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## S&PCORRECT: Junior Notes In Two U.K. RMBS Paragon Transactions Put On CreditWatch Positive

**Surveillance Credit Analyst:**

Rehanna Sameja, London (44) 20-7176-3647; rehanna\_sameja@standardandpoors.com

(**Editor's Note:** This media release, which was originally published earlier today, is being republished with a correction. In paragraph four, PM9 has the highest delinquencies of the three portfolios and not PM8 as stated previously. A corrected version follows.)

LONDON (Standard & Poor's) Sept. 8, 2008-Standard & Poor's Ratings Services said today that it has placed on CreditWatch with positive implications its credit ratings on the subordinate classes issued by Paragon Mortgages (No. 8) PLC (PM8) and Paragon Mortgages (No. 9) PLC (PM9). The senior class A notes in each transaction remain unaffected by these CreditWatch placements. At the same time, we have affirmed our ratings on the class A1a to B1b notes issued by Paragon Mortgages (No. 7) PLC (see list below).

Today's CreditWatch placements follow an initial review of the most recent information that we have received for each transaction. This analysis showed that the likelihood of positive rating actions has increased for the classes placed on CreditWatch positive. Levels of credit enhancement available to all these classes have improved and the underlying collateral continues to perform well.

The Paragon portfolios consist almost completely of buy-to-let loans originated to U.K.-based customers. These portfolios were originated with relatively low weighted-average loan-to-value (WA LTV) ratios and, despite recent reported house price declines, we have seen this fall further, along with an increase in seasoning. For PM7, the WA LTV ratio is currently 72.31% with a seasoning of 61.21 months; for PM8, the WA LTV ratio is 71.61% with a seasoning of 61.80 months; and PM9 has a WA LTV ratio 73.92% with a seasoning of 53.91 months.

All three portfolios have experienced very low arrears and cumulative loss levels; PM9 currently has the highest delinquencies of the three portfolios with 90+ day arrears at 1.01%. The PM7 portfolio has experienced the highest cumulative losses to date at 0.12%.

We will now carry out a more detailed loan-level and cash flow analysis of these transactions to investigate whether any or all of these notes on CreditWatch positive can attain a higher rating. We will publish the results of this review and any changes in the ratings in due course.

The notes, issued between 2004 and 2005, are backed by portfolios of first-ranking residential mortgages secured over properties in the U.K. They were originated by Paragon Mortgages Ltd. and Mortgage Trust Ltd.

Further information on these transactions 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](http://www.ratingsdirect.com). Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4017.

#### RATINGS LIST

Class	Rating
To	From

#### RATINGS PLACED ON CREDITWATCH POSITIVE

Paragon Mortgages (No. 8) PLC  
€833 Million And £420 Million Mortgage-Backed Floating-Rate Notes

B1a	A/Watch Pos	A
B1b	A/Watch Pos	A

Paragon Mortgages (No. 9) PLC  
€450.5 Million, £356 Million, And \$60 Million Mortgage-Backed Floating-Rate Notes

Ba	AA/Watch Pos	AA
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*S&PCORRECT: Junior Notes In Two U.K. RMBS Paragon Transactions Put On CreditWatch Positive*

Bb	AA/Watch Pos	AA
Ca	A/Watch Pos	A
Cb	A/Watch Pos	A

RATINGS AFFIRMED

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

A1a	AAA
A1b	AAA
A1c	AAA
B1a	AA
B1b	AA

**Additional Contact:**

Structured Finance Europe; [StructuredFinanceEurope@standardandpoors.com](mailto:StructuredFinanceEurope@standardandpoors.com)

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