

PARAGON MORTGAGES (NO. 9) PLC
AS THE ISSUER

AND

CITICORP TRUSTEE COMPANY LIMITED
AS THE TRUSTEE

FIRST SUPPLEMENTAL TRUST DEED TO THE
TRUST DEED DATED 19 JULY 2005 IN RESPECT OF
THE

£346,000,000 CLASS Aa NOTES DUE 2041
€355,000,000 CLASS Ab NOTES DUE 2041
\$60,000,000 CLASS Ac NOTES DUE 2041
£7,000,000 CLASS Ba NOTES DUE 2041
€29,500,000 CLASS Bb NOTES DUE 2041
£3,000,000 CLASS Ca NOTES DUE 2041
€66,000,000 CLASS Cb NOTES DUE 2041

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THIS FIRST SUPPLEMENTAL TRUST DEED is made on 6 August 2010

BETWEEN

- (1) **PARAGON MORTGAGES (NO. 9) PLC**, a company incorporated with limited liability in England and Wales with registered number 04513176 whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**"); and
- (2) **CITICORP TRUSTEE COMPANY LIMITED**, a company incorporated with limited liability in England and Wales with registered number 00235914 whose registered office is at Citigroup Centre, 14th Floor, Canada Square, Canary Wharf, London E14 5LB.

INTRODUCTION:

- (A) The Issuer and the Trustee entered into a trust deed (the "**Principal Trust Deed**") dated 19 July 2005 constituting the Notes.
- (B) The Trustee has agreed to exercise the power conferred upon it by Clause 19.2 of the Principal Trust Deed to concur with the Issuer in making a modification to the Principal Trust Deed to correct a manifest error. Accordingly, the parties hereto now wish to enter into this first supplemental trust deed (the "**First Supplemental Trust Deed**") in order to amend the definition of "Subordinated Available Redemption Funds" in Condition 5 (*Redemption and Purchase*) of the Terms and Conditions of the Notes.

NOW THIS DEED WITNESSETH and it is hereby agreed and declared as follows:

1. DEFINITIONS AND INTERPRETATION

All words and expressions defined in the Principal Trust Deed shall, where the context so requires and admits, have the same meaning in this First Supplemental Trust Deed, and the principles of interpretation specified in Clause 1.2 of the Principal Trust Deed shall, where the context so requires and admits, also apply to this First Supplemental Trust Deed.

2. AMENDMENTS TO THE PRINCIPAL TRUST DEED

The Principal Trust Deed, with effect from the date hereof, shall be amended as follows:

- 2.1 In Condition 5 (*Redemption and Purchase*), the following shall be deleted:

"The "**Subordinated Available Redemption Funds**" shall equal:

- (i) where the Principal Determination Date on which the Subordinated Available Redemption Funds are to be determined falls up to and including the occurrence of

the Determination Event (unless on the immediately following Interest Payment Date the Class A Notes are redeemed in full) or falls after the Determination Event and:

- (a) on the Interest Payment Date immediately following the Principal Determination Date on which the Subordinated Available Redemption Funds are to be determined, after the application of the moneys in the Transaction Account in accordance with the provisions of the Deed of Charge and the Administration Agreement on that Interest Payment Date and any drawing made under the Subordinated Loan Agreement on that Interest Payment Date, there is any credit balance of zero or greater on the Principal Deficiency Ledger; or
- (b) on the Principal Determination Date on which the Subordinated Available Redemption Funds are to be determined the then Current Balances (as defined in the Trust Deed) of Mortgages which are more than three months in arrears (as defined in the Trust Deed) represent 7.5% or more of the then Current Balances of all of the Mortgages (paragraphs (a) and (b) together being the "**Redemption Tests**"),

nil; and

(ii) on each Interest Payment Date which falls after the occurrence of a Determination Event (or on the Interest Payment Date upon which the Class A Notes are redeemed in full), provided that both the Redemption Tests are satisfied:

- (a) that amount of the Available Redemption Funds (pro rata to the amount of the Class B Notes and the Class C Notes) determined as at such date which, if applied to the redemption of the Class B Notes and the Class C Notes, would cause the ratio of (I) the aggregate GBP Equivalent Principal Liability Outstanding of the Class B Notes and the aggregate GBP Equivalent Principal Liability Outstanding of the Class C Notes to (II) the sum of the aggregate GBP Equivalent Principal Liability Outstanding of the Class A Notes and the aggregate GBP Equivalent Principal Liability Outstanding of the Class B Notes and the aggregate GBP Equivalent Principal Liability Outstanding of the Class C Notes after such application to become as nearly as possible equal to 0.216:1; provided that the aggregate GBP Equivalent Principal Liability Outstanding of the Class B Notes and the Class C Notes after such application shall not, so long as any of the Class A Notes remains outstanding, be reduced below £33,320,000; and
- (b) on any other Principal Determination Date which is immediately prior to an Interest Payment Date on which no Class A Note remains outstanding, the total amount of the Available Redemption Funds and on the Principal Determination Date immediately prior to the Interest Payment Date on which the Class A Notes are to be redeemed in full, the amount of Available Redemption Funds in excess of the aggregate GBP Equivalent Principal Liability Outstanding of the Class A Notes on such Principal Determination Date.

On any Principal Determination Date, if both the Redemption Tests are satisfied, the Subordinated Available Redemption Funds shall be applied pro rata between the Class B Notes and the Class C Notes according to the aggregate GBP Equivalent Principal Liability Outstanding of the Class B Notes and the aggregate GBP Equivalent Principal Liability Outstanding of the Class C Notes. On any Principal Determination Date, if any of the Redemption Tests is not satisfied, the Subordinated Available Redemption Funds shall be applied first to the Class B Notes up to the aggregate GBP Equivalent Principal Liability Outstanding of the Class B Notes and then to the Class C Notes up to the aggregate GBP Equivalent Principal Liability Outstanding of the Class C Notes."

2.2 In Condition 5 (*Redemption and Purchase*), the following shall be inserted:

"The "**Subordinated Available Redemption Funds**" shall equal:

- (i) (A) where the Principal Determination Date on which the Subordinated Available Redemption Funds are to be determined falls up to and including the occurrence of the Determination Event; or
 - (B) where the Principal Determination Date on which the Subordinated Available Redemption Funds are to be determined falls after the occurrence of the Determination Event, and Class A Notes remain outstanding, and will not be redeemed in full on the next Interest Payment Date, and:
 - (a) on the Interest Payment Date immediately following the Principal Determination Date on which the Subordinated Available Redemption Funds are to be determined, after the application of the moneys in the Transaction Account (including any amounts debited from the First Loss Ledger) in accordance with the provisions of the Deed of Charge and the Administration Agreement on that Interest Payment Date and any drawing made under the Subordinated Loan Agreement on that Interest Payment Date, there is any debit balance on the Principal Deficiency Ledger; or
 - (b) on the Principal Determination Date on which the Subordinated Available Redemption Funds are to be determined, the then Current Balances (as defined in the Trust Deed) of Mortgages which are more than three months in arrears (as defined in the Trust Deed) represent 7.5% or more of the then Current Balances of all of the Mortgages,
- nil;
- (ii) on each Principal Determination Date which falls after the occurrence of the Determination Event, and on which Class A Notes remain outstanding, and will not be redeemed in full on the next Interest Payment Date, and provided that:
 - (a) on the Interest Payment Date immediately following the Principal Determination Date on which the Subordinated Available Redemption Funds are to be determined, after the application of the moneys in the Transaction Account in accordance with the provisions of the Deed of

Charge and the Administration Agreement on that Interest Payment Date and any drawing made under the Subordinated Loan Agreement on that Interest Payment Date, there is a credit balance or a balance of zero on the Principal Deficiency Ledger; and

- (b) on the Principal Determination Date on which the Subordinated Available Redemption Funds are to be determined, the then Current Balances of Mortgages which are more than three months in arrears represent less than 7.5% of the then Current Balances of all of the Mortgages,

that amount of the Available Redemption Funds (*pro rata* to the amount of the Class B Notes and the Class C Notes) determined as at such date which, if applied to the redemption of the Class B Notes and the Class C Notes, would cause the ratio of (I) the aggregate GBP Equivalent Principal Liability Outstanding of the Class B Notes and the aggregate GBP Equivalent Principal Liability Outstanding of the Class C Notes to (II) the sum of the aggregate GBP Equivalent Principal Liability Outstanding of the Class A Notes and the aggregate GBP Equivalent Principal Liability Outstanding of the Class B Notes and the aggregate GBP Equivalent Principal Liability Outstanding of the Class C Notes after such application to become as nearly as possible equal to 0.216:1; provided that the aggregate GBP Equivalent Principal Liability Outstanding of the Class B Notes and the Class C Notes after such application shall not, so long as any of the Class A Notes remains outstanding, be reduced below £33,320,000; and

- (iii) on any Principal Determination Date which is immediately prior to an Interest Payment Date on which no Class A Note remains outstanding, the total amount of the Available Redemption Funds and on the Principal Determination Date immediately prior to the Interest Payment Date on which the Class A Notes are to be redeemed in full, the amount of Available Redemption Funds in excess of the aggregate GBP Equivalent Principal Liability Outstanding of the Class A Notes on such Principal Determination Date.

On any Principal Determination Date falling after the Determination Event, if both of the conditions specified in sub-paragraphs (ii)(a) and (ii)(b) above are satisfied, the Subordinated Available Redemption Funds shall be applied *pro rata* between the Class B Notes and the Class C Notes according to the aggregate GBP Equivalent Principal Liability Outstanding of the Class B Notes and the aggregate GBP Equivalent Principal Liability Outstanding of the Class C Notes. On any Principal Determination Date, if either of the conditions specified in sub-paragraphs (ii)(a) and (ii)(b) above is not satisfied, the Subordinated Available Redemption Funds (if any) shall be applied first to the Class B Notes up to the aggregate GBP Equivalent Principal Liability Outstanding of the Class B Notes and then to the Class C Notes up to the aggregate GBP Equivalent Principal Liability Outstanding of the Class C Notes."

3. COSTS, EXPENSES AND INDEMNIFICATION

- 3.1 The Issuer shall, on demand of the Trustee, reimburse the Trustee for all properly incurred costs and expenses (including legal fees) incurred by it in connection with the negotiation, preparation and execution or purported execution of this First Supplemental Trust Deed and the completion of the matters herein contemplated.
- 3.2 The Issuer shall indemnify the Trustee and every attorney, manager, agent, delegate or other person properly appointed by it hereunder against any and all losses, liabilities, costs, claims, actions or demands incurred by it or him or which may be made against it or him as a result of or in connection with the execution or purported execution of this First Supplemental Trust Deed and the amendments hereby effected.

4. FURTHER ASSURANCE

The Issuer undertakes to the Trustee to execute all such other documents and comply with all such other requirements to effect the amendments contemplated hereby and any other matter incidental thereto as the Trustee may direct.

5. TRUST DEED

This First Supplemental Trust Deed is supplemental to the Principal Trust Deed and subject to the amendments to be effected to the Principal Trust Deed hereunder, the Principal Trust Deed and the Notes shall remain in full force and effect and the Principal Trust Deed and this First Supplemental Trust Deed shall be read and construed together as one deed.

6. ENDORSEMENT ON PRINCIPAL TRUST DEED

A memorandum of this First Supplemental Trust Deed shall be endorsed on the original of the Principal Trust Deed by the Trustee and on the duplicate thereof by the Issuer.

7. COUNTERPARTS

This First Supplemental Trust Deed may be executed in any number of counterparts, each of which is original and all of which together evidence the same agreement. This First Supplemental Trust Deed shall not come into effect until each party has executed and delivered at least one counterpart.

8. GOVERNING LAW AND JURISDICTION

This First Supplemental Trust Deed and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, the laws of England.


9. THIRD PARTY RIGHTS

A person who is not a party to this First Supplemental Trust Deed may not enforce any terms of this First Supplemental Trust Deed under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any third party which exists or is available apart from that Act.

IN WITNESS WHEREOF this First Supplemental Trust Deed has been executed as a deed by the parties hereto and is intended to be and is hereby delivered on the day first before written.


EXECUTION PAGE

Executed as a deed by)
PARAGON MORTGAGES)
(No. 9) PLC)

 Signature of Director

John G Gammell Name of Director

in the presence of:

 Signature of witness

Jimmy Giles Name of witness

ST CATHERINE'S COURT Address of witness

HARBUR ROAD, SOLIHULL

WEST MIDLANDS, B91 3DE

COMPLIANCE MANAGER Occupation of witness

Executed as a deed by)
CITICORP TRUSTEE)
COMPANY LIMITED)

By:

Name:

Title:

By:

Name:

Title:

EXECUTION PAGE

Executed as a deed by)
PARAGON MORTGAGES)
(No. 9) PLC)

_____ Signature of Director

_____ Name of Director

in the presence of:

_____ Signature of witness

_____ Name of witness

_____ Address of witness

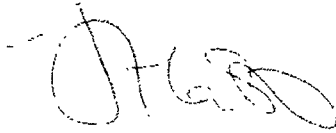
_____ Occupation of witness

Executed as a deed by)
CITICORP TRUSTEE)
COMPANY LIMITED)

By:

Name:

Title:



By:

Name:

Title:



David Mares
Director