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Ratings Affirmed And Removed From CreditWatch Negative In U.K. RMBS Transactions Paragon Mortgages (No.17) And (No.18)

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OVERVIEW

- On Nov. 25, 2013 we placed on CreditWatch negative our ratings on the class A, B, and C notes in Paragon Mortgages (No.17) and Paragon Mortgages (No.18).
- On Jan. 2, 2014, Barclays Bank replaced National Westminster Bank as the transaction account provider in both transactions, and the replacement framework is in line with our current counterparty criteria.
- We have therefore affirmed and removed from CreditWatch negative our ratings on the class A, B, and C notes in Paragon Mortgages (No.17) and Paragon Mortgages (No.18).
- Paragon Mortgages (No.17) and Paragon Mortgages (No.18) are backed by buy-to-let U.K. residential mortgage loans, which Paragon Mortgages (2010) Ltd. originated.

LONDON (Standard & Poor's) Jan. 16, 2014--Standard & Poor's Ratings Services today affirmed and removed from CreditWatch negative its credit ratings on Paragon Mortgages (No.17) PLC's and Paragon Mortgages (No.18) PLC's class A, B, and C notes (see list below).

On Nov. 25, 2013 we placed on CreditWatch negative our ratings on the class A, B and C notes in both Paragon Mortgages (No.17) and Paragon Mortgages (No.18) (see "Ratings Lowered On 45 European RMBS Tranches After RBS Downgrade, 33

Tranches Placed On CreditWatch Negative," published on Nov. 25, 2013, and "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

Our CreditWatch placement on the class A to C notes reflected the application of our current counterparty criteria following the lowering of our short-term issuer credit rating (ICR) on the transaction account provider, National Westminster Bank PLC (NatWest), to 'A-2' from 'A-1' (see "Royal Bank of Scotland Ratings Lowered To 'A-/A-2' On Extended Restructuring; Outlook Negative," published on Nov. 7, 2013). As NatWest is a core operating subsidiary of the Royal Bank of Scotland PLC, our rating on NatWest was lowered along with that on the parent. These CreditWatch negative placements can be remedied by the replacement of NatWest with a counterparty that has a minimum eligible counterparty rating under the transaction documents.

On Jan. 2, 2014, Barclays Bank PLC replaced NatWest as the transaction account provider in both transactions. Our short-term 'A-1' ICR on Barclays Bank supports our ratings in these transactions under our current counterparty criteria. We have therefore affirmed and removed from CreditWatch negative our ratings on the class A, B, and C notes in Paragon Mortgages (No.17) and Paragon Mortgages (No.18).

Paragon Mortgages (No.17) and Paragon Mortgages (No.18) are backed by buy-to-let U.K. residential mortgage loans, which Paragon Mortgages (2010) Ltd. originated.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an residential mortgage-backed security as defined in the Rule, to include a description of the representations, warranties and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Reports included in this credit rating report are available at <http://standardandpoorsdisclosure-17g7.com>.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- U.K. RMBS Methodology And Assumptions, Dec. 9, 2011

Related Research

- Ratings Lowered On 45 European RMBS Tranches After RBS Downgrade, 33

*Ratings Affirmed And Removed From CreditWatch Negative In U.K. RMBS Transactions Paragon Mortgages
(No.17) And (No.18)*

Tranches Placed On CreditWatch Negative, Nov. 25, 2013

- Royal Bank of Scotland Ratings Lowered To 'A-/A-2' On Extended Restructuring; Outlook Negative, Nov. 7, 2013
- European Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, March 14, 2012
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011

RATINGS LIST

Class	To	Rating	From
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Ratings Affirmed And Removed From CreditWatch Negative

Paragon Mortgages (No.17) PLC
£200 Million Mortgage-Backed Floating-Rate Notes

A	AAA (sf)		AAA (sf)/Watch Neg
B	AA (sf)		AA (sf)/Watch Neg
C	A (sf)		A (sf)/Watch Neg

Paragon Mortgages (No.18) PLC
£273 Million Mortgage-Backed Floating-Rate Notes

A	AAA (sf)		AAA (sf)/Watch Neg
B	AA (sf)		AA (sf)/Watch Neg
C	A (sf)		A (sf)/Watch Neg

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