

EXHIBIT 2

From: Keith Kollmeyer [CN=Keith Kollmeyer/O=JonesDay]
Sent: Tuesday, February 11, 2014 9:26:03 PM
To: glumer@compasslexecon.com
CC: CHoupt@mayerbrown.com; krademacher@morganlewis.com;
JAtamian@mayerbrown.com; hooper@sewkis.com;
Michael.Johnson@alston.com; Michael.Doty@FaegreBD.com;
JRussell@mayerbrown.com; MFlynn2@mayerbrown.com;
IZack@mayerbrown.com; Jason.Solomon@alston.com jsconyers@jonesday.com;
rmicheletto@jonesday.com; dconroy@jonesday.com;
epalenschat@jonesday.com; Matthew A Martel
Subject: JPM - U.S. Bank Written Inquiries - Common Interest Communication
Attachments: JPM - USB Redacted Letters.zipx

Dear Jerry,

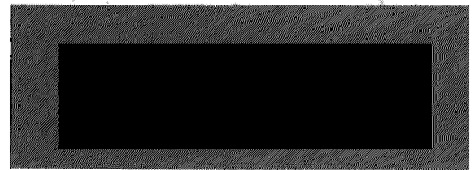
Please find attached a .zip file containing written inquiries U.S. Bank has received from certain holders and a note insurer regarding the proposed settlement. The documents have been redacted to prevent disclosure of the identity of the inquiring parties and are confidential.

Thank You,

Keith M. Kollmeyer (bio)
Associate
JONES DAY® - One Firm WorldwideSM
100 High Street, 21st Floor
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January 10, 2014

U.S. Bank National Association, as Trustee
Attn: James H. Byrnes
One Federal Street, 3rd Floor
Boston, MA 02110
By Email: james.byrnes@usbank.com

Dear James:

Funds under our management are holders of [REDACTED]
[REDACTED]
[REDACTED] We are writing to you as the Trustee in order to express our disapproval of the proposed RMBS Trust Settlement Agreement ("**JPM RMBS Agreement**") for these trusts. Not only is the payment in aggregate (across all trusts) comparatively low, but, more importantly, the payments on the [REDACTED] trusts (and other "JPMorgan Trusts" like it) are subject to a 90% haircut. In our view, the proposed consideration – 10% of an already low figure – is grossly inadequate in light of the broad releases which the Trustee must then grant JPMorgan in respect of its mortgage repurchase obligations. We believe that the Trustee should therefore reject the settlement on these trusts.

The JPM RMBS Agreement is the second multi-trust agreement focused on settling representation and warranty claims initiated by Gibbs and Bruns and certain Institutional Investors. The JPM RMBS Agreement follows the Bank of America/Countrywide Settlement Agreement ("**Countrywide Agreement**") in seeking relief for losses to trusts resulting from breaches of representations and warranties contained in the Governing Agreements of covered trusts. In both cases, an aggregate settlement amount is allocated to different trusts in proportion to the past and future losses projected for each trust. In the JPM RMBS Agreement, Section 3.05 allocates the Settlement Payment on the basis of Net Losses, with haircuts for losses on loans originated by certain non-JPMorgan affiliated originators.

The Aggregate Payment is Too Low

It is natural, therefore, to compare the amounts proposed in the JPM RMBS Agreement with those agreed to in the earlier Countrywide Agreement. There, a settlement amount of \$8.5 billion was applied to 530 trusts, with a projected total loss of \$80.8 billion, or a loss payout of 10.5%³. In this case, the proposed \$4.5 billion payment corresponds to \$67.1 billion of loss, or a loss payout of 6.7%⁴. Using the same loss percentage as in the Countrywide Agreement would increase the payment to more than \$7 billion.

¹ [REDACTED]
[REDACTED]
[REDACTED]

³ This uses the loss calculations provided by Bloomberg in their BOAS function (dividing BBG Settle Amt by the sum of Historical Loss + Projected Loss).

⁴ The estimate of 67.1B of current and future losses is from Barclays published research in "Securitized Products Weekly," 11/22/2013 page 26. This includes total losses for all deals, regardless of whether they have loans originated by Selected Third Party Originators.

