

**TWENTY SEVENTH SUPPLEMENTAL VAT
DEED OF DECLARATION OF TRUST**

made on

26 May 2004

between

CITICORP TRUSTEE COMPANY LIMITED
as the Trustee

PARAGON FINANCE PLC
as an Administrator

and

PARAGON MORTGAGES (NO.7) PLC
as the Issuer

relating to

a residential mortgage securisation
involving Paragon Mortgages (No.7) PLC

SIDLEY AUSTIN BROWN & WOOD

WOOLGATE EXCHANGE, 25 BASINGHALL STREET
LONDON EC2V 5HA
TELEPHONE 020 7360 3600
FACSIMILE 020 7626 7937

REF: 25868-30030/NJB/JCW

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

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.7) 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 19th 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 Supplemental Deed of Declaration of Trust made on 6th October, 1994,
 - a Second Supplemental Deed of Declaration of Trust made on 26th January, 1995,
 - a Third Supplemental Deed of Declaration of Trust made on 18th December, 1995,
 - a Fourth Supplemental Deed of Declaration of Trust made on 26th January, 1996,
 - a Fifth Supplemental Deed of Declaration of Trust made on 28th June, 1996,
 - a Sixth Supplemental Deed of Declaration of Trust made on 28th October, 1996,
 - a Seventh Supplemental Deed of Declaration of Trust made on 29th November, 1996,
 - an Eighth Supplemental Deed of Declaration of Trust made on 3rd April, 1997,
 - a Ninth Supplemental Deed of Declaration of Trust made on 30th June, 1997,
 - a Tenth Supplemental Deed of Declaration of Trust made on 27th January, 1998,
 - an Eleventh Supplemental Deed of Declaration of Trust made on 17th March, 1998,
 - a Twelfth Supplemental Deed of Declaration of Trust made on 17th March, 1998,
 - a Thirteenth Supplemental Deed of Declaration of Trust made on 16th June, 1998,
 - a Fourteenth Supplemental Deed of Declaration of Trust made on 30th September, 1998,
 - a Fifteenth Supplemental Deed of Declaration of Trust made on 12th October, 1998,
 - a Sixteenth Supplemental Deed of Declaration of Trust made on 11th June, 1999,
 - a Seventeenth Supplemental Deed of Declaration of Trust made on 29th February, 2000,
 - an Eighteenth Supplemental Deed of Declaration of Trust made on 16th October, 2000,
 - a Nineteenth Supplemental Deed of Declaration of Trust made on 8th November, 2001,

a Twentieth Supplemental Deed of Declaration of Trust made on 12th December, 2001,
a Twenty First Supplemental VAT Deed of Declaration of Trust made on 27th March, 2002,
a Twenty Second Supplemental VAT Deed of Declaration of Trust made on 29th May, 2002,
a Twenty Third Supplemental Deed of Declaration of Trust made on 30th April, 2003,
a Twenty Fourth Supplemental Deed of Declaration of Trust made on 26th June, 2003,
a Twenty Fifth Supplemental Deed of Declaration of Trust made on 14th October, 2003, and
a Twenty Sixth Supplemental Deed of Declaration of Trust made on 29th January, 2004

(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 19 March 2004 that the New Future Beneficiary joined the PFPLC VAT Group.
- (C) The New Future Beneficiary pursuant to PFPLC filing the appropriate forms with H.M. Customs & Excise, became a member of the Paragon VAT Group on 01 August 2003.
- (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 TWENTY SEVENTH 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 26th 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.

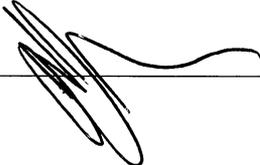
8. Governing law

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 

Director
Name David Mares

By 

Director/Secretary
Name VIOLA JA

Executed by:
as its deed as follows:
Signed for and on its behalf by one of its
duly authorised attorneys

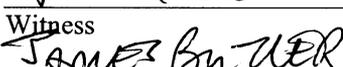
Signature 
Name **Witness**

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

Paragon Finance PLC

By 
Attorney
Name Adem Mehmet

Executed by:
as its deed as follows:
Signed for and on its behalf by one of its
duly authorised attorneys

Signature 
Name **Witness**

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

Paragon Mortgages (No.7) PLC

By 
Attorney
Name Adem Mehmet