULE 8

PART D

FORM OF UNSECURED ASSET SCOTTISH DECLARATION OF TRUST RELATING TO SALES OF UNSECURED LOANS AND/OR CAR FINANCE CONTRACTS BY SELLERS OTHER THAN PPF AND PCF

DECLARATION OF TRUST

by

- (1) **[insert name of the Relevant Seller]**, a company incorporated in England and Wales (registered number []) whose registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Seller**"); and
- (2) **Paragon Personal and Auto Finance (No.3) PLC**, a company incorporated in England and Wales (registered number 4513186), whose registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**")

WHEREAS:

- (A) The legal title to the Unsecured Asset Scottish Trust Property relating to the Sale Notice described below is or, as regards parts thereof not yet existing, will be forthwith on coming into existence, held by and vested in the Seller.
- (B) Pursuant to a Sale Notice delivered to the Issuer on the date hereof (the "**Sale Notice**") the Seller has agreed to sell to the Issuer (inter alia) the Benefit of the [Unsecured Loans] [Car Finance Contracts]³⁸ the subject of such Sale Notice and the Issuer has agreed to purchase the same.
- (C) Pursuant to clause 7.3 of the Portfolio Assets Sale Agreement, the Seller proposes to declare a trust in the terms hereof over (inter alia) its interest in the Unsecured Asset Scottish Trust Property purchased pursuant to the said Sale Notice.

IT IS AGREED:

1. INTERPRETATION

Save as otherwise provided herein, this Deed (which expression shall include the Recitals hereto) shall be interpreted in accordance with the Master Definitions Schedule signed by Lovells and Herbert Smith for the purposes of identification on 17 May 2005 (as the same may be amended, varied or supplemented from time to time with the consent of the Issuer) (the "**Master Definitions Schedule**") and save where the context otherwise requires or as otherwise defined herein, words and expressions defined in the Master Definitions Schedule shall have the same meanings in this Deed. In particular reference to Unsecured Asset Scottish Trust Property shall be interpreted as the [Unsecured Loan Scottish Trust Property] [Car Finance Scottish Trust Property] relating to the said Sale Notice.]³⁹ details of which are specified in the Schedule annexed and executed hereto.

2. DECLARATION OF TRUST

The Seller hereby declares for its whole right, title and interest in and to the Unsecured Asset Scottish Trust Property as is testified by its execution hereof, that from and after the date hereof (or as regards parts thereof not yet existing and vested in the Seller, from and after the coming into existence and such vesting thereof) it holds and, subject to clause 6

³⁸ Delete as applicable.

³⁹ Delete as applicable.

hereof, shall henceforth hold the Unsecured Asset Scottish Trust Property and its whole right, title and interest present and future, therein and thereto in trust absolutely for the Issuer and its assignees (whether absolutely or in security) whomsoever.

3. INTIMATION

The Seller hereby intimates to the Issuer the coming into effect of the trust hereby declared and created and the Issuer by its execution hereof immediately subsequent to the execution of this Deed by the Seller acknowledges such intimation.

4. WARRANTIES AND UNDERTAKINGS

The Seller warrants and undertakes that it shall deal with the Unsecured Asset Scottish Trust Property in accordance with the Portfolio Assets Sale Agreement and the specific instructions (if any) of the Issuer, including regarding the payment of amounts received in respect of or comprised in the Unsecured Asset Scottish Trust Property and the taking of such action (including court or other proceedings) as may be necessary to secure or protect the title to the Unsecured Asset Scottish Trust Property.

