



"Sapia, Joseph"
<joseph.sapia@lehman.com
>

06/14/2008 11:19 AM

To <Nicholas.McClay@ey.com>
cc <Jerry.Gruner@ey.com>
bcc
Subject Re: RWL Performing Loan Questions

I saved the rlt deal info down yesterday. I went over it with Jennifer. We sold 60 percent of the deal. It's also known as the NPL deal.

We used the US only since our numbers don't include Europe.

On the SARH deal we only sold the AAA bonds. Didn't include it in the package since there were only AAA sales.

----- Original Message -----

From: Nicholas.McClay@ey.com <Nicholas.McClay@ey.com>
To: Sapia, Joseph
Cc: Jerry.Gruner@ey.com <Jerry.Gruner@ey.com>
Sent: Sat Jun 14 11:55:58 2008
Subject: RE: RWL Performing Loan Questions

Thanks Joe.

A couple more:

- 1) Did the RLT Securitization sell out? (Any MBS in inventory at 5/31/08)
- 2) Why did PC select the 89 RWL price from the MS report (86 US, 95 EUR, 89Wavg)?
- 3) SARH 2008-2 was not included for pricing consideration. What percentage of this deal sold?

Ernst & Young @
Ernst & Young LLP
Nicholas K. McClay | Financial Services



"Sapia, Joseph" <joseph.sapia@lehman.com>

06/14/2008 11:15 AM

To <Nicholas.McClay@ey.com>
cc <Jerry.Gruner@ey.com>
Subject RE: RWL Performing Loan Questions

Nicholas,

1. Here is the Morgan Stanley Research that shows the average marks for whole loans on page 4. I think the comments in the testing Merrill but it should have been Morgan Stanley. As a result of our testing last week we had the desk mark down an additional 78mm in whole loans. The 78 million is mostly attributed to the Prime Hybrid Arm pricing.

2 - 6 Attached is a file that lists the whole loan trades with the MTS codes. The Middle Office puts this file together. You can look in Whole Loan Tracking to see the actual sales data for each one of the trades. You can also verify who the counterparty was as well. For the trades settling in June I'm not sure when they would get set up in Quest. They are included on this file and you should be able to see them in Whole Loan Tracking as well.

Thanks,

Joe

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Joseph Sapia
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From: Nicholas.McClay@ey.com [mailto:Nicholas.McClay@ey.com]
Sent: Saturday, June 14, 2008 10:07 AM
To: Sapia, Joseph
Cc: Jerry.Gruner@ey.com
Subject: RWL Performing Loan Questions

Joe,

I've taken an introductory look at the RWL pricing file. The questions that I have are below and relate only to the performing section.

Performing RWL Pricing Questions:

- 1) Where can I find support for "Merrill Lynch price for performing loans marked back to 93?"
- 2) For trades by loan type, is there some documentation that can support that sold loans apply to each loan category (i.e. FNMA delivery on 5/28/08 was High LTV)
- 3) For the FNMA High LTV delivery, customer in Quest is Aurora Loan Services. Is there a way to verify actual delivery to FNMA?
- 4) For NegAm loans, the desk applies a 6-7bps discount relative to High LTV. PC uses High LTV observed pricing. Do NegAm's price/trade similar to High LTV

in the current market?

5) For Rev Mtge, the customer listed in the Quest trade is Lehman Capital, Division Of. Is there a way to verify actual delivery to GNMA?

6) For Subprime, what is the deal name, ledgers, or other identifiers for the 105mm @ 65 that settles at 6/22? I cannot locate in Quest or WLT.

If you have any questions, or prefer to discuss over the phone, you can reach me at Lehman at [Redacted].

Thanks,

Nicholas

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Nicholas K. McClay | Financial Services

[Redacted]

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