

PARAGON MORTGAGES (2010) LIMITED

ORIGINATOR COLLECTION ACCOUNT
DECLARATION OF TRUST

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THIS DECLARATION OF TRUST is dated and made on 27 FEBRUARY 2013.

PARAGON MORTGAGES (2010) LIMITED, ("PML 2010"), registered in England and Wales as company number 6595834 whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE

WHEREAS:

- (A) PML 2010 acts as the originator, seller and/or transferor of financial assets in respect of the Securitisations.
- (B) The Account operated by the Bank is, inter alia, utilised by PML 2010 for the purpose of collecting payments in respect of the Mortgages which are subject to the Securitisations.
- (C) PML 2010 is desirous of establishing the trust hereinafter declared and contained in respect of the Account.

NOW THIS DEED WITNESSETH:

1. INTERPRETATION

1.1 In this Deed, including the recitals, where the context so admits:

"**Account**" means the account the details of which are set forth in Schedule 1;

"**Assets**" means, in respect of each Beneficiary, the property of such Beneficiary, including but not limited to the Mortgages, the amounts secured thereby and any other security for such amounts and the Insurance Contracts or, as appropriate, any part thereof;

"**Bank**" means that bank set out in the first column in Schedule 1;

"**Beneficiaries**" means the company set out in Schedule 2 and any Beneficiary in respect of which a deed of declaration of trust supplemental to this Deed is executed by PML 2010; and "**Beneficiary**" shall be construed accordingly;

"**Beneficiary's Share**" means, in respect of each Beneficiary, at any time such proportion of the Trust Property at such time as the amounts derived from the Assets of such Beneficiary and standing to the credit of the Account shall at such time bear to the Trust Property; and Beneficiaries' Shares shall be construed accordingly;

"**Business Day**" means, a day (other than a Saturday or Sunday) on which banks are generally open for business in London; and "**Business Days**" shall be construed accordingly;

"**Collections**" means, in relation to a Mortgage, all cash collections and other cash proceeds thereof including all principal, interest, buildings insurance premium, payment protection premium, any value added tax, late payment, early payment or similar charges.

"Encumbrance" means:

- (a) a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect;

"Insurance Contracts" means, in respect of each Beneficiary, those contracts of insurance or any interest therein which have been assigned to such Beneficiary by PML 2010 pursuant to the provisions of the Securitisation Documents or which have been or shall be from time to time entered into by such Beneficiary or under which such Beneficiary is a named insured or on which such Beneficiary has its interest noted;

"Mortgages" means, in respect of each Beneficiary, those mortgages secured on residential property in England, Wales, Scotland and Northern Ireland which have been sold by PML 2010 and purchased by the Beneficiary and which are identified in the mortgage schedules which have been delivered by PML 2010 to that Beneficiary but excluding, after the date of any repurchase, any Mortgages repurchased by PML 2010 pursuant to the provisions of the Securitisation Documents;

"Liabilities" means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including reasonable legal fees and any taxes and penalties incurred by that person, together with any value added tax charged or chargeable in respect of any of the sums referred to in this definition;

"Paragon Group Company" means the ultimate holding company of PML 2010 (or any other company which may replace it as the ultimate holding company of PML 2010) and each of its Subsidiaries;

"Securitisation" means, in respect of each Beneficiary, the sale by PML 2010 and the purchase by such Beneficiary of certain financial assets, including mortgage loans and the security therefor; and **"Securitisations"** shall be construed accordingly;

"Securitisation Documents" means, in respect of each Securitisation, the agreements and other documents describing the arrangements and setting out the terms and conditions thereof; and **"Securitisation Document"** shall be construed accordingly;

"Securitisation Trustee" means Citicorp Trustee Company Limited (a company incorporated in England and Wales with limited liability as company number 00235914 whose registered office is at Citigroup Centre, Canada Square Canary Wharf, London E14 5LB) and/or any other person designated as trustee in respect of any security given by a Beneficiary for its obligations under the Securitisation

Documents in a supplemental deed of declaration of trust to this Deed executed by PML 2010;

"**Subsidiary**" means a subsidiary within the meaning of section 1159 of the Companies Act 2006 and includes a subsidiary undertaking as defined in section 1162 of the Companies Act 2006; and

"**Trust Property**" means at any time the total amount standing to the credit of the Account.

- 1.2 The headings and sub-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**

- 2.1 PML 2010 HEREBY ACKNOWLEDGES, DECLARES AND AGREES that it shall hold the Trust Property UPON TRUST for the Beneficiaries and itself as beneficial tenants in common in the following proportions:
 - 2.1.1 as to each Beneficiary's Share from time to time for each Beneficiary; and
 - 2.1.2 as to the remainder of the Trust Property from time to time for PML 2010.
- 2.2 PML 2010 agrees and declares that the Trust Property shall be held in accordance with this Deed and shall not be dealt with otherwise than in accordance with the terms of the Securitisation Documents.

3. **ACKNOWLEDGEMENTS OF PML 2010**

- 3.1 PML 2010 acknowledges that it has no right at any time to set off or transfer any of the Collections in or towards satisfaction of any of the Liabilities of a Beneficiary or of a Securitisation Trustee to PML 2010 or of any of the Liabilities of PML 2010 to any other person.
- 3.2 PML 2010 acknowledges and declares that the trust constituted by this Deed is not intended to create, nor does it create, any Encumbrance in favour of any person over any property or assets of the PML 2010 but rather is intended clearly to delineate the beneficial interest of each Beneficiary and PML 2010 respectively in the Trust Property.

4. **TERMINATION**

The trusts hereby declared shall, in relation to each Beneficiary, cease absolutely upon the earlier of (i) the irrevocable payment of all monies due and owing under the Securitisation Documents to that Beneficiary in respect of which the Assets of that

Beneficiary are held as security by the relevant Securitisation Trustee or (ii) the day following the date on which the relevant Paragon Group Company ceases to act as administrator of the Assets of that Beneficiary and arrangements satisfactory to the relevant Securitisation Trustee have been established so that all payments in respect of such Beneficiary's Share are paid on and after that date into an alternative collection account other than the Account.

5. **SUPPLEMENTAL DEED OF DECLARATION OF TRUST**

PML 2010 will, in respect of any other present or future securitisation in which it acts as originator, seller and/or transferor of financial assets, endeavour to agree with the relevant securitisation trustee a supplemental deed of declaration of trust to this Deed in which it shall declare that it holds, for the Beneficiary in respect of such securitisation, such Beneficiary's Share on the same (or substantially similar) trusts as those set forth in this Deed.

6. **NOTICE**

PML 2010 shall give notice in writing to the Bank of this Deed and the terms thereof prior to the creation of any Trust Property which is to be held on trust for a Beneficiary in accordance with this Deed.

7. **FURTHER ASSURANCE**

PML 2010 shall do and execute, or arrange for the doing and executing of, each act, document and thing requested of it by a Securitisation Trustee in order to implement and/or give effect to this Deed and the arrangements contemplated by it.

8. **PARTIAL INVALIDITY**

The invalidity, illegality or unenforceability of a provision of this Deed does not affect or impair the continuation in force of the remainder of this Deed.

9. **THIRD PARTY TRANSACTION RIGHTS**

Rights under this Deed only accrue to a person named in this Deed. Accordingly a person who is not named in this Deed shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but (i) this does not affect any right or remedy of a third party which exists or is available apart from that Act, and (ii) nothing contained in this Clause 9 (*Third Party Transaction Rights*) is intended to restrict the respective entitlements of the Issuer or the Trustee to enforce their respective rights in connection with this Deed.

10. **GOVERNING LAW**

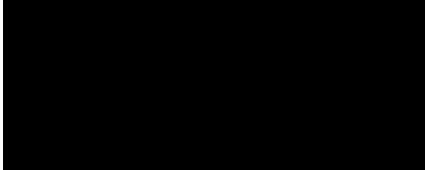
This Deed and all non-contractual obligations arising out of or in connection with it shall be governed by English law.

11. **JURISDICTION**

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed, any non-contractual obligations arising out of or in connection with this Deed or the consequences of its nullity).

**SCHEDULE 1
THE ACCOUNT**

The Account is in the name of PML 2010 as follows:-

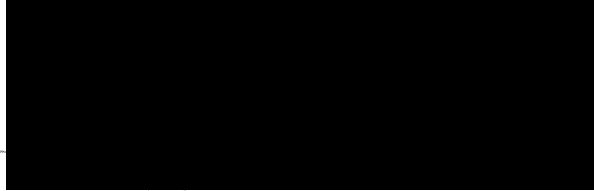
<u>Bank and Address</u>	<u>Name of Account Holder</u>	<u>Account Number</u>	<u>Sort Code</u>
Barclays Bank PLC, London Corporate Banking Centre, PO Box No 544, London, EC3P 3AH	Paragon Mortgages (2010) Limited		

**SCHEDULE 2
THE BENEFICIARIES**

Paragon Fourth Funding Limited (registered number 5390155)

IN WITNESS WHEREOF PML 2010 has executed this Deed and intends to deliver, and does deliver, this Deed on the date first before written.

EXECUTED and DELIVERED as)
a DEED by PARAGON MORTGAGES)
(2010) LIMITED acting by:)

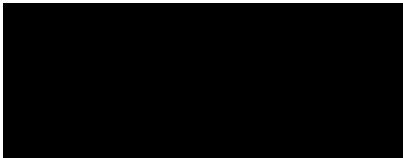


Signature of Director

J. G. GEMMELL

Name of Director

in the presence of:



Signature of witness

A. T. KITCHING

Name of witness

51 HOMER ROAD

Address of witness

SOLIHULL

BA1 3QJ

SECURITISATION MANAGER

Occupation of witness