Furthermore, the negotiated settlement amount in the Countrywide Agreement incorporated a discount for Bank of America's defenses related to Countrywide's limited net worth and the issue of successor liability. Capstone Advisory Group estimated Countrywide's net worth to be a maximum of \$4.8 billion⁵, significantly less than the settlement amount. Bank of America further claimed that it was not liable as a successor. Bank of New York Mellon admitted that it considered both of these issues when evaluating the ultimate settlement amount. US Bank, as Trustee, does not face these issues in the proposed JPM RMBS Agreement. JPMorgan has no such defenses in the case of the settled trusts, and – contrary to the proposed JPM RMBS Agreement – one would expect a larger aggregate payment, as a percentage of current and future losses, than in the Countrywide Agreement.

The Allocation Formula is Unfair to The [REDACTED] Trusts

Additionally, the [REDACTED] trusts are severely penalized in the allocation formula prescribed in Section 3.05 of the JPM RMBS Agreement. Because 100% of their collateral was originated by WMC Mortgage Corp (a "Select Third Party Originator" (as defined in the JPM RMBS Agreement)), the deals are subject to an adjustment that credits these trusts with only 10% of losses for the purpose of allocating settlement proceeds (based on loss) across all deals in the settlement. Presumably, this heavy discount assumes that trusts with Select Third Party Originators will be able to successfully enforce repurchase claims against the underlying originators. Under the terms of the PSAs, however, virtually all of the same claims can be enforced against JP Morgan. Effectively, JPMorgan seems to be attempting to rid itself of its contractual obligations to enforce and backstop the Originator's obligations at an incredibly low price.

In Section 3.02 (iii) of the JPM RMBS Agreement, JPMorgan seeks a release for "(iii) any alleged obligation of any JPMorgan entity to enforce claims for breaches of representations or warranties against the originator of a Mortgage Loan (including but not limited to any demands already made by the Accepting Trustees or any Investors of the Settlement Trusts)". However, in the Pooling and Servicing Agreement for [REDACTED] (the "PSA")⁶, JPMorgan offers very strong protections in the event of breaches of representations and warranties covered by the Originator.

Though WMC Mortgage Corp is the Originator for the collateral, a JPMorgan affiliate serves as Depositor, Seller, Securities Administrator, and Servicer in both deals. As stated in Section 2.03(a)(i) of the PSA, upon discovery "of the breach by the Originator of any representation, warranty or covenant under the Mortgage Loan Purchase Agreement or the Assignment and Assumption Agreement in respect of any Mortgage Loan that materially adversely affects the value of such Mortgage Loan or the interest therein of the Certificateholders", J.P. Morgan Acceptance Corporation⁷ backstops the Originator's repurchase obligations: "In the event that the Originator shall fail to cure the applicable breach or repurchase a Mortgage Loan in accordance with the preceding sentence, the Depositor shall do so"⁸. Further, in Section 2.06 of the PSA, the Seller (JPMorgan) "represents, warrants and covenants" that many of the representations in Schedule 4 (Mortgage Loan Representations and Warranties) that

⁵ As detailed in The Bank of New York Mellon's Brief in Support of the Settlement (NYSCEF DOC. NO. 750, page 26), dated 5/3/2013.

⁶ The Pooling and Servicing Agreement for [REDACTED] offers the same protections as those in [REDACTED], but the [REDACTED] is referenced for convenience.

⁷ In the [REDACTED] deal, it is the Seller, J.P. Morgan Mortgage Acquisition Corp., that provides the representation.

⁸ Section 2.03(a)(i).

were made by the Originator are true. The section concludes "If the substance of the representations and warranties referred to in clauses (i), (ii), (iii), (iv) and (v) above are determined to have been breached, then the Seller will perform the remedy specified in Section 2.03 herein". This list of 68 representations and warranties includes the following, all of which are regularly cited as relevant breaches in other mortgage putback cases:

(s) Appraisal. The Mortgage File contains an appraisal of the related Mortgaged Property in a form acceptable to Fannie Mae and such appraisal complies with the requirements of FIRREA and was made and signed, prior to the approval of the Mortgage Loan application, by a Qualified Appraiser, who had no interest, direct or indirect in the Mortgaged Property or in any loan made on the security thereof, whose compensation is not affected by the approval or disapproval of the Mortgage Loan. Each appraiser and appraisal of the Mortgage Loan was made in accordance with the Seller's Underwriting Guidelines (as in effect at the time such Mortgage Loan was originated) and the relevant provisions of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

(aa) Mortgage File. With respect to each Mortgage Loan, the Seller is in possession of a complete Mortgage File except for the documents which have been delivered to the Purchaser or the Custodian or which have been submitted for recording and not yet returned.

