

From: Jeffrey Epstein <jeevacation@gmail.com>

To: "Barrett, Paul S" <[REDACTED]>

Subject: Re: Rplacement for the mortgage we sold last week - NEW PRIME RMBS SUB - \$3.325mm of CWHL 03-26 B1 @ \$80-16 (7.56% yield / 3.16 durn)

Date: Thu, 23 Aug 2012 15:18:52 +0000

yes

On Thu, Aug 23, 2012 at 11:16 AM, Barrett, Paul S <[REDACTED]> wrote:

Hi Jeffrey

This is a good replacement for the mortgage we sold last week. Spending around \$1.3MM. 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://pscopp1.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 CWHL 03-26 B1 is a prime Fix Subordinate bond backed by seasoned prime 30 fix mortgages. The underlying mortgages are 109 months seasoned and have an updated LTV of 47% according to Bloomberg. Approximately 80% of the borrowers have not missed a payment in the past 2 years.

This bond should make sense for clients who want a higher octane, levered play in the RMBS space. Please call the desk with all bids/inquiries related to this bond. X32124

HIGHLIGHTS

- HPI Updated LTV = 47%
- 80% of the borrowers have not missed a payment in the past 2 years
- 109 months seasoned
- 741 FICO
- \$310k average balance

**Source: Bloomberg

CWHL 2003-26 B1 Offered @ 80-16

BOND DESCRIPTION	
Cusip:	12959ERR9
Original Face:	3,325,000
Current Face:	1,826,664
Bond Type:	Prime Fix Sub
Ratings (S&P/Moodys/Fitch):	~A-/A-
Current Coupon:	5.337%
Yield @ Base Case	7.562%
WAL @ Base Case	4.09
Principal Window @ Base Case	Sep12 to Jul33
Writedown %	17.00%
Current Credit Enhancement:	2.32%
60+ Delinquencies	7.47
60+ Delinquency Coverage	0.31x

UNDERLYING COLLATERAL DESCRIPTION

Average Loan Balance (\$,000s)	310
Loan Count	365
Mortgage Type	Prime 30yr Fix
Wtd Avg Mortgage Coupon	5.570%
Wtd Avg FICO Score	741
Wtd Avg Orig Loan-to-Value	49.68%
HPI Adj LTV	46.68%
Weighted Avg Loan Age	109
Owner Occupied	93.70
Top 1 Geo Concentration	CA 37%
Top 2 Geo Concentration	NY 7%
Top 3 Geo Concentration	FL 5%
Always Current (24 mos)	79.77%

Prepay Rate	16 CPR	18 ramp 18 22 CPR	20 ramp 18 24 CPR
Default Rate	5 5 5 2 for 30 2.5 ramp 36 1.25 CDR	4 ramp 30 2.5 1 ramp 24 0.5 CDR	4 ramp 24 2.5 0.5 CDR
Default Severity	40 ramp 18 35	35	35 ramp 18 30

Price @ 80-16	Stress Case	Base Case	Recovery Case
Yield	-0.671	7.562	12.101
Spread over Tsy	-149	684	1137
Duration	3.52	3.16	2.97
WAL	4.82	4.09	4.18

Principal Window	Sep12 to May25	Sep12 to Jul33	Sep12 to Jun33
Principal Writedown	46.13%	17.00%	0.00%
Total Collat Loss	0.35%	0.31%	0.25%
Total Liquidation	7.01%	6.45%	5.38%

HISTORICAL PERFORMANCE

	1 MOS	3 MOS	6 MOS
CPR	15.76	18.19	24.35
CDR	0.00	0.00	0.00
SEV	NA	NA	NA

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

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