5. INCORPORATION OF SALE NOTICE

The obligations and liabilities stated in or incorporated into the Sale Notice (including the terms of the Portfolio Assets Sale Agreement) to be or become or being or becoming incumbent on the Seller to or for the benefit of the Issuer and in particular those contained in clauses 7.3 to 7.6 (inclusive), 10 and 11 of the Portfolio Assets Sale Agreement shall be deemed mutatis mutandis to be provisions of the trust hereby declared and created so far as the same pertain to the Unsecured Asset Scottish Trust Property, and that during the continuance of such trust the Issuer shall have the benefit of all rights and powers thereby conferred and that to full effect, subject as otherwise required by law and to the Relevant Documents, notwithstanding the winding up of or the making of an administration order in respect of the Seller or the appointment of a receiver to all or any part of the Unsecured Asset Scottish Trust Property.

6. TERMINATION OF TRUST

The trust hereby declared and created shall ipso facto fall and cease to be of effect in respect of any part or parts of the Unsecured Asset Scottish Trust Property:

- (a) concerning which perfection of the purchase by the Issuer shall have duly taken place in accordance with clause 11 of the Portfolio Assets Sale Agreement, or
- (b) concerning which a Repurchase shall have been duly completed in accordance with clauses 8 or 14 of the Portfolio Assets Sale Agreement,

provided that such trust shall continue in full force and effect in respect of the whole remainder (if any) of the Unsecured Asset Scottish Trust Property.

7. VARIATION

This Deed and the trust hereby declared and created shall not be varied in any respect without the consent in writing of the Issuer and (for so long as it retains any interest in the Unsecured Asset Scottish Trust Property) the Trustee.

8. GOVERNING LAW

This Deed and the trust hereby declared and created shall be governed by and construed in accordance with the laws of Scotland.

9. **CONSENT**

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

IN WITNESS whereof these presents typewritten on this and the preceding [three] pages are together with the Schedule annexed hereto executed for and on behalf of the Seller and the Issuer at [] on [] as follows:

SUBSCRIBED for and on behalf of the said
[insert name of the Relevant Seller]
by its duly appointed Attorney

.....
(Signature of Attorney)

[in terms of power of attorney dated []]
before this witness

..... (Signature)

..... (Full Name)

..... (Address)

.....

SUBSCRIBED for and on behalf of the
said **Paragon Personal and Auto Finance (No.3) PLC**
by its duly appointed Attorney

.....
(Signature of Attorney)

[in terms of power of attorney dated []]
before this witness

..... (Signature)

..... (Full Name)

..... (Address)

.....

SCHEDULE 8

PART E

FORM OF UNSECURED LOAN SCOTTISH DECLARATION OF TRUST RELATING TO UNIVERSAL PORTFOLIO
UNSECURED LOANS AND CFUK PORTFOLIO UNSECURED LOANS

DECLARATION OF TRUST

by

- (1) **[Universal Credit Limited] [Colonial Finance (UK) Limited]**, a company incorporated in England and Wales (registered number [1981317] [2064697]) whose registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the **"Originator"**); with the consent of:
- (2) **Paragon Personal Finance Limited**, (Registered Number 3303798) having its registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the **"PPF"**); in favour of:
- (3) **Paragon Personal and Auto Finance (No.3) PLC**, a company incorporated in England and Wales (registered number 4513186), whose registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the **"Issuer"**)

WHEREAS:

