
From: Barrett, Paul S [REDACTED]
Sent: Tuesday, February 5, 2013 9:15 PM
To: Jeffrey Epstein
Cc: Ens, Amanda; Weissend, Renee E
Subject: HY PRIME RMBS #1 - \$5.70mm of SEMT 11 B1 @ \$74-16 (6.51% yield/ 6.20 durn)

Jeffrey

The mortgage from this morning traded away at a higher price. I think this is also interesting.

Spend \$750K.

Let me know.

Paul

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THE BOND:

The SEMT 11 B1 is a Prime subordinate floater (1ML + 145.5bps) backed by 125 month seasoned vanilla ARM mortgages. This bond has 4.03% credit enhancement vs 12.03% 60+ delinquencies, for a 0.33x coverage ratio.

THE COLLATERAL:

The pool consists of 165 loans that are 125 months seasoned with an average updated LTV of 53%. The average balance of the loans is \$238 – this coupled with the low updated LTV should result in both low CDRs and Severities.

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 = 53%
- 78% of the borrowers have not missed a payment in the past 2 years
- 125 months seasoned
- 723 FICO
- \$238k average balance

**Source: Bloomberg

SEMT 11 B1 Offered @ 74-16

BOND DESCRIPTION

Prepay Rate

5 CPR

8 CPR

12 CPR

Cusip:

81744AAB4

Default Rate

1 ramp 20 3 3 ramp 12 2 CDR

1 ramp 20 3 3 ramp 12 2 CDR

1 ramp 20 3 3 ramp 12 2 CDR

Original Face:

5,700,000

Default Severity

45 ramp 36 40

40 ramp 24 35

35 ramp 18 30

Current Face:

1,060,043

Delinq Rate

12 Percent

12 Percent

12 Percent

Bond Type:

Prime Sub Floaters (1ML +145.5 bps)

Delinq Advance (% of P&I)

100

100

100

Ratings (S&P/Moodys/Fitch):

B-/Caa1/B

Current Coupon:

1.660%

Yield @ Base Case

6.510%

Price @ 74-16

Stress Case

Base Case

Recovery Case

WAL @ Base Case

8.19

Yield

3.520

6.510

7.639

Principal Window @ Base Case

Feb13 to Nov32

Spread over Tsy

191

473

584

Writedown %

10.89%

Duration

5.80

6.20

6.28

Current Credit Enhancement:

4.03%

WAL

7.32

8.19

8.25

60+ Delinquencies

12.03

Principal Window

Feb13 to Nov32

Feb13 to Nov32

Feb13 to Nov32

60+ Delinquency Coverage

0.33x

Principal Writedown

30.94%

10.89%

0.08%

Total Collat Loss

0.49%

0.43%

0.37%

UNDERLYING COLLATERAL DESCRIPTION

Total Liquidation

11.80%

10.54%

9.04%

Average Loan Balance (\$,000s)

238

Loan Count

165

HISTORICAL PERFORMANCE

Mortgage Type

Prime Vanilla ARMs

1 MOS

3 MOS

6 MOS

Wtd Avg Mortgage Coupon

2.176%

CPR

0.52

25.69

18.14

Wtd Avg FICO Score

723

CDR

0.00

0.00

0.00

Wtd Avg Orig Loan-to-Value

59.56%

SEV

NA

NA

NA

HPI Adj LTV

53.22%

Weighted Avg Loan Age

125

Owner Occupied

87.86

Top 1 Geo Concentration

FL 21%

Top 2 Geo Concentration

NY 10%

Top 3 Geo Concentration

GA 9%

Always Current (24 mos)

78.37%

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Kevin Lynn
Vice President | JPMorgan Securities

Fixed Income Trading

Desk: 212-464-2124 | Direct: [REDACTED]

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