

# Law Debenture

## Law Debenture Trust Company of New York

400 Madison Avenue, 4th Floor, New York, NY 10017  
Telephone: (212) 750-6474 Fax: (212) 750-1361  
Email: new.york@lawdeb.com

August 17, 2012

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

Re: Bear Stearns Mortgage Funding Trust 2006-AR4  
Mortgage Pass-Through Certificates, Series 2006-AR4

Ladies and Gentlemen:

Reference is made to: (i) the Pooling and Servicing Agreement dated as of November 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 November 30, 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 August 16, 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 November 14, 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](mailto: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-AR4

EMC Mortgage Corporation  
383 Madison Avenue  
New York, NY 10179

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: 212-208-3558  
myoung@ambac.com

**URGENT MATERIAL ENCLOSED**

**VIA FEDEX**

August 16, 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-AR4

Re: Bear Stearns Mortgage Funding Trust 2006-AR4  
Mortgage Pass-Through Certificates, Series 2006-AR4

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 as of November 30, 2006, by and 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 November 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 management services provider 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 the Purchaser, 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.

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.

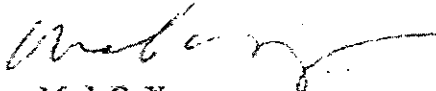
**Ambac**

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 (BSMFT 2006-AR4) (Policy # AB1047BE)  
Telephone: (212) 668-0340  
Facsimile: (212) 363-1459

With a copy to: Mark G. Young, Esq.  
First Vice President and  
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

**Ambac**

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-AR4

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

Law Debenture Trust Company of New York  
400 Madison Avenue  
New York, New York 10017  
Attention: James D. Heaney