From: Barrett, Paul S <[redacted]>
Sent: Thursday, March 7, 2013 7:51 PM
To: Jeffrey Epstein
Cc: Ens, Amanda
Subject: To Do - NEW HY RMBS - $5.982mm of CMSI 2005-7 1A4 @ $98-00 (6.033% yield/ + 522 vs. tsy/ 3.49 durn)

Jeffrey

We should buy $1MM of this bond. Would bid 97.00 which is a 6.30% yield.

Let me know.

Paul

*** ALL OFFERS ARE SUBJECT

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THE BOND:
The CMSI 2005-7 1A4 is a Prime, Seasoned, Fixed, Senior support bond backed by 89 months 30yr Fix rate mortgages. The bond has 5.53% credit enhancement vs 8.39% 60+ delinquencies, for a 0.66x coverage ratio.

THE COLLATERAL:
The pool consists of 209 Prime 30yr fixed borrowers that are 89 months seasoned with an average LTV of 79% and 731 FICO score. The average balance of the loans is $466k – this coupled with the low updated LTV should result in both low CDRs and Severities. Additionally, 82% of homeowners have been 24 months perfect payers.

THE STORY:
For investors looking for a housing recovery play backed by seasoned Prime collateral, this bond offers a great convexity story levered to prepayments and overall homeowner performance.

Please call the desk with all bids/inquiries related to this bond. X32124

HIGHLIGHTS

- HPI Updated LTV = 79%

- 82% of the borrowers have not missed a payment in the past 2 years

- 89 months seasoned
- $466k average balance

Source: Bloomberg

CMSI 2005-7 1A4 Offered @ 98-00

BOND DESCRIPTION

Prepay Rate

15 CPR

18 CPR

22 CPR

Cusip:

1729733H0

Default Rate

2 ramp 24 6 6 ramp 12 2 CDR

2 ramp 24 5 5 ramp 12 2 CDR

2 ramp 24 5 5 ramp 12 2 CDR

Original Face:

5,982,000

Default Severity

50

50 ramp 12 45

45 ramp 12 40

Current Face:

4,551,230

Delinq Rate

9 Percent

9 Percent

9 Percent

Bond Type:

Prime Fixed 30yr Snr. Sub

Delinq Advance (% of P&I)

100

100

100

Ratings (S&P/Moodys/Fitch):

-/Ca/CCC

Call

No

No

No

Current Coupon:

5.500%

Yield @ Base Case

6.033%

Price @ 98-00

Stress Case

Base Case

Recovery Case

WAL @ Base Case

4.39

Yield

0.811

6.033

6.101

Principal Window @ Base Case

Apr13 to Oct34

Spread over Tsy

6

522

543

Writedown %

0.00 (0.00%)

Duration

3.12

3.49

3.05

Current Credit Enhancement:

5.53%

WAL

4.14

4.39

3.73

60+ Delinquencies

8.39

Principal Window

3.122

3.49

3.046

60+ Delinquency Coverage

0.66x

Principal Writedown

21.87%

0.00%

0.00%

Total Collat Loss

2.32%

1.99%

1.72%

UNDERLYING COLLATERAL DESCRIPTION

Total Liquidation

12.94%

10.69%

9.30%

Average Loan Balance ($,000s)

466

Loan Count

209

HISTORICAL PERFORMANCE

Mortgage Type

Prime 30yr Fixed

1 MOS

3 MOS

6 MOS

Wtd Avg Mortgage Coupon

5.532%

CPR

31.59

19.70

17.78

Wtd Avg FICO Score

731

CDR

0.00

2.24

2.49

Wtd Avg Orig Loan-to-Value

62.01%

SEV

#N/A N/A

51.43

41.42

HPI Adj LTV

79.02%

Weighted Avg Loan Age

89

Owner Occupied

93.94

Top 1 Geo Concentration

CA 36%

Top 2 Geo Concentration

NY 21%

Top 3 Geo Concentration

VA 5%

Always Current (24 mos)

82.27%

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- All investments are subject to possible loss of principal

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