

Law Debenture

Law Debenture Corporate Services Inc.

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Email: new.york@lawdeb.com

June 4, 2012

EMC Mortgage Corporation
2780 Lake Vista Drive
Lewisville, Texas 75067
Attention: Barbara Andersen

Re: Bear Stearns Mortgage Funding Trust 2006-AR2
Mortgage Pass-Through Certificates, Series 2006-AR2

Ladies and Gentlemen:

Reference is made to: (i) the Pooling and Servicing Agreement dated as of September 1, 2006 (the "Pooling Agreement"), among Structured Asset Mortgage Investments II Inc., as depositor (the "Depositor"), Wells Fargo Bank, National Association, solely in its capacity as trustee (the "Trustee"), and EMC Mortgage Corporation ("EMC") as servicer, sponsor (in such capacity, the "Sponsor") and company; and (ii) the Mortgage Loan Purchase Agreement dated as of September 29, 2006 (the "MLPA") between EMC, as mortgage loan seller, and the Depositor, as purchaser. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Pooling Agreement and the MLPA.

By Order, dated May 17, 2012, the District Court for the State of Minnesota granted the Trustee's Verified Petition for Instructions in the Administration of a Trust Pursuant to Minn. Stat. § 501B.16, captioned *In the Matter of Bear Stearns Mortgage Funding Trust 2006-AR1; Bear Stearns Mortgage Funding Trust 2006-AR2; Bear Stearns Mortgage Funding Trust 2006-AR3; and Bear Stearns Mortgage Funding Trust 2006-AR4*, (No. 27-TR-CV-12-56). Pursuant to the Order, Law Debenture Trust Company of New York was appointed as separate trustee (and is referred to herein, in such capacity, as the "Separate Trustee") and afforded all of the Trustee's rights, powers, privileges, protections, and indemnities under the Pooling Agreement to the extent delegated to the Separate Trustee.

The Separate Trustee is in receipt of a letter from Ambac Assurance Corporation, as Certificate Insurer and as manager of the Segregated Account of Ambac Assurance Corporation, dated May 14, 2012 (the "Repurchase Letter") a copy of which is attached hereto. Based on the information contained in the Repurchase Letter, the Sponsor, is required to (a) cure the breaches of the representations and warranties described with specificity in Appendix A to the Repurchase Letter or (b) repurchase the related Mortgage Loans.

Pursuant to Section 2.03(b) of the Pooling Agreement, the Separate Trustee hereby gives notice to the Sponsor of the breaches specified in Appendix A to the Repurchase Letter and demands

that the Sponsor comply with its obligation to cure such breaches or repurchase the related Mortgage Loans, in accordance with the terms of the Pooling Agreement, on or before August 30, 2012. In the event that the Sponsor fails or refuses to cure such breaches, repurchase the related Mortgage Loans, or otherwise meaningfully respond to this demand letter, the Separate Trustee may pursue legal action against the Sponsor, for the repurchase of the applicable Mortgage Loans.

The Separate Trustee reserves all of the rights, powers, claims and remedies of the Separate Trustee and the Certificateholders under the Pooling Agreement, other documents relating thereto and applicable law. No delay or forbearance to exercise any right or remedy accruing under the terms of the Pooling Agreement, other documents relating thereto or under applicable law shall impair any such right or remedy or constitute a waiver thereof or an acquiescence therein.

If you have any questions, please contact James D. Heaney of the Separate Trustee at 646-747-1252 or at James.Heaney@lawdeb.com.

Regards,



James Heaney
Managing Director
Law Debenture Trust Company of New York,
as Separate Trustee

CC:

Structured Asset Mortgage Investments II Inc., as Depositor
383 Madison Avenue
New York, NY 10179
Attention: Vice President

EMC Mortgage Corporation
2780 Lake Vista Drive
Lewisville, Texas 75067
Attention: Bear Stearns Mortgage Funding 2006-AR2

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004

A member of Ambac Financial Group, Inc.

