From: Barrett, Paul S <[redacted]>
Sent: Monday, June 18, 2012 12:19 PM
To: Epstein, Jeffrey (jeevacation@gmail.com)
Cc: Giuffrida, David J
Subject: FW: To Do

[redacted] (W)&nb=p; 212-310-0108 (F)

NMLS ID# 853441

[redacted]

From: Barrett, Paul S
Sent: Friday, June 15, 2012 10:=4 AM
To: 'Jeffrey Epstein'
Cc: Giuffrida, =avid J; Ens, Amanda
Subject: To Do

=0D

=0D

Jeffrey

=nbsp;

This looks like an interesting bond. Would be spending around $1MM=2E

$1.5MM of our CIT &% 2017 bonds have been ca=led at par. I would like to use some of those proceeds to buy this mortg=ge bond.

=span style="font-size:11.0pt;font-family:"Calibri","san=-serif";color:#1F497D">Let me know.

Paul<=span>

&n=sp;

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=p class="MsoNormal"> <=span>

*** ALL =FFERS ARE SUBJECT

US Onshore Clients – Blue Sky (=.S. State Securities Law): Please confirm Blue Sky eligibility before =oliciting to a US Onshore client by entering the CUSIP into the web tool l=cated at: http://pscppv1.amer.jpmchase.net:8080/BlueSkyPage=2Ehtml <http://pscppv1.amer.jpmchase.net:8080/B=ueSkyPage.html> and review to see if your client's state of res=dence is listed. If you receive 'NO SECURITY FOUND', '=O STATES FOUND' or the security DOES NOT HAVE A CUSIP or is no= USD-denominated, then please contact your SM or local compliance officer =nd provide the requested security and client information. Please note th=t a suitability review and other pre-trade procedures must still be =ollowed.

Apologies in advance for the dissertation =elow.

BOAMS 07-1 2A12 is a Prime 6% coupon, senior su=port backed by prime jumbo 30yr fix mortgages with a weighted average coup=n of 6.38%. What does this mean? Essentially, =he bonds are backed by one of the most rate sensitive homeowners in the ma=ket. 76% of the homeowners have not missed a payment in the =ast 2 years, have a 749 avg FICO and have some degree of equity in t=eir homes (home price index updated LTV for this subset of borrowers=is 94.07%). These are the type of borrowers that are looking to =efinance their current mortgages…this is evident in the pool's=historical speeds which have prepaid in the mid to high teens. =0A

Base Case Scenario: This bond is a short duration bond paying 8.8% yiel= with a 2.47 duration. This is assuming 50% higher severitie= than 6 month averages, over 2.9x higher CDR prints than 6 month average=, and 20% slower speeds than 6 mos averages.

=p class="MsoNormal">Stress Case Scenario= Assuming home lending tightens, p=operty values decline further and the current homeowners' cred=t undergoes significant deterioration, then we should expect prepay speeds=to slow down and defaults to ramp up. In our stress case scenario,=we assume 33% slower speeds vs 6 mos average, 3.1x higher default =ates vs 6 mos averages and 50% higher severities vs 6 mos averages for lif= of the loans. In this scenario, we default and liquidate 19.6% =f the remaining pool. Bear in mind there are only 13.93% delinqu=nt loans to date. In this stress, this bond would yield 2=2E01% with a 2.44 durn.

Recovery Case Scenario: In this scenario, we assume housing rec=vers (results in lower LTVs) and borrower's experience positiv= credit migration (i.e. credit scores improves due to continued perfor=ance). If this were to transpire, we'd expect prepay speeds =o ramp up as more borrower's would qualify to refinance and severiti=s on liquidations to decrease as property values increase. I= this scenario, we assume similar prepay speeds to the 6 month average, 2=2E6x higher default rates vs 6 month average and 35% higher severities tha= the 6 month average. To our recovery scenario, this bond is=a 16.42% yield at a 2.40 duration.

=0A

&nb=p; =nbsp; &nb=p; =nbsp; &nb=p; =nbsp; &nb=p; =nbsp; &nb=p; Please call the desk wi=h all bids/inquiries related to this bond. X32124<=p>

=/o:p>

Bond Highlights:

* =nbsp; Avg=Loan Balance = $558k

Avg FICO Score= 742

HPI (Home price index) adjusted LTV = 97%

*= = 83 months seasoned

· &nbs=; 76% of borrowers have not missed a single payment in the =ast 2 years

BOAMS 2007-1 2A12 Offered @ 57-00

<=td>
=0A =0D
=0D
BOND DESCRI=TION

Prepay=Rate

12 CPR

14 CPR

=0D 18 CPR

=0A
Cusip:

=0A

5.5 =or 36 3 CDR

5 for 36 = CDR

Or=ginal Face:

3,954,000

=/td>

Default Severity

55 ramp 12 50

=0A 50

=0D
=span style="font-size:9.0pt;font-family:"Arial","sans-s=rif";color:black">Current Face:

=0A =0A =0D
Bond Type:

</=d> Prime 6% Senior Support

Price @ 57=00

Stress Case

=0D Base Case

Recovery Case</=>
Ratings (S&P/Moodys/Fi=ch):

CCC/C/C

=0A =0AYield

16.429<=p>
Current Coupon:=/span>

=span style="font-size:9.0pt;font-family:"Arial","sans-s=rif";color:#1F497D">6.000%

Spread

160

=0A=0A

833

1591

=0A
Yield @ Base Case</=:p>

8.798%

=/td>

Duration

2.44=/o:p>

2.47</=>

WAL @ Base Case

3.49

WAL

=0A3.12<=p> 3.49

3.8

Principal Window @ Base Case

Jul12 to Oct22<=p> Jul12 to Mar21

Jul12 to Oc=22

Jul12 to Jun26

=0D
48.32%

=0D =0D Principal Writedown

=0D 58.39%

48.32%=

=span style="font-size:9.0pt;font-family:"Arial","sans-s=rif";color:black">31.66%

Current Credit Enhancement:

=0D 3.49%

Total Collat Loss

6.06%</=pan>

=0D

<=pan style="font-size:9.0pt;font-family:"Arial","sans-se=if";color:black">5.47%

4.94%

60+ De=inquencies

13.93 <=span>

=0D Total Liquidation

=0D

<=pan style="font-size:9.0pt;font-family:"Arial","sans-se=if";color:black">19.61%

18.15%<=:p>

15.56%

60+ Delinquency Coverage=/span>

=span style="font-size:9.0pt;font-family:"Arial","sans-s=rif";color:#1F497D">0.25x

HISTORICAL PERFORMANCE

1 MOS

3 MOS

</=d> 6 MOS=/span>

=0D Average Loan =alance ($,000s)

558<=p> 17.73

Loan Count

225<=o:p>

=0A

CDR

=0D 7.21

4.00=/span>

=span style="font-size:9.0pt;font-family:"Arial","sans-s=rif";color:#1F497D">1.91

Mortgage Type

=0AP=ime 30yr Fix

SEV

37.08

37.08=/p>
Wtd Avg Mortgage Coupon

6.383%

</=d> <=d width="153" nowrap="" valign="bottom" style="width:114.95pt;pa=ding:0in 5.4pt 0in 5.4pt;height:13.35pt">
Wtd Avg FI=O Score

=0A
Wt= Avg Orig Loan-to-Value

67.55%=/o:p>

=0A =0D
HPI Adj LTV

96.54%<=:p>

<=d width="167" nowrap="" valign="bottom" style="width:124.9pt;pad=ing:0in 5.4pt 0in 5.4pt;height:13.35pt"> =tr style="height:13.35pt"> Weighted Avg Loan Age

=0D 70

=0D <=tr>
91.87

=0D
Top 1 Geo Concentration

=0A

CA 48%

=0D
Top 2 Geo Concentration

=0D Top 3 Geo Con=entration

NC 5%

=0A =0D
=0A

Always Current (24 mos)

76.15%<=:p>

<=d width="167" nowrap="" valign="bottom" style="width:124.9pt;pad=ing:0in 5.4pt 0in 5.4pt;height:13.35pt"> =/tbody>

</=:p>

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IMPORTANT DISCLAIMER: =0A
Non-agency RMBS=is a complex fixed income product and is not suitable for all investors.=nbsp; Please note that while desk assumptions are driven by a number of co=lateral and macro factors, the historical performance of a deal i= not indicative of its future performance. Additionally, this =essage is a product of sales and trading and is not a research report.&n=sp; Other key risks to consider are outlined below:

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- </=pan>All investments are subj=ct to possible loss of principal

- &n=sp; Non-Agency bonds may have limited liquidity =nd clients should be aware that the secondary market for mortgage-backed s=curities has experienced periods of illiquidity and may do so in the=future. Illiquidity means that there may not be any purchasers for your =lass of certificates. Although any class of certificates may experience =lliquidity, it is more likely that classes that are lower in the capital s=ructure and non-investment grade related may experience greater illi=uidity than more senior, investment-grade rated classes.

- =nbsp; Hig= Yield Non-Agency bonds are speculative non-investment grade bonds that ha=e higher risk of default or other adverse credit events which are appropri=te for high risk investors only

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