- (A) The legal title to the Unsecured Loan Scottish Trust Property relating to the [Universal Portfolio Unsecured Loans] [CFUK Portfolio Unsecured Loans] is held by and vested in the Originator.
- [(B) Pursuant to a sale contract or contracts dated on or subsequent to 28 June 2001 the Originator sold to Paragon Personal and Auto Finance (No. 1) plc (**"PPAF1"**) the Benefit of certain Unsecured Loans, including those comprised within the Unsecured Loan Scottish Trust Property.
- (C) Pursuant to an unsecured sale contract dated 15 March 2005, and without taking legal title thereto, PPAF1 sold to PPF *inter alia* the Benefit of the said Unsecured Loans comprised within the Unsecured Loan Scottish Trust Property.]⁴⁰
- [(B) Pursuant to a sale contract or contracts dated on or subsequent to 12 December 2001 the Originator sold to Paragon Personal and Auto Finance (No. 2) plc (**"PPAF2"**) the Benefit of certain Unsecured Loans, including those comprised within the Unsecured Loan Scottish Trust Property.
- (C) Pursuant to an unsecured loan sale contract dated 15 April 2005, and without taking legal title thereto, PPAF2 sold to PPF *inter alia* the Benefit of the said Unsecured Loans comprised within the Unsecured Loan Scottish Trust Property.]⁴¹
- (D) Pursuant to clause 4.1 of a Portfolio Assets Sale Agreement dated the date hereof and made between the Issuer, the Trustee, the Originator, PPF and others, and without taking legal title thereto, PPF has agreed to sell to the Issuer (inter alia) the Benefit of Unsecured Loans, a number of which will be [Universal Portfolio Unsecured Loans] [CFUK Portfolio Unsecured Loans] specified in the Closing Discs and the Issuer has agreed to purchase the same on the Closing Date.

⁴⁰ Delete in relation to CFUK Unsecured Loan Scottish Declaration of Trust.

⁴¹ Delete in relation to Universal Unsecured Loan Scottish Declaration of Trust.

- (E) Pursuant to clause 5 of the Portfolio Assets Sale Agreement, the Originator at the request and with the consent of PPF has agreed to declare a trust in the terms hereof over (inter alia) its interest in the Unsecured Loan Scottish Trust Property purchased by the Issuer pursuant to the said Portfolio Assets Sale Agreement on the Closing Date.

IT IS AGREED:

1. INTERPRETATION

Save as otherwise provided herein, this Deed (which expression shall include the Recitals hereto) shall be interpreted in accordance with the Master Definitions Schedule signed by Lovells and Herbert Smith for the purposes of identification on 17 May 2005 (as the same may be amended, varied or supplemented from time to time with the consent of the Issuer) (the "**Master Definitions Schedule**") and save where the context otherwise requires or as otherwise defined herein, words and expressions defined in the Master Definitions Schedule shall have the same meanings in this Deed. In particular reference to Unsecured Loan Scottish Trust Property shall be interpreted as the Unsecured Loan Scottish Trust Property relating to the said [Universal Portfolio Unsecured Loans] [CFUK Portfolio Unsecured Loans]⁴² specified in the Closing Discs to be sold to the Issuer on the Closing Date details of which are specified in the Schedule annexed and executed hereto.

2. DECLARATION OF TRUST

The Originator at the request and with the consent of PPF as is testified by its execution hereof, hereby declares for its whole right, title and interest in and to the Unsecured Loan Scottish Trust Property that from and after the date hereof it holds and, subject to clause 6 hereof, shall henceforth hold the Unsecured Loan Scottish Trust Property and its whole right, title and interest present and future, therein and thereto in trust absolutely for the Issuer and its assignees (whether absolutely or in security) whomsoever.

3. INTIMATION

The Originator hereby intimates to the Issuer the coming into effect of the trust hereby declared and created and the Issuer by its execution hereof immediately subsequent to the execution of this Deed by the Originator acknowledges such intimation.

4. WARRANTIES AND UNDERTAKINGS

The Originator warrants and undertakes that it shall deal with the Unsecured Loan Scottish Trust Property (if at all) in accordance with the Portfolio Assets Sale Agreement and the specific instructions (if any) of the Issuer, including regarding the payment of amounts received in respect of or comprised in the Unsecured Loan Scottish Trust Property and the taking of such action (including court or other proceedings) as may be necessary to secure or protect the title to the Unsecured Loan Scottish Trust Property.

