

# **EXHIBIT 10**

July 29, 2014

U.S. Bank National Association, as Trustee  
One Federal Street, 3<sup>rd</sup> Floor  
Boston, MA 02110  
Attn: James H. Byrnes  
By Email: [james.byrnes@usbank.com](mailto:james.byrnes@usbank.com)

Dear James:

We have recently reviewed the Expert Reports published to the JPMorgan Chase & Co. RMBS Settlement Offer website. It appears that the experts are suggesting that JP Morgan's proposed RMBS Trust Settlement Agreement (the "JPM RMBS Agreement") be accepted by the majority of trusts. In particular, JPMAC 2006-WMC1 is included in this list of trusts that are advised to accept the JPM RMBS Agreement. Having reviewed the logic behind this recommendation, we disagree with the conclusions of the experts and reiterate our direction that U.S. Bank, National Association ("U.S. Bank") reject the JPM RMBS Agreement in the case of JPMAC 2006-WMC1.

As we have stressed in the past, under the JPM RMBS Agreement, not only are bondholders in aggregate settling for a lower payment as a percentage of losses than in either the Countrywide or Citibank agreements, but this proposed settlement is unique in its application of a discount for certain trusts that contain third party originated loans; JPMAC 2006-WMC1 being one such trust. The discount is massive as it reduces the allowable losses by 90%. Whereas the experts opine on possible reasons for the aggregate "haircut" relative to other large settlements, they are conspicuously silent in justifying the punitive treatment of third party originated loans. Instead, the little attention that is paid to these loans in the expert review suggests substantial liability for JP Morgan.

It is puzzling to us why a feature unique to this settlement that results in a dramatic reduction in settlement proceeds to certain trusts receives such little focus in the expert review. The only meaningful discussion of the topic was Professor Alan Schwartz's answer to Question 1: "For the 'JPMORGAN Trusts identified in Exhibit A to the proposed settlement agreement under what circumstances can the trustees bring a claim for loan repurchase against JPMC rather than against the loan originator(s)?" The short answer provided was, "The Agreements require the 'Seller' – JPMC – either to repurchase loans in its own capacity or to repurchase loans when the Originator is primarily obligated to repurchase but does not. The Trustee can bring a claim for loan repurchase against JPMC in either capacity: as primary obligor or as guarantor of the relevant Originator's obligations".<sup>1</sup> Professor Schwartz concludes his explanation with the statement, "The Trustee need not make a demand on an Originator to cure before claiming against the Seller."<sup>2</sup>

<sup>1</sup> Expert Witness Report of Alan Schwartz, 3.1, page 2

<sup>2</sup> Expert Witness Report of Alan Schwartz, 3.1, Paragraph 18, page 6

The answer above does not appear consistent with a 90% haircut for a trust where JP Morgan makes explicit representations with respect to the curing of breaches/repurchase of mortgage loans (Section 2.03) and explicit representations regarding the accuracy of loan information (Section 2.06). We highlighted the strength of this language in our April 11, 2014 letter, and Professor Schwartz's answer appears consistent with our understanding.

It is clear to us that US Bank does not have a good faith basis for accepting the 90% haircut for the Third Party Originated Trusts generally or JPMAC 2006-WMC1 in particular. In hundreds of pages of expert analysis, there is no discussion – none – as to why the Third Party Originated Trusts should have any haircut, much less a punitive 90% haircut, compared to the other trusts. To the contrary, the only analysis observed on the issue – that of Professor Schwartz – confirms that JP Morgan, as seller, has the full obligation to repurchase defective loans, and, moreover, that the Trustee does not need to claim against the originator in order to enforce JP Morgan's obligation. Should the Trustee accept this haircut, we believe it would be in breach of its duties to bondholders and we would seek further discussions as required.

We reiterate our direction to reject this settlement and direct U.S. Bank to obtain a fair deal for JPMAC 2006-WMC1 with respect to the other trusts in the JPM RMBS Agreement.

Sincerely,



Arthur Chu  
QVT Financial LP

cc: [dagus@bnymellon.com](mailto:dagus@bnymellon.com)  
[jpm.settlement.investor.inquiries@usbank.com](mailto:jpm.settlement.investor.inquiries@usbank.com)  
[ericataggart@quinnemanuel.com](mailto:ericataggart@quinnemanuel.com)