

From: Feraca, John <joferaca@lehman.com>
Sent: Tuesday, August 21, 2007 9:08 AM (GMT)
To: Reilly, Gerard <greilly@lehman.com>; Umezaki, Kentaro <komezaki@lehman.com>; Sherr, David <dsherr@lehman.com>; Webb, Michael A <mwebb@lehman.com>; Coghlan, John F. (Prime Services) <jcoghlan@lehman.com>
Subject: Re: Repo 105 Capacity for RMBS/CMBS

My understanding is agency cmos roll up to govt products for our balance sheet disclosures and I do not think it will change the view we got from the lenders we approached yesterday.

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

From: Reilly, Gerard
To: Umezaki, Kentaro; Feraca, John; Sherr, David; Webb, Michael A
Sent: Mon Aug 20 21:00:35 2007
Subject: RE: Repo 105 Capacity for RMBS/CMBS

What about agency cmo's? We should pass on non-agency at this point.

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

From: Umezaki, Kentaro
Sent: Monday, August 20, 2007 3:53 PM
To: Feraca, John; Sherr, David; Reilly, Gerard; Webb, Michael A
Subject: Re: Repo 105 Capacity for RMBS/CMBS

Not sure that is worth the effort at this point. Gerry: we need Chris to opine.

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

From: Feraca, John
To: Sherr, David; Umezaki, Kentaro; Reilly, Gerard; Webb, Michael A
Sent: Mon Aug 20 15:14:31 2007
Subject: Repo 105 Capacity for RMBS/CMBS

We spoke to the 3 of the 4 counterparties we currently use for Repo 105 on UST and Agencies via LBIE (the MTS equivalent) and all 3 declined our proposal to use AAA private label RMBS and CMBS. Explanations ranged from no ability to fund the asset themselves, inability to price the assets, to the bank's decision to only fund their own balances. Assuming this will be equally difficult to source new counterparties, our only other choice will be to look if any of our existing counterparties in LBI would be willing to transact thru LBIE. That would require docs (GMRA) to be in place and counterparty comfortable to transact via DVP as Chase triparty does not qualify for R105.