5. INCORPORATION OF PORTFOLIO ASSETS SALE AGREEMENT

The obligations and liabilities stated in or incorporated into the Portfolio Assets Sale Agreement to be or become or being or becoming incumbent on the Originator to or for the benefit of the Issuer and in particular those contained in clauses 4, 5.4, 8, 10 and 11 of the Portfolio Assets Sale Agreement shall be deemed mutatis mutandis to be provisions of the trust hereby declared and created so far as the same pertain to the Unsecured Loan Scottish Trust Property, and that during the continuance of such trust the Issuer shall have the benefit of all rights and powers thereby conferred and that to full effect, subject as otherwise required by law and to the Relevant Documents,

⁴² Delete as applicable.
LIB02/F2MGL/1773362.9

notwithstanding the winding up of or the making of an administration order in respect of the Seller or the appointment of a receiver to all or any part of the Unsecured Loan Scottish Trust Property.

6. TERMINATION OF TRUST

The trust hereby declared and created shall ipso facto fall and cease to be of effect in respect of any part or parts of the Unsecured Loan Scottish Trust Property:

- (a) concerning which perfection of the purchase by the Issuer shall have duly taken place in accordance with clause 11 of the Portfolio Assets Sale Agreement, or
- (b) concerning which a Repurchase shall have been duly completed in accordance with clauses 8 or 14 of the Portfolio Assets Sale Agreement,

provided that such trust shall continue in full force and effect in respect of the whole remainder (if any) of the Unsecured Loan Scottish Trust Property.

7. VARIATION

This Deed and the trust hereby declared and created shall not be varied in any respect without the consent in writing of the Issuer and (for so long as it retains any interest in the Unsecured Loan Scottish Trust Property) the Trustee.

8. GOVERNING LAW

This Deed and the trust hereby declared and created shall be governed by and construed in accordance with the laws of Scotland.

9. CONSENT

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

IN WITNESS whereof these presents typewritten on this and the preceding [three] pages are together with the Schedule annexed hereto executed for and on behalf of the Originator, PPF and the Issuer on 19 May 2005 as follows:

SUBSCRIBED for and on behalf of the said
[Universal Credit Limited] [Colonial Finance (UK) Limited]
by its duly appointed Attorney

.....
(Signature of Attorney)

[in terms of power of attorney dated [____]]
before this witness

..... (Signature)

..... (Full Name)

..... (Address)

.....

SUBSCRIBED for and on behalf of the
said **Paragon Personal and Auto Finance (No.3) PLC**
by its duly appointed Attorney

.....
(Signature of Attorney)

[in terms of power of attorney dated [_____]]
before this witness

..... (Signature)
..... (Full Name)
..... (Address)
.....

SUBSCRIBED for and on behalf of the
said **Paragon Personal Finance Limited**
by its duly appointed Attorney

.....
(Signature of Attorney)

[in terms of power of attorney dated [_____]]
before this witness

..... (Signature)
..... (Full Name)
..... (Address)
.....

SCHEDULE 9

PART A

Form OF SECURED LOAN SUPPLEMENTAL SCOTTISH DECLARATION OF TRUST

SUPPLEMENTAL DECLARATION OF TRUST

by

- (1) **[insert name of Relevant Seller]** (registered number []) having its registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the **"Seller"**);

in favour of

- (2) **Paragon Personal and Auto Finance (No.3) PLC** (registered number 4513186, having its registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the **"Issuer"**)).

WHEREAS:

- (A) The Seller and the Issuer have entered into a declaration of trust dated [] in terms of which the Seller declared a trust in favour of the Issuer over certain property described therein.
- (B) The legal title to the Secured Loan Scottish Trust Property the subject of the Sale Notice (defined below) is or, as regards parts thereof not yet existing, will be forthwith on coming into existence, held by and vested in the Seller.
- (C) Pursuant to the delivery of a Sale Notice on the date hereof (the **"Sale Notice"**) the Seller has agreed to sell to the Issuer (inter alia) the Benefit of the Secured Loans and their Related the subject of such Sale Notice and the Issuer has agreed to purchase the same.
- (D) Pursuant to clause 7.3 of the Portfolio Assets Sale Agreement, the Seller proposes to declare a trust in the terms hereof and supplemental to the said declaration of trust over (inter alia) its interest in the Secured Loan Scottish Trust Property the subject of the Sale Notice.

