
From: Barrett, Paul S <[REDACTED]>
Sent: Tuesday, July 9, 2013 2:00 PM
To: Jeffrey Epstein (jeevacation@gmail.com)
Cc: Barrett Pod
Subject: To Do - ALT-A HY RMBS OFFERING - \$10mm of IMM 05-2 1M2 @ \$70-08 (7.005% yield/4.56 durn)

Jeffrey

I think we should sell our Chase 2007-A1 mortgage bond. We are up \$123K. And then buy the below bond. We will be raising around \$1MM in cash if we do this switch and pick up around 225bps on our base case yield assumption.

Let me know.

Paul

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THE BONDS:

The IMM 2005-2 1M2 is an Alt-A Mezz Floater (1mL + 73.5bps) backed by 101months seasoned Alt-A Fix and Hybrid ARM mortgages. The bond has 6.01% credit enhancement vs 17.22% 60+ delinquencies, giving the bond a 0.35x coverage ratio.

THE COLLATERAL:

The pool consists of 734 Alt-A Hybrid ARMs that are 100 months seasoned with an updated LTV of 84%. The average balance of the loans is \$246k.

THE STORY:

For clients looking for housing exposure via cleaner, seasoned Alt-A collateral, this bond offers a very compelling yield pickup vs corp HY and provides a positive convexity story for investors. The bond is recommended for buy and hold clients who want yield pickup in this dislocated market.

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

HIGHLIGHTS

- HPI Updated LTV = 84%
- 101 months seasoned
- 704 Original FICO
- \$246k average balance
- 66% 24-month perfect payers

**Source: Intex/Bloomberg: July 8, 2013

IMM 2005-2 1M2 Offered @ 70-08

BOND DESCRIPTION

Prepay Rate

1.5 CPR

4 CPR

6 CPR

Cusip:

45254NNC7

Default Rate

4.5 for 20 3.5 ramp 12 3 CDR

4.5 for 20 3.5 ramp 12 2.75 CDR

4.5 for 20 3.5 ramp 12 2.5 CDR

Original Face:

10,000,000

Default Severity

60 ramp 24 50

55 ramp 18 45

50 ramp 20 40

Current Face:

1,566,775

Delinq Rate

Group Level

Group Level

Group Level

Bond Type:

Alt-A Mezz Floater (1ML + 73.5bps)

Delinq Advance (% of P&I)

Group Level

Group Level

Group Level

Ratings (S&P/Moodys/Fitch):

CC/Ca/-

Call

No

No

No

Current Coupon:

0.928%

Yield @ Base Case

7.005%

Price @ 70-08

Stress Case

Base Case

Recovery Case

WAL @ Base Case

7.07

Yield

2.918

7.005

9.721

Principal Window @ Base Case

Jul13 to Sep28

DM

87

481

731

Writedown %

23.66%

Duration

4.75

4.56

4.61

Current Credit Enhancement:

6.01%

WAL

7.2

7.07

6.91

60+ Delinquencies

17.22

Principal Window

Jul13 to Dec25

Jul13 to Sep28

Jul13 to Feb35

60+ Delinquency Coverage

0.35x

Principal Writedown

42.88%

23.66%

0.00%

Total Collat Loss

7.27%

6.65%

6.23%

UNDERLYING COLLATERAL DESCRIPTION

Total Liquidation

30.35%

24.99%

21.14%

Average Loan Balance (\$,000s)

246

Loan Count

731

HISTORICAL PERFORMANCE

Mortgage Type

Alt-A Fix and ARM

1 MOS

3 MOS

6 MOS

Wtd Avg Mortgage Coupon

3.986%

CPR

6.55

6.22

5.58

Wtd Avg FICO Score

704

CDR

0.79

3.40

3.25

Wtd Avg Orig Loan-to-Value

70.56%

SEV

95.19

55.27

58.00

HPI Adj LTV

83.94%

Weighted Avg Loan Age

101

Owner Occupied

68.21

Top 1 Geo Concentration

CA 52%

Top 2 Geo Concentration

FL 10%

Top 3 Geo Concentration

VA 4%

Always Current (24 mos)

66.40%

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- Non-Agency bonds may have limited liquidity and clients should be aware that the secondary market for mortgage-backed securities has experienced periods of illiquidity and may do so in the future. Illiquidity means that there may not be any purchasers for your class of certificates. Although any class of certificates may experience illiquidity, it is more likely that classes that are lower in the capital structure and non-investment grade related may experience greater illiquidity than more senior, investment-grade rated classes.
- 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

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