(dd) Underwriting Guidelines. The Mortgage Loan was underwritten in accordance with the Underwriting Guidelines in effect at the time of origination. No representations have been made to a Mortgagor that are inconsistent with the mortgage instruments used.

(hh) No Fraud. No fraud, misrepresentation or similar occurrence with respect to the Mortgage Loan has taken place on the part of the Seller, the Servicer or any other party involved in the origination of the Mortgage Loan or in the application of any insurance in relation to such Mortgage Loan, including without limitation the Mortgagor, any appraiser, any builder or developer. The documents, instruments and agreements submitted for loan underwriting were not falsified and contain no untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the information and statements therein not misleading in light of the circumstances in which they were made. The Seller has reviewed all of the documents constituting the Servicing File and has made such inquiries as it deems necessary to make and confirm the accuracy of the representations set forth herein.

(ii) Origination Practices. The origination practices used by the Seller and the collection and servicing practices used by the Servicer with respect to each Mortgage Loan have been in all respects legal and customary in the nonprime mortgage origination and servicing industry and the collection and servicing practices used by the Servicer have been consistent with Customary Servicing Procedures.

(ddd) LTV and CLTV Limit. No Mortgage Loan had an LTV or a CLTV in excess of 100% at origination.

WMC Mortgage Corp was acquired by GE Consumer Finance on June 14, 2004, as stated in the deal prospectus. However, as Deutsche Bank National Trust Company as Trustee for MSAC 2007-HE6 states in its complaint against WMC Mortgage L.L.C. as successor-by-merger to WMC Mortgage Corp. and General Electric Capital Corporation, "GE Capital's restructuring and reorganization of WMC resulted in

the ostensible transfer of WMC's repurchase and indemnification obligations to the new, undercapitalized WMC Mortgage, L.L.C."⁹. Given the thin capitalization of WMC Mortgage L.L.C. and the consequent reliance on GE Capital's willingness to bear responsibility for WMC's repurchase obligations, it would be premature to absolve JPMorgan from its obligations before first pursuing claims against WMC Mortgage Corp and GE Capital. This is especially true in light of the small settlement consideration contemplated in the JPM RMBS Agreement. As the language clearly states in the [REDACTED] PSAs, if the Originator fails to satisfy any of its repurchase obligations, JPMorgan is required to do so.

Moreover, you likely are aware of the recent decision by the New York Supreme Court, Appellate Division, in *ACE Securities Corp. v. DB Structured Products, Inc.* ("**Ace v. DB**"), regarding the statute of limitations for RMBS repurchase claims. If repurchase claims against the Originator are deemed to be untimely under New York law, then the trust will have received only 10% of its pro rata share of losses paid under the JPM RMBS Agreement, but will have no recourse against the Originator for the balance of its losses.

The *Ace v. DB* decision also provides an additional basis for direct claims by the trust against JPMorgan that would be released in the JPM RMBS Agreement and for which the trust should be compensated. Section 2.03(a)(1) of the PSA obligates JPMorgan, as Securities Administrator, to enforce, on behalf of the Trustee and the trust, the Originator's repurchase obligations for documentation defects and breaches of representations and warranties. JPMorgan has failed to do so. If repurchase claims against the Originator are deemed to be untimely under New York law, JPMorgan, as Securities Administrator, is directly liable to the trust for its failure to enforce the trust's repurchase rights on a timely basis. JPMorgan's liability to the trust for such failure is equal to 100% of the damages that should and would have been recovered from the Originator.

In summary, we believe that the terms of the settlement proposal are insufficient and unduly prejudicial to the [REDACTED] trusts. We would instruct that you do not vote in favor of the JPM RMBS Agreement in its current form, and would be happy to discuss this with you in more detail and hear your thoughts on the matter. In that regard, please contact us at [REDACTED]

We request that you keep this analