
From: Barrett, Paul S [REDACTED]
Sent: Monday, April 15, 2013 9:46 PM
To: Jeffrey Epstein (jeevacation@gmail.com)
Cc: Ens, Amanda; Weissend, Renee E
Subject: NEW SHORT DURN, HY RMBS BWIC - \$6mm of CWHL 03-1 B1 @ 95-16 (6.05% yield/2.24 durn)

Importance: High

Jeffrey

We should buy this bond. Spend is \$1.45MM. Let me know.

Paul

*** ALL OFFERS ARE SUBJECT

US Onshore Clients – Blue Sky (U.S. State Securities Law): Please confirm Blue Sky eligibility before soliciting to a US Onshore client by entering the CUSIP into the web tool located at: <http://pscppv1.amer.jpmchase.net:8080/BlueSkyPage.html> and review to see if your client's state of residence is listed. If you receive 'NO SECURITY FOUND', 'NO STATES FOUND' or the security DOES NOT HAVE A CUSIP or is not USD-denominated, then please contact your SM or local compliance officer and provide the requested security and client information. Please note that a suitability review and other pre-trade procedures must still be followed.

THE BOND:

The CWHL 03-1 B1 is a Prime Fix 5.75% Sub backed by 121 month seasoned 30yr Fix mortgages. This bond has 5.58% credit enhancement vs 13.04% 60+ delinquencies, for a 0.43x coverage ratio.

THE COLLATERAL:

The pool consists of 137 Prime loans that are 121 months seasoned with an average updated LTV of 52%. The average balance of the loans is \$362k– this coupled with the low updated LTV should result in both low CDRs and Severities. In fact, there are only 2 CDR prints in the past 12 months.

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 = 52%
- 75% of the borrowers have not missed a payment in the past 2 years
- 121 months seasoned
- 734 FICO
- \$362k average balance

**Source: Bloomberg

CWHL 2003-1 B1 Offered @ 95-16

BOND DESCRIPTION

Prepay Rate

20 CPR

24 CPR

28 CPR

Cusip:

12669DYS1

Default Rate

2 ramp 20 8 8 ramp 12 2 CDR

2 ramp 20 8 8 ramp 12 2 CDR

2 ramp 20 8 8 ramp 12 2 CDR

Original Face:

6,000,000

Default Severity

30

30 ramp 18 25

25

Current Face:

2,022,762

Delinq Rate

14 Percent

14 Percent

14 Percent

Bond Type:

Prime Fix 5.75% Sub

Delinq Advance (% of P&I)

100

100

100

Ratings (S&P/Moodys/Fitch):

-/-/B

Call

No

No

Dec-2016

Current Coupon:

5.750%

Yield @ Base Case

6.051%

Price @ 95-16

Stress Case

Base Case

Recovery Case

WAL @ Base Case

2.88

Yield

2.991

6.051

8.198

Principal Window @ Base Case

May13 to Dec26

Spread over Tsy

250

559

783

Writedown %

5.76%

Duration

2.36

2.24

1.74

Current Credit Enhancement:

5.58%

WAL

3.12

2.88

2

60+ Delinquencies

13.04

Principal Window

May13 to Mar24

May13 to Dec26

May13 to Dec16

60+ Delinquency Coverage

0.43x

Principal Writedown

14.83%

5.76%

0.00%

Total Collat Loss

0.23%

0.18%

0.17%

UNDERLYING COLLATERAL DESCRIPTION

Total Liquidation

12.27%

10.96%

9.85%

Average Loan Balance (\$,000s)

362

Loan Count

137

HISTORICAL PERFORMANCE

Mortgage Type

1 MOS

3 MOS

6 MOS

Wtd Avg Mortgage Coupon

6.047%

CPR

12.15

30.57

27.13

Wtd Avg FICO Score

734

CDR

0.00

0.00

0.00

Wtd Avg Orig Loan-to-Value

58.62%

SEV

NA

NA

NA

HPI Adj LTV

51.57%

Weighted Avg Loan Age

121

Owner Occupied

95.66

Top 1 Geo Concentration

CA 20%

Top 2 Geo Concentration

NY 13%

Top 3 Geo Concentration

FL 8%

Always Current (24 mos)

75.22%

IMPORTANT DISCLAIMER:

Non-agency RMBS is a complex fixed income product and is not suitable for all investors. Please note that while desk assumptions are driven by a number of collateral and macro factors, the historical performance of a deal is not indicative of its future performance. Additionally, this message is a product of sales and trading and is not a research report. Other key risks to consider are outlined below:

- All investments are subject to possible loss of principal
- 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

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.

This commentary is a product of JPMorgan Global Wealth Managements Taxable Fixed Income Trading Desk and not JPMorgan's Research Department. The views expressed in this trading desk commentary may differ from those of JPMorgan's Research Department. Any opinions expressed in this trading desk commentary are subject to change without notice and JPMorgan is under no obligation to update or keep this information current.

Kevin Lynn
Vice President | JPMorgan Securities

Fixed Income Trading



This email is confidential and subject to important disclaimers and conditions including on offers for the purchase or sale of securities, accuracy and completeness of information, viruses, confidentiality, legal privilege, and legal entity disclaimers, available at <http://www.jpmorgan.com/pages/disclosures/email>.