
From: Barrett, Paul S <[REDACTED]>
Sent: Tuesday, February 5, 2013 4:33 PM
To: Epstein, Jeffrey (jeevacation@gmail.com)
Cc: Ens, Amanda; Weissend, Renee E
Subject: FW: NEW HY PRIME RMBS #2 - \$5.00mm of CWALT 04-2CB M @ \$75-00 (6.21% yield/4.71 durn)

Jeffrey

We should buy \$1.25MM of this bond

Paul

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THE BOND:

The CWALT 04-2CB M is an Alt-A Fix 5.692% Mezz backed by 109 month seasoned Fix mortgages. This bond has 4.51% credit enhancement vs 10.23% 60+ delinquencies, for a 0.44x coverage ratio.

THE COLLATERAL:

The pool consists of 3,343 loans that are 109 months seasoned with an average updated LTV of 59.5%. The average balance of the loans is \$104k, which is relatively low, and explains the higher severity prints we see on such a low LTV pool. That being said, the 6 month historical trend in severities is showing slow improvement. 6month average severity in June 2012 showed 50.71% vs 48.09% in Jan 2013. As expected, recovery will be slow and that is what we are modeling in our stress and base case assumptions.

THE STORY:

For investors looking for a housing recovery play backed by seasoned 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 = 60%
- 73% of the borrowers have not missed a payment in the past 2 years

- 109 months seasoned
- 710 FICO
- \$104k average balance

**Source: Bloomberg

CWALT 2004-2CB M Offered @ 75-00

BOND DESCRIPTION

Prepay Rate

8 CPR

10 CPR

12 ramp 20 15 CPR

Cusip:

12667FAZ8

Default Rate

4 ramp 20 6 5 ramp 12 2.5 CDR

4 for 24 3 ramp 24 2 CDR

4 for 24 3 ramp 24 2 CDR

Original Face:

5,000,000

Default Severity

50 ramp 24 45

50 ramp 18 45

45 ramp 36 40

Current Face:

3,400,764

Delinq Rate

11 Percent

11 ramp 12 10.5 Percent

11 ramp 12 10 Percent

Bond Type:

Alt-A Mezz Pass-Through

Delinq Advance (% of P&I)

100

100

100

Ratings (S&P/Moodys/Fitch):

CCC/-/-

Current Coupon:

5.692%

Yield @ Base Case

6.208%

Price @ 75-00

Stress Case

Base Case

Recovery Case

WAL @ Base Case

7.02

Yield

0.122

6.208

9.704

Principal Window @ Base Case

Mar13 to Feb34

Spread over Tsy

-120

467

827

Writedown %

34.77%

Duration

5.11

4.71

4.15

Current Credit Enhancement:

4.51%

WAL

6.11

7.02

6.58

60+ Delinquencies

10.23

Principal Window

Mar13 to Jan34

Mar13 to Feb34

Mar13 to Jan34

60+ Delinquency Coverage

0.44x

Principal Writedown

59.43%

34.77%

16.07%

Total Collat Loss

2.62%

2.24%

1.96%

UNDERLYING COLLATERAL DESCRIPTION

Total Liquidation

18.51%

14.37%

12.23%

Average Loan Balance (\$,000s)

104

Loan Count

3,343

HISTORICAL PERFORMANCE

Mortgage Type

Alt-A 30yr Fix

1 MOS

3 MOS

6 MOS

Wtd Avg Mortgage Coupon

6.054%

CPR

15.78

13.83

12.76

Wtd Avg FICO Score

710

CDR

1.96

2.32

3.22

Wtd Avg Orig Loan-to-Value

60.12%

SEV

57.88

51.28

48.09

HPI Adj LTV

59.52%

Weighted Avg Loan Age

109

Owner Occupied

62.95

Top 1 Geo Concentration

CA 24%

Top 2 Geo Concentration

NY 7%

Top 3 Geo Concentration

FL 7%

Always Current (24 mos)

72.56%

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- High Yield Non-Agency bonds are speculative non-investment grade bonds that have higher risk of default or other adverse credit events which are appropriate for high risk investors only

Non-Agency bonds are intended for clients with a minimum total net worth of \$50mm. Please make sure your client fulfills this requirement before soliciting this order.

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