Mark G. Young
First Vice President and
Assistant General Counsel
212-208-3203 Fax: 212-298-3558
myoung@ambac.com

URGENT MATERIAL ENCLOSED

VIA FEDEX

May 14, 2012

Ambac

Wells Fargo Bank, National Association
as Trustee
9062 Old Annapolis Road
Columbia, Maryland 21045
Attention: Corporate Trust Group; Bear Stearns Mortgage Funding Trust 2006-AR2

Re: Bear Stearns Mortgage Funding Trust 2006-AR2
Mortgage Pass-Through Certificates, Series 2006-AR2

Ladies and Gentlemen:

Reference is hereby made to (i) that certain Mortgage Loan Purchase Agreement (the "MLPA") entered into in connection with the above-referenced transaction (the "Transaction"), dated September 29, 2006, between EMC Mortgage Corporation ("EMC"), as Mortgage Loan Seller, and Structured Asset Mortgage Investments II Inc. ("SAMI II"), as Purchaser; and (ii) that certain Pooling and Servicing Agreement (the "PSA") entered into in connection with the above-referenced transaction, dated as of September 1, 2006, among SAMI II, as Depositor, EMC, as Servicer, Sponsor and Company, and Wells Fargo Bank, National Association, as Trustee.

This notice is issued in connection with Section 2.03(b) of the PSA.

Ambac Assurance Corporation ("Ambac"), as Certificate Insurer, on its own behalf and as manager for the Segregated Account of Ambac Assurance Corporation, hereby officially notifies you of its discovery of breaches by EMC of one or more of the representations and warranties contained in Section 7 of the MLPA with respect to the Mortgage Loans identified in Appendix A attached hereto, which breaches materially and adversely affect the value of the interests of Certificateholders (as such term is defined in the PSA) or the Trustee in the related Mortgage Loans. The foregoing breaches are described with specificity in Appendix A with respect to each Mortgage Loan identified therein.

Accordingly, Ambac hereby requests that the Trustee give notice to EMC and the other requisite parties of the foregoing breaches, as soon as possible, in accordance with the terms of Section 7 of the MLPA and Section 2.03(b) of the PSA.

Ambac

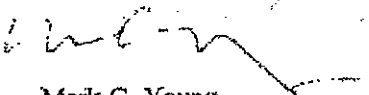
The claims made and sums demanded pursuant to this letter are without prejudice to any additional claims or demands with respect to indemnification, expense reimbursement, breaches of representations or warranties, breaches of other provisions of any documents relating to the Transaction, claims in tort, or otherwise that Ambac or any other party may make with respect to any matter relating to the Transaction. Ambac is continuing its investigation of the Transaction, including of the loans set forth in Appendix A, and will communicate additional issues or concerns if, as and when it considers it appropriate to do so. Nothing contained in this letter shall bind, prejudice or estop Ambac to any extent whatever or be construed as an admission by Ambac. All rights and remedies of Ambac and of every other person or entity that might be benefited or otherwise affected by Ambac's exercise of rights and remedies in this letter are completely reserved.

Kindly direct all communications with Ambac relating to the foregoing as follows:

Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004
Attention: Risk Management, Consumer Asset-Backed
Securities (BSMF 2006-AR2) (Policy # AB1034BE)
Telephone: (212) 668-0340
Facsimile: (212) 363-1459

With a copy to: Mark G. Young, Esq.
First Vice President &
Assistant General Counsel

Very truly yours,


Mark G. Young
First Vice President and
Assistant General Counsel

cc: Structured Asset Mortgage Investments II Inc.
as Depositor
383 Madison Avenue
New York, New York 10179
Attention: Vice President-Servicing

Structured Asset Mortgage Investments II Inc.
as Purchaser

383 Madison Avenue
New York, New York 10179
Attention: Baron Silverstein

EMC Mortgage Corporation
as Servicer, Sponsor and Mortgage Loan Seller
2780 Lake Vista Drive
Lewisville, Texas 75067
Attention: Bear Stearns Mortgage Funding 2006-AR2

Ambac

EMC Mortgage Corporation
as Company and Sponsor
383 Madison Avenue
New York, New York 10179
Attention: Vice President-Servicing

EMC Mortgage LLC
2780 Lake Vista Drive
Lewisville, Texas 75067
Attention: Legal Department