

SUPPLEMENTAL DEED OF DECLARATION OF TRUST

made on

26 May 2004

by

MORTGAGE TRUST SERVICES PLC
as an Administrator

relating to

Mortgage Trust Services plc's collection accounts
in respect of Mortgages sold to Paragon Mortgages (No.7) PLC
in connection with a residential mortgage securitisation

SIDLEY AUSTIN BROWN & WOOD

WOOLGATE EXCHANGE, 25 BASINGHALL STREET
LONDON EC2V 5HA
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FACSIMILE 020 7626 7937

REF: 25868-30030/NJB/JCW

THIS SUPPLEMENTAL DEED OF DECLARATION OF TRUST is made on 26 May 2004

BY:

Mortgage Trust Services plc (registered number 3940202) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**MTS**")

AND IS SUPPLEMENTAL TO a deed of declaration of trust made by MTS on 29th January 2004 (the "**Declaration of Trust**").

WHEREAS:

- (A) MTS is acting as an administrator 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 and Arianty No.1 plc in respect of the further securitisation is Paragon Mortgages (No.7) PLC (the "**Issuer**") and Paragon Finance PLC ("**PFPLC**") and MTS have agreed to act as the administrator for the same.
- (B) MTS 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

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

- (a) the Issuer shall hereby be appointed as a MTS Trust Accounts Beneficiary under the Declaration of Trust;
- (b) in accordance with the terms of the Declaration of Trust, at any time such proportion of the General Property at such time as the amounts derived from the assets of the Issuer and standing to the credit of the MTS Trust Accounts shall at such time bear to the General Property at such time, shall, in relation to the Issuer, be its beneficiary's share; and
- (c) the provisions of the Declaration of Trust and the trust declared therein shall apply to the Issuer as they apply to the other MTS Trust Accounts Beneficiaries.

3. Designation as security trustee

MTS hereby designates Citicorp Trustee Company Limited acting through its principal London office at Citigroup Centre, 14th Floor, 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, PFPLC, Paragon Mortgages Limited, Arianty No.1 plc, MTS, Mortgage Trust Limited and GHL Mortgage Services Limited.


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

Executed by:


Mortgage Trust Services plc

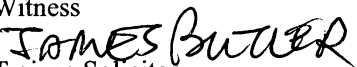
as its deed as follows:

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

By 

Attorney
Name Adem Mehmet

Signature 

Witness
Name 
Occupation Trainee Solicitor
Address c/o Sidley Austin Brown & Wood
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA