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Paradigm Quest Inc. Assigned ABOVE AVERAGE Canadian Residential Mortgage Servicer Ranking

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OVERVIEW

- Paradigm Quest Inc. is a leading Canadian mortgage outsourcing company that provides third-party and private-label mortgage servicing and underwriting to Canadian mortgage originators.
- We have assigned our ABOVE AVERAGE ranking and stable outlook to Paradigm as a residential mortgage loan servicer in Canada.
- Supporting the ranking are the company's stable, tenured, and very experienced senior executive and middle management teams, a high degree of training, and sound internal controls and risk management.
- The stable outlook reflects solid performance metrics and the company's ability to be an effective provider of services to the Canadian residential mortgage market.

NEW YORK (Standard & Poor's) Sept. 10, 2009--Standard & Poor's Ratings Services today assigned its ABOVE AVERAGE ranking to Paradigm Quest Inc. (Paradigm) as a residential mortgage loan servicer in Canada.

The ranking reflects the company's stable, tenured, and very experienced senior executive and middle management teams, a high degree of training, and

sound internal controls and risk management. The company's robust internal systems support the effective management of all key facets of mortgage loan administration, including payment processing, customer care (through its centralized customer service area), default management, and investor reporting. In addition, stringent internal audits ensure adherence to established company policies and procedures and stated consumer regulations.

The overall culture at Paradigm promotes a risk-averse environment with dedicated oversight. Paradigm is committed to being a premier provider of quality, state-of-the-art mortgage servicing. The company's continued emphasis on improving its systems and procedures to enhance productivity and efficiencies provides a strong foundation for its operational platform and capacity.

Paradigm services its mortgages on the Fidelity National Information Services (FIS) platform, which is also a major servicing platform in the U.S.

Further supporting the ranking are the company's well-written policies and procedures, solid portfolio performance, and prudent cost control oversight, along with its continual efforts to improve its employee training programs. The company demonstrates strong performance in customer relationship management, default management, and cash processing. Its policies and procedures, which individual departments develop and senior management approves, are well prepared and available online to all employees.

Outlook

The outlook is stable. Paradigm maintains a platform that supports the functions necessary for administering residential mortgage loans and meets Standard & Poor's standards for acting as a servicer of residential mortgage loan assets. In our view, the company maintains solid performance metrics and demonstrates the ability to be an effective provider of services to the Canadian residential mortgage market.

Paradigm's management has shown an effective approach for default management. Moreover, the company continues to enhance its recruiting and training programs while minimizing employee turnover and improving its risk management methodologies. Paradigm's robust internal systems provide for solid management of all key facets of mortgage application, administration, and investor reporting, along with stringent internal controls that ensure continuous review and audit of all procedures. The company's emphasis on improving its systems and procedures to enhance productivity and efficiency provide a sound basis for expansion of its capabilities and capacity.

RELATED RESEARCH

- "Revised Criteria For Including RMBS, CMBS, And ABS Servicers On Standard & Poor's Select Servicer List," published April 16, 2009.
- "Servicer Evaluation Ranking Criteria: U.S.," published Sept. 21, 2004.
- "Select Servicer List" (standing file).

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