

CITICORP TRUSTEE COMPANY LIMITED
as the Trustee

PARAGON FINANCE PLC
as an Administrator

and

PARAGON MORTGAGES (NO.15) PLC
as the Issuer

**THIRTY EIGHTH SUPPLEMENTAL VAT
DEED OF DECLARATION OF TRUST**

relating to
**a residential mortgage securitisation
involving Paragon Mortgages (No.15) PLC**

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THIS THIRTY EIGHTH SUPPLEMENTAL VAT DEED OF DECLARATION OF TRUST is made on 19 July 2007

BETWEEN

- (1) **CITICORP TRUSTEE COMPANY LIMITED** whose principal place of business is at Citigroup Centre, 14th Floor, Canada Square, Canary Wharf, London E14 5LB (the "**Trustee**");
- (2) **PARAGON FINANCE PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**PFPLC**"); and
- (3) **PARAGON MORTGAGES (NO.15) PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**New Future Beneficiary**").

WHEREAS

- (A) This Deed is supplemental to a PFPLC Declaration of Trust dated 19 March, 1993 (the "**Original Declaration of Trust**") made by PFPLC in favour of the Issuers and any Future Beneficiary (both as defined therein) as amended, restated and supplemented, *inter alia*, by:
 - (a) a Supplemental Deed of Declaration of Trust made on 6 October, 1994,
 - (b) a Second Supplemental Deed of Declaration of Trust made on 26 January, 1995,
 - (c) a Third Supplemental Deed of Declaration of Trust made on 18 December, 1995,
 - (d) a Fourth Supplemental Deed of Declaration of Trust made on 26 January, 1996,
 - (e) a Fifth Supplemental Deed of Declaration of Trust made on 28 June, 1996,
 - (f) a Sixth Supplemental Deed of Declaration of Trust made on 28 October, 1996,
 - (g) a Seventh Supplemental Deed of Declaration of Trust made on 29 November, 1996,
 - (h) an Eighth Supplemental Deed of Declaration of Trust made on 3 April, 1997,
 - (i) a Ninth Supplemental Deed of Declaration of Trust made on 30 June, 1997,
 - (j) a Tenth Supplemental Deed of Declaration of Trust made on 27 January, 1998,
 - (k) an Eleventh Supplemental Deed of Declaration of Trust made on 17 March, 1998,

Thirty Eighth Supplemental VAT
Deed of Declaration of Trust

- (l) a Twelfth Supplemental Deed of Declaration of Trust made on 17 March, 1998,
- (m) a Thirteenth Supplemental Deed of Declaration of Trust made on 16 June, 1998,
- (n) a Fourteenth Supplemental Deed of Declaration of Trust made on 30 September, 1998,
- (o) a Fifteenth Supplemental Deed of Declaration of Trust made on 12 October, 1998,
- (p) a Sixteenth Supplemental Deed of Declaration of Trust made on 11 June, 1999,
- (q) a Seventeenth Supplemental Deed of Declaration of Trust made on 29 February, 2000,
- (r) an Eighteenth Supplemental Deed of Declaration of Trust made on 17 October, 2000,
- (s) a Nineteenth Supplemental Deed of Declaration of Trust made on 8 November, 2001,
- (t) a Twentieth Supplemental Deed of Declaration of Trust made on 12 December, 2001,
- (u) a Twenty First Supplemental VAT Deed of Declaration of Trust made on 27 March, 2002,
- (v) a Twenty Second Supplemental VAT Deed of Declaration of Trust made on 29 May, 2002,
- (w) a Twenty Third Supplemental Deed of Declaration of Trust made on 30 April, 2003,
- (x) a Twenty Fourth Supplemental Deed of Declaration of Trust made on 26 June, 2003,
- (y) a Twenty Fifth Supplemental Deed of Declaration of Trust made on 14 October, 2003,
- (z) a Twenty Sixth Supplemental Deed of Declaration of Trust made on 29 January, 2004,
- (aa) a Twenty Seventh Supplemental Deed of Declaration of Trust made on 26 May, 2004;
- (bb) a Twenty Eighth Supplemental Deed of Declaration of Trust made on 27 October, 2004;

- (cc) a Twenty Ninth Supplemental Deed of Declaration of Trust made on 14 December 2004;
- (dd) a Thirtieth Supplemental Deed of Declaration of Trust made on 19 May 2005;
- (ee) a Thirty First Supplemental Deed of Declaration of Trust made on 19 July 2005;
- (ff) a Thirty Second Supplemental Deed of Declaration of Trust made on 17 November 2005;
- (gg) a Thirty Third Supplemental Deed of Declaration of Trust made on 23 March 2006;
- (hh) a Thirty Fourth Supplemental Deed of Declaration of Trust made on 20 July 2006;
- (ii) a Thirty Fifth Supplemental Deed of Declaration of Trust made on 26 October 2006; and
- (jj) a Thirty Sixth Supplemental Deed of Declaration of Trust made on 25 January 2007,
- (kk) a Thirty Seventh Supplemental Deed of Declaration of Trust made on 22 March 2007

(the Original Declaration of Trust as amended, restated and supplemented by each of those Supplemental Deeds being the "**Declaration of Trust**").