IT IS AGREED:

1. INTERPRETATION

Save as otherwise provided herein, this Deed (which expression shall include the Recitals hereto) shall be interpreted in accordance with the Master Definitions Schedule signed by Lovells and Herbert Smith for the purposes of identification on 17 May 2005 (as the same may be amended, varied or supplemented from time to time with the consent of the Issuer, the trustee and PFPLC) (the **"Master Definition Schedule"**) and save when the context otherwise requires or as otherwise defined herein, words defined in the Master Definitions Schedule shall have the same meanings in this Deed. In particular reference to Secured Loan Scottish Trust Property shall be interpreted as the Secured Loan Scottish Trust Property the subject of the Sale Notice details of which are specified in the Schedule annexed and executed hereto and to the Secured Loan Scottish Trust Property the subject of previous Sale Notices (to the extent not already duly held in trust under or pursuant to the Secured Loan Scottish Declaration of Trust or any previous Secured Loan Supplemental Scottish Declaration of Trust).

2. DECLARATION OF TRUST

The Seller hereby declares for its whole right, title and interest in and to the Secured Loan Scottish Trust Property as is testified by its execution hereof, that from and after the date hereof (or as regards parts thereof not yet existing and vested in the Seller, from and after the coming into existence and such vesting thereof) it holds and, subject to clause 6 hereof, shall henceforth hold the Secured Loan Scottish Trust Property and its whole right, title and interest present and future, therein and thereto in trust absolutely for the Issuer and its assignees (whether absolutely or in security) whomsoever.

3. INTIMATION

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

4. WARRANTIES AND UNDERTAKINGS

The Seller warrants and undertakes that it shall deal with the Secured Loan Scottish Trust Property in accordance with the Portfolio Assets Sale Agreement and the specific instructions (if any) of the Issuer, including regarding the payment of amounts received in respect of or comprised in the Secured Loan Scottish Trust Property and the taking of such action (including court or other proceedings) as may be necessary to secure or protect the title to the Secured Loan Scottish Trust Property.

5. INCORPORATION OF PORTFOLIO ASSETS SALE AGREEMENT

The obligations and liabilities stated in or incorporated into the Sale Notice and comprised in the Portfolio Assets Sale Agreement to be or become or being or becoming incumbent on the Seller to or for the benefit of the Issuer and in particular those contained in clauses 7.3 to 7.6 (inclusive), 8, 10 and 11 of the Portfolio Assets Sale Agreement shall be deemed mutatis mutandis to be provisions of the trust hereby declared and created so far as the same pertain to the Secured Loan Scottish Trust Property, and that during the continuance of such trust the Issuer shall have the benefit of all rights and powers thereby conferred and that to full effect, subject as otherwise required by law and to the Relevant Documents, notwithstanding the winding-up of or the making of an administration order in respect of the Seller or the appointment of a receiver to all or any part of the Secured Loan Scottish Trust Property.

6. TERMINATION OF TRUST

The trust hereby declared and created shall ipso facto fall and cease to be of effect in respect of any part or parts of the Secured Loan Scottish Trust Property:

- (a) concerning which perfection of the purchase by the Issuer shall have duly taken place in accordance with clause 11 of the Portfolio Assets Sale Agreement as incorporated into the Sale Notice; or
- (b) concerning which a repurchase shall have been duly completed in accordance with clauses 8 or 14 of the Portfolio Assets Sale Agreement;

provided that such trust shall continue in full force and effect in respect of the whole remainder (if any) of the Secured Loan Scottish Trust Property.

7. **VARIATION**

This Deed and the trust hereby declared and created shall not be varied in any respect without the consent in writing of the Issuer and (for so long as it retains any interest in the Secured Loan Scottish Trust Property) the Trustee.

8. **GOVERNING LAW**

This deed and the trust hereby declared and created shall be governed by and construed in accordance with the laws of Scotland.

9. **CONSENT**

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

IN WITNESS whereof these presents typewritten on this and the preceding [three] pages are together with the Schedule annexed hereto executed for and on behalf of the Seller and the Issuer at [] on [] as follows:

SUBSCRIBED for and on behalf of the said
[] by its duly
appointed Attorney

.....

(Signature of Attorney)

in terms of power of attorney dated []
before this witness

.....(Signature)
.....(Full Name)
.....(Address)

SUBSCRIBED for and on behalf of the said
**Paragon Personal and Auto
Finance (No.3) PLC** by its duly appointed Attorney

.....

(Signature of Attorney)

in terms of power of attorney dated []
before this witness

.....(Signature)
.....(Full Name)
.....(Address)

SCHEDULE 9

PART B

FORM OF UNSECURED ASSET SUPPLEMENTAL SCOTTISH DECLARATION OF TRUST

SUPPLEMENTAL DECLARATION OF TRUST

by

- (1) **[insert name of the Relevant Seller]**, a company incorporated in England and Wales (registered number []) whose registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE (the "**Seller**"); and
- (2) **Paragon Personal and Auto Finance (No.3) PLC**, a company incorporated in England and Wales (registered number 4513186) whose registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE (the "**Issuer**")

WHEREAS:

- (A) The Seller and the Issuer have entered into a declaration of trust dated [] in terms of which the Seller declared a trust in favour of the Issuer over certain property described therein.
- (B) The legal title to the Unsecured Asset Scottish Trust Property relating to the Sale Notice described below is or, as regards parts thereof not yet existing, will be forthwith on coming into existence, held by and vested in the Seller.
- (C) Pursuant to a Sale Notice delivered to the Issuer on the date hereof (the "**Sale Notice**") the Seller has agreed to sell to the Issuer (inter alia) the Benefit of the [Unsecured Loans] [Car Finance Contracts]⁴³ the subject of such Sale Notice and the Issuer has agreed to purchase the same.
- (D) Pursuant to clause 7.3 of the Portfolio Assets Sale Agreement, the Seller proposes to declare a trust in the terms hereof and supplemental to the said declaration of trust over (inter alia) its interest in the Unsecured Asset Scottish Trust Property purchased pursuant to the said Sale Notice.

IT IS AGREED:

1. INTERPRETATION

Save as otherwise provided herein, this Deed (which expression shall include the Recitals hereto) shall be interpreted in accordance with the Master Definitions Schedule signed by Lovells and Herbert Smith for the purposes of identification on 17 May 2005 (as the same may be amended, varied or supplemented from time to time with the consent of the Issuer) (the "**Master Definitions Schedule**") and save where the context otherwise requires or as otherwise defined herein, words and expressions defined in the Master Definitions Schedule shall have the same meanings in this Deed. In particular reference to Unsecured Asset Scottish Trust Property shall be interpreted as the [Unsecured Loan Scottish Trust Property relating to the said Sale Notice details of which are specified in the Schedule annexed and executed hereto and to the Unsecured Loan Scottish Trust Property relating to [previous Sale Notices delivered to the Issuer by the Seller] [and] [Unsecured Loans sold by the Seller to the Issuer on the Closing Date] [Car Finance Scottish Trust Property relating to the said Sale Notice details of which are specified in the Schedule annexed and executed hereto and to the Car Finance Scottish Trust Property

⁴³ Delete as applicable.
LIB02/F2MGL/1773362.9

relating to [previous Sale Notices delivered to the Issuer by the Seller] [and] [Car Finance Contracts sold by the Seller to the Issuer on the Closing Date] (to the extent not already duly held in trust under or pursuant to the relevant Unsecured Asset Scottish Declaration of Trust or any previous Unsecured Asset Supplemental Scottish Declaration of Trust).

2. DECLARATION OF TRUST

The Seller hereby declares for its whole right, title and interest in and to the Unsecured Asset Scottish Trust Property as is testified by its execution hereof, that from and after the date hereof (or as regards parts thereof not yet existing and vested in the Seller, from and after the coming into existence and such vesting thereof) it holds and, subject to clause 6 hereof, shall henceforth hold the Unsecured Asset Scottish Trust Property and its whole right, title and interest present and future, therein and thereto in trust absolutely for the Issuer and its assignees (whether absolutely or in security) whomsoever.

3. INTIMATION

The Seller hereby intimates to the Issuer the coming into effect of the trust hereby declared and created and the Issuer by its execution hereof immediately subsequent to the execution of this Deed by the Seller acknowledges such intimation.

4. WARRANTIES AND UNDERTAKINGS

The Seller warrants and undertakes that it shall deal with the Unsecured Asset Scottish Trust Property in accordance with the Portfolio Assets Sale Agreement and the specific instructions (if any) of the Issuer, including regarding the payment of amounts received in respect of or comprised in the Unsecured Asset Scottish Trust Property and the taking of such action (including court or other proceedings) as may be necessary to secure or protect the title to the Unsecured Asset Scottish Trust Property.

5. INCORPORATION OF PORTFOLIO ASSETS SALE AGREEMENT

The obligations and liabilities stated in or incorporated into the Sale Notice (including the terms of the Portfolio Assets Sale Agreement) to be or become or being or becoming incumbent on the Seller to or for the benefit of the Issuer and in particular those contained in clauses 7.3 to 7.6 (inclusive), 8, 10 and 11 of the Portfolio Assets Sale Agreement shall be deemed mutatis mutandis to be provisions of the trust hereby declared and created so far as the same pertain to the Unsecured Asset Scottish Trust Property, and that during the continuance of such trust the Issuer shall have the benefit of all rights and powers thereby conferred and that to full effect, subject as otherwise required by law and to the Relevant Documents, notwithstanding the winding up of or the making of an administration order in respect of the Seller or the appointment of a receiver to all or any part of the Unsecured Asset Scottish Trust Property.

6. TERMINATION OF TRUST

The trust hereby declared and created shall ipso facto fall and cease to be of effect in respect of any part or parts of the Unsecured Asset Scottish Trust Property:

- (a) concerning which perfection of the purchase by the Issuer shall have duly taken place in accordance with clause 11 of the Portfolio Assets Sale Agreement, or
- (b) concerning which a Repurchase shall have been duly completed in accordance with clauses 8 or 14 of the Portfolio Assets Sale Agreement;

provided that such trust shall continue in full force and effect in respect of the whole remainder (if any) of the Unsecured Asset Scottish Trust Property.

7. **VARIATION**

This Deed and the trust hereby declared and created shall not be varied in any respect without the consent in writing of the Issuer and (for so long as it retains any interest in the Unsecured Asset Scottish Trust Property) the Trustee.

8. **GOVERNING LAW**

This Deed and the trust hereby declared and created shall be governed by and construed in accordance with the laws of Scotland.

9. **CONSENT**

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

IN WITNESS whereof these presents typewritten on this and the preceding [three] pages are together with the Schedule annexed hereto executed for and on behalf of the Seller and the Issuer at [] on [] as follows:

SUBSCRIBED for and on behalf of the said
[insert name of the Relevant Seller]
by its duly appointed Attorney

.....
(Signature of Attorney)

[in terms of power of attorney dated []]
before this witness

..... (Signature)

..... (Full Name)

..... (Address)

.....

SUBSCRIBED for and on behalf of the
said **Paragon Personal and Auto Finance (No.3) PLC**
by its duly appointed Attorney

.....
(Signature of Attorney)

[in terms of power of attorney dated [____]]
before this witness

..... (Signature)

..... (Full Name)

..... (Address)

.....