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Ratings Raised On B1a And B1b Notes In Paragon Mortgages (No. 7) PLC; A Notes Affirmed

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LONDON (Standard & Poor's) July 25, 2007—Standard & Poor's Ratings Services said today that it has removed from CreditWatch with positive implications and raised its credit ratings on the class B1a and B1b notes issued by Paragon Mortgages (No. 7) PLC. At the same time, the ratings on the class A1a, A1b, and A1c notes were affirmed (see list below).

The class B1a and B1b notes were placed on CreditWatch positive on April 24, 2007.

The rating actions follow a full credit and cash flow analysis of the most recent transaction information including loan-level data received by Standard & Poor's. The rating actions are primarily driven by a well-seasoned pool and a significant increase in credit enhancement for all classes of notes.

"The reserve fund in this transaction is nonamortizing, was fully funded at closing and remains at this level. This has had the effect of increasing the available credit support in percentage terms as the transactions have paid down," said Standard & Poor's credit analyst Kate Livesey.

The reserve fund was funded at 2.2% of the notes issued (£19.82 million). It is required to build to 2.9% of the initial note balance, if loans greater

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than 60 days in arrears exceed 3.0%.

The transaction has performed well, total delinquencies are at 1.26%, and the 90+-day delinquency rate is at 0.84% (both figures include repossessions). Cumulative losses as a percentage of issued notes were reported to be 0.05%. The pool factor was approximately 67.21% at the end of the latest collection period.

This transaction, which closed in May 2004, is backed by a pool of first-ranking residential mortgages secured over freehold, leasehold, or feudal properties in the U.K. It was originated by Paragon Mortgages Ltd. and Mortgage Trust Ltd.

Further information on this transaction is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. Alternatively, call Client Support Europe on (44) 20-7176-7176. Members of the media may contact the Press Office Hotline on (44) 20-7176-3605 or via media_europe@standardandpoors.com. Local media contact numbers are: Paris (33) 1-4420-6657; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4017.

RATINGS LIST

Paragon Mortgages (No. 7) PLC
€565 Million, £220 Million, And \$532.5 Million Mortgage-Backed Floating-Rate Notes

Class	Rating	From
	To	
Ratings Removed From CreditWatch Positive And Raised		
B1a	AA	A/Watch Pos
B1b	AAA/Watch Pos	

Ratings Affirmed

A1a	AAA
A1b	AAA
A1c	AAA

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