
From: Barrett, Paul S <[REDACTED]>
Sent: Friday, June 15, 2012 2:04 PM
To: Jeffrey Epstein
Cc: Giuffrida, David J; Ens, Amanda
Subject: To Do

=0A

Jeffrey

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

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\$1.5MM of our CIT =amp;% 2017 bonds have been called at par. I would like to use some of th=se proceeds to buy this mortgage bond.

=0D

Let me know.

*** ALL OFFERS ARE SUBJECT

US Onsh=re Clients – Blue Sky (U.S. State Securities Law): Please confir= Blue Sky eligibility before soliciting to a US Onshore client by entering=the CUSIP into the web tool located at:

<http://pscppv1.amer.j=mchase.net:8080/BlueSkyPage.html>

<<http://pscppv1=2Eamer.jpmchase.net:8080/BlueSkyPage.html>> and review to see if yo=r client's state of residence is listed. If you receive 'NO =SECURITY FOUND', 'NO STATES FOUND' or the security =OES NOT HAVE A CUSIP or is not USD-denominated, then please contact your S= or local compliance officer and provide the requested security and client=information. Please note that a suitability review and other pre-trade p=ocedures must still be followed.=0D

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Apologies =n advance for the dissertation below.

BOAMS 07-1 2A12=is a Prime 6% coupon, senior support backed by prime jumbo 30yr fix mortga=es with a weighted average coupon of 6.38%. What does th=s mean? Essentially, the bonds are backed by one of the most rat= sensitive homeowners in the market. 76% of the homeowners h=ve not missed a payment in the past 2 years, have a 749 avg FICO and have =nbsp;some degree of equity in their homes (home price index updated =TV for this subset of borrowers is 94.07%). These are the type o= borrowers that are looking to refinance their current mortgages...thi= is evident in the pool's historical speeds which have prepaid in th= mid to high teens.

Base Case Scenario: This bond is a short duration bond paying 8.8% yield with a 2.47 duration. This is assuming 50% higher severities than 6 month averages, over 2.9x higher DR prints than 6 month averages, and 20% slower speeds than 6 mos averages=2E

Stress Case Scenario: Assuming home lending tightens, property values decline further and the current homeowners' credit 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 rates vs 6 mos averages and 50% higher severities vs 6 mos averages for life of the loans. In this scenario, we default and liquidate 19.6% of the remaining pool. Bear in mind there are only 13.93% delinquent loans to date. In this stress, this bond would yield 2.01% with a 2.44 durn. =/o:p>

Recovery Case Scenario: In this scenario, we assume housing recovers (results in lower LTVs) and borrower's experience positive credit migration (i.e. credit scores improve due to continued performance). If this were to transpire, we'd expect prepay speeds to ramp up as more borrower's would qualify to refinance and severities on liquidations to decrease as property values increase. In this scenario, we assume similar prepay speeds to the 6 month average, 2.6x higher default rates vs 6 month average and 35% higher severities than the 6 month average. To our recovery scenario, this bond is a 16.42% yield at a 2.40 duration.<=:p>

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=0D Please call the desk with all bids/inquiries related to this bond. =32124

Bond Highlights:</=>

&m=ddot; = Avg Loan Balance = \$558k<=b>

&nb=p; Avg FICO Score= 742

&iddot; = HPI (Home price index) adjusted LTV = 97%<=>

- 83 months seasoned<=:p>
- 76% of borrowers have not missed a single payment in the past 2 years

=0D

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BOAMS 2007-1 2A12 Offered @ 57-00=/o:p>

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=0D

BOND DESCRIPTION

Prepay Rate

12 CPR

14=CPR

18 CPR

=0ACusip:

05952HBY4

=td width="43" nowrap="" valign="bottom" style="width:32.5pt;padding:0in 5.4pt 0in 5.4pt;height:13.35pt">Default Rate

<td> =0A

5.5 for 36 3 CDR

=0A=0A

5 for 36 3 CDR

</r>

Original Face:

=0D 3,954,000

Default Severity

55 ramp 1= 50

50</pan>

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Current Face:<:p>

3,894,509

=0A

=0ABond Type:<:p>

Prime 6% Senior Support

=0D =0D Price @ 57-00

Stress Case<:p>

Base Case

=0A Recovery=Case

=0A

Ratings (S&P/Moodys/Fitch):

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

2.015

=0A 16.429

=0D

Current Coupon:

6.000%=/o:p>

<=>Spread

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833

1591

Yield @ Base Case

Duration</=>

=0A

2.44

=0D

<=pan style="font-size:9.0pt;font-family:"Arial","sans-se=if";color:black">2.40

=0D

WAL @ Base Case

3.49

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WAL</=:p>

3.49

=0D 3.8

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=ul12 to Oct22

Princi=al Window

Jul12 to Mar21</=pan>

=0D

<=pan style="font-size:9.0pt;font-family:"Arial", "sans-se=if";color:black">Jul12 to Oct22

=0AJ=I12 to Jun26

Writedown %

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48.32%

Princi=al Writedown

58.39%<=p> =0A

48.32%

31.66%

Current Cr=dit Enhancement:

3.49%

=0A Total Collat Loss

=0A

6.06%

5.47%

4.94%

=0A

60+ Delinquencies

13.93

Total Liquidation

19.61%

=0A

60+ Delinquency Coverage

0.2=x

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<= class="MsoNormal">UNDERLYING COLLATERAL DESCRIPTION

=0A 3 MOS

6 MOS

<=td>
Average Loan Balance (\$,000s)</=:p>

558

CPR

21.35

=0A

14.82

17.73

225

=0D CDR

7.21</=:p>

4.00

=td width="167" nowrap="" valign="bottom" style="width:124.9pt;pa=ding:0in 5.4pt 0in 5.4pt;height:13.35pt">

M=rtgage Type

Prime 30yr Fix</=pan>

=0A SEV

35.40

37.08

=0A

37.08

=0D

=span style="font-size:9.0pt;font-family:"Arial","sans-s=rif";color:black">Wtd Avg Mortgage Coupon

=/td> 6.383%

Wtd Avg FICO Score<=p> =0A

742

=0D

Wtd Avg Orig Loan-to-Value=o:p>

67.55%

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HPI Adj LT=

96.54%

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Weighted Avg Loan Age

70

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Owner Occupied

91.87 <=span>

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CA 48=

<=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"> Top 2 Geo Concentration

FL 10%

=0A =0D

Top 3 Geo Concentration

=0A

NC 5%

Always Current (24 mos)<=:p>

76.15%

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=p class="MsoListParagraph">

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<=body>

IMPO=TANT DISCLAIMER:

Non-agency RMBS is a complex fixed incom= product and is not suitable for all investors. Please note that w=ile desk assumptions are driven by a number of collateral and macro =actors, the historical performance of a deal is not indicative of its f=ture performance. Additionally, this message is a product of s=les and trading and is not a research report. Other key risks to c=nsider are outlined below:

- &n=sp; All investments are subject to possible loss of pr=ncipal
- &nb=p; Non-Agency bonds may have limited liquidity and clients should be awa=e that the secondary market for mortgage-backed securities has experienced=periods of illiquidity and may do so in the future. Illiquidity me=ns that there may not be any purchasers for your class of certificates. =lthough any class of certificates may experience illiquidity, it is more l=kely that classes that are lower in the capital structure and non-in=estment grade related may experience greater illiquidity than more senior,=investment-grade rated classes.
- High Yield Non-Agency bond= are speculative non-investment grade bonds that have higher risk of defau=t or other adverse credit events which are appropriate for high risk=investors only

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