

DATED 10 NOVEMBER 2011

PARAGON MORTGAGES (2010) LIMITED

SUPPLEMENTAL DEED OF DECLARATION OF
TRUST
RELATING TO
PARAGON MORTGAGES (2010) LIMITED'S
COLLECTION ACCOUNT IN RESPECT OF
MORTGAGES SOLD TO PARAGON MORTGAGES
(NO. 16) PLC
IN CONNECTION WITH A RESIDENTIAL
MORTGAGE SECURITISATION

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THIS SUPPLEMENTAL DEED OF DECLARATION OF TRUST is made on 10 November 2011

BY:

- (1) **PARAGON MORTGAGES (2010) LIMITED** (registered number 2337854) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("PML")
- (2) **AND IS SUPPLEMENTAL TO** a deed of declaration of trust made by PML on 27 September 2010 (the "**Declaration of Trust**").

WHEREAS:

- (A) PML is acting as an originator and a seller in respect of a further securitisation, which is to close on the date hereof, in respect of which the issuer of the notes being issued and purchaser of certain mortgages being sold by PML in respect of the further securitisation is Paragon Mortgages (No. 16) PLC (the "**Issuer**") and Moorgate Asset Administration Limited ("**MAAL**") has agreed to act as the administrator for the same.
- (B) PML is desirous of extending the benefit of the trust declared in the Declaration of Trust to the Issuer in respect of the mortgages to be purchased by the Issuer.

NOW THIS DEED WITNESSETH as follows:

1. INTERPRETATION

- 1.1 Unless otherwise defined herein, terms defined in the Declaration of Trust shall have the same meaning when used herein (including in the recitals).
- 1.2 The headings are inserted for convenience only and shall not affect the interpretation of this Deed.
- 1.3 Words denoting the singular number only shall include the plural number also and vice versa; and "persons" shall include individuals, firms and corporations.
- 1.4 References in this Deed to any agreement or other document include any amendment thereto or variation or novation thereof for the time being having effect.

2. THE TRUST

PML hereby acknowledges, declares and agrees that from the date hereof:

- 2.1 the Issuer shall hereby be appointed as a Beneficiary under the Declaration of Trust;
- 2.2 in accordance with the terms of the Declaration of Trust, at any time such proportion of the Trust Property at such time as the amounts derived from the Assets of the Issuer and standing to the credit of the Account shall at such time bear to the Total Property at such time, shall, in relation to the Issuer, be its Beneficiary's Share; and
- 2.3 the provisions of the Declaration of Trust and the trust declared therein shall apply to the Issuer as they apply to the other Beneficiaries.

3. DESIGNATION AS SECURITY TRUSTEE

PML hereby designates Citicorp Trustee Company Limited acting through its principal London office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, as trustee in respect of any security given by the Issuer for its obligations under a deed of sub-charge and assignment to be dated the date hereof between, among others, the Issuer, Citicorp Trustee Company Limited, Paragon Finance PLC, MAAL and Homeloan Management Limited.

IN WITNESS WHEREOF PML has caused this Deed to be executed as a Deed on the day and year first before written.

Executed by:
as its deed as follows:
Signed for and on its behalf by-one
of its directors

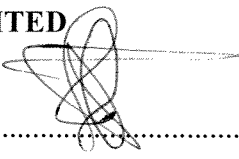
Signature: 

Witness Name: ADAM CRAIG

Occupation: SOLICITOR

Address: 10 UPPER BANK ST.
LONDON E14 5JJ
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PARAGON MORTGAGES (2010)
LIMITED

By: 

Name: I HORNEY

Title: Director