

## Various Rating Actions On Paragon Mortgages' U.K. RMBS Transactions As Performance Remains Stable

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### OVERVIEW

- Collateral performance has remained stable with low delinquencies and losses, in our opinion.
- We have affirmed all classes of notes in Paragon Mortgages Nos. 7, 8, 11, 12, 13, 14, and 15.
- We have placed the class Ba and Bb notes in Paragon 9 and the class B1a and B1b notes in Paragon 10 on CreditWatch positive, and affirmed all other classes of notes in Paragon 9 and 10.
- Paragon Mortgages Nos. 7 to 15 are U.K. buy-to-let RMBS transactions securitizing loans originated by Paragon Mortgages Ltd. and Mortgage Trust Ltd.

LONDON (Standard & Poor's) Oct. 5, 2010--Standard & Poor's Ratings Services today affirmed its credit ratings on all classes of notes in Paragon Mortgages No. 7, No. 8, No. 11, No. 12, No. 13, No. 14, and No. 15. At the same time, we placed the class Ba and Bb notes in Paragon 9 and the class B1a and B1b notes in Paragon 10 on CreditWatch positive, and affirmed our ratings on all other classes in Paragon 9 and 10 (see list below).

Today's affirmations follow our review of the collateral performance and current capital structure. In our opinion, collateral performance is stable with low delinquencies and losses. The vast majority of the collateral in these transactions is buy-to-let (BTL) loans. Prepayments are low with few BTL mortgages available on the market for remortgaging, so credit enhancement is

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now building slowly. These two factors have led to our affirmation of our ratings on these notes.

The credit enhancement for the class Ba and Bb notes in Paragon 9 has increased to 18.0% in August 2010 from 8.6% at close (July 2005). The credit enhancement for the class B1a and B1b notes in Paragon 10 has increased to 18.2% in August 2010 from 8.9% at close (November 2005). In our opinion, these increases may merit a higher rating than 'AA (sf)', and we have therefore placed these ratings on CreditWatch positive. To resolve these CreditWatch placements, we will perform our credit and cash flow analysis with updated loan-level data after the next interest payment date.

Paragon Mortgages No. 7 to 15 are U.K. buy-to-let residential mortgage-backed securities (RMBS) transactions securitizing loans originated by Paragon Mortgages Ltd. and Mortgage Trust Ltd.

RELATED CRITERIA AND RESEARCH

- Update To The Criteria For Rating U.K. Residential Mortgage-Backed Securities, Jan. 6, 2009
- Revised Criteria for Rating U.K. Residential Mortgage-Backed Securities, July 5, 2001

Related articles are available on RatingsDirect. Criteria, presales, servicer evaluations, and ratings information can also be found on Standard & Poor's Web site at [www.standardandpoors.com](http://www.standardandpoors.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) 495-783-4011.

RATINGS LIST

Class	To	Rating	From
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RATINGS PLACED ON CREDITWATCH POSITIVE

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

Ba	AA (sf)/Watch Pos	AA (sf)
Bb	AA (sf)/Watch Pos	AA (sf)

Paragon Mortgages (No. 10) PLC  
€269 Million, £187.5 Million, And \$1.1 Billion Mortgage-Backed Floating-Rate Notes

B1a	AA (sf)/Watch Pos	AA (sf)
B1b	AA (sf)/Watch Pos	AA (sf)

RATINGS AFFIRMED

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Paragon Mortgages (No. 7) PLC

€565 Million, £220 Million, And \$532.5 Million Mortgage-Backed Floating-Rate Notes

A1a	AAA (sf)
A1b	AAA (sf)
A1c	AAA (sf)
B1a	AA (sf)
B1b	AA (sf)

Paragon Mortgages (No. 8) PLC

€833 Million And £420 Million Mortgage-Backed Floating-Rate Notes

A2a	AAA (sf)
A2b	AAA (sf)
B1a	A (sf)
B1b	A (sf)

Paragon Mortgages (No. 9) PLC

€450.5 Million, £356 Million, And \$60 Million Mortgage-Backed Floating-Rate Notes

Aa	AAA (sf)
Ab	AAA (sf)
Ac	AAA (sf)
Ca	A (sf)
Cb	A (sf)

Paragon Mortgages (No. 10) PLC

€269 Million, £187.5 Million, And \$1.1 Billion Mortgage-Backed Floating-Rate Notes

A1	A-1+ (sf)
A2a	AAA (sf)
A2b	AAA (sf)
C1a	A (sf)
C1b	A (sf)

Paragon Mortgages (No. 11) PLC

€389.6 Million, £165.5 Million, And \$985 Million Mortgage-Backed Floating-Rate Notes

A1	AAA (sf)/A-1+ (sf)
A2a	AAA (sf)
A2b	AAA (sf)
B1a	AA (sf)
B1b	AA (sf)
C1b	A (sf)

Paragon Mortgages (No. 12) PLC

€477 Million, £187 Million, And \$1.811 Billion Mortgage-Backed Floating-Rate Notes Series 12

A1	AAA (sf)/A-1+ (sf)
A2a	AAA (sf)

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A2b	AAA (sf)
A2c	AAA (sf)
B1a	AA (sf)
B1b	AA (sf)
C1a	A (sf)
C1b	A (sf)

Paragon Mortgages (No. 13) PLC

€480 Million, £194 Million, And \$1.85 Billion Mortgage-Backed Floating-Rate Notes

A1	AAA (sf)/A-1+ (sf)
A2a	AAA (sf)
A2b	AAA (sf)
A2c	AAA (sf)
B1a	AA (sf)
B1b	AA (sf)
C1a	A (sf)
C1b	A (sf)

Paragon Mortgages (No. 14) PLC

€470.3 Million, £196.9 Million, And \$1.9 Billion Mortgage-Backed Floating-Rate Notes

A1	AAA (sf)/A-1+ (sf)
A2a	AAA (sf)
A2b	AAA (sf)
A2c	AAA (sf)
B1a	AA (sf)
B1b	AA (sf)
C1a	A (sf)
C1b	A (sf)

Paragon Mortgages (No. 15) PLC

€306 Million, £226.5 Million, And \$1.15 Billion Mortgage-Backed Floating-Rate Notes

A1	AAA (sf)/A-1+ (sf)
A2a	AAA (sf)
A2b	AAA (sf)
A2c	AAA (sf)
B1a	AA (sf)
B1b	AA (sf)
C1b	A (sf)

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