- (B) PFPLC notified the Trustee (with a copy to Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. and to Moody's Investors Service Limited) on 16 May 2007 that the New Future Beneficiary joined the Paragon VAT Group.
- (C) The New Future Beneficiary, pursuant to PFPLC filing the appropriate forms with H.M. Revenue & Customs provisionally became a member of the Paragon VAT Group on 25 April 2007.
- (D) The New Future Beneficiary is entering into this Deed to record its agreement to comply with its obligations as a Future Beneficiary under the Declaration of Trust and to give to the Trustee a power of attorney in the form of the power of attorney contained in Clause 9(B) thereof *mutatis mutandis*.

NOW THIS THIRTY FIFTH SUPPLEMENTAL VAT DEED OF DECLARATION OF TRUST WITNESSES as follows:

1. **Definitions**

Terms used in this Deed (but not otherwise defined herein) have the same meanings when used in this Deed as in the Declaration of Trust.

2. **Confirmations by the Trustee**

The Trustee confirms that:

- (A) pursuant to a sale and purchase agreement dated 26 June 1998 between the Trustee and Morgan Guaranty Trust Company of New York ("MGT"), the Trustee is the successor to MGT as the trustee in respect of the Trust Account under the Declaration of Trust; and
- (B) the Trust Account is an account in the name of the Trustee and is currently the account numbered 56177496 with National Westminster Bank Plc.

3. **Future beneficiary**

The New Future Beneficiary agrees to comply with the obligations of a Future Beneficiary under the Declaration of Trust.

4. **Appointment of attorney**

The New Future Beneficiary hereby appoints, irrevocably and by way of security, the Trustee to be its attorney on its behalf and in its name or otherwise to execute any document or do any act or thing which it is obliged to do (but has not done) under Clause 9(A) of the Declaration of Trust or otherwise under the Declaration of Trust.

5. **One agreement**

The Declaration of Trust is hereby confirmed and shall remain in full force and effect. This Deed and the Declaration of Trust shall be read and construed as one document and this Deed shall be considered to be part of the Declaration of Trust and, without prejudice to the generality of the foregoing, where the context so allows, references in the Declaration of Trust to the Declaration of Trust, howsoever expressed, shall be read and construed as references both to the Declaration of Trust as amended by this Deed and to this Deed.

6. **Counterparts**

This Deed may be executed in any number of counterparts and by different parties on separate counterparts and all such counterparts together shall constitute one and the same instrument.

7. **Deed**

Each of the parties to this Deed intends it to be a deed. The execution of this Deed by or on behalf of a party shall constitute an authority to the solicitors, or an agent or employee of the solicitors, acting for that party in connection with this Deed to deliver it as a deed on behalf of that party.

8. **Governing law**

This Deed is governed by, and shall be construed in accordance with, English law.

IN WITNESS WHEREOF the parties have caused this Deed to be signed on their respective behalves on the day and year first before written.

Executed by:
in its capacity as Trustee
as its deed as follows:

Signed for and on its behalf by one of its directors and by another of its directors/its secretary

Citicorp Trustee Company Limited

By:
Name:
Title:



Viola Japaul
Director

By:
Name:
Title:



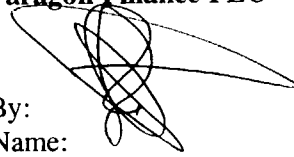
David Mares
Director

Executed by:
as its deed as follows:

Signed for and on its behalf by one of its duly authorised attorneys

Paragon Finance PLC

By:
Name:
Title:



Signature: 

Name: MADELEINE COURTNEY
Occupation: TRAINEE SOLICITOR
Address:

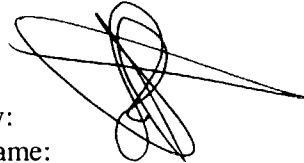
CLIFFORD CHANCE LLP
10 Upper Bank Street
London E14 5JJ


Executed by:
as its deed as follows:

Signed for and on its behalf by one of its duly authorised attorneys

Paragon Mortgages (No.15) PLC

By:
Name:
Title:



Signature: 

Name: MADELEINE COURTNEY
Occupation: TRAINEE SOLICITOR
Address:

CLIFFORD CHANCE LLP
Upper Bank Street
London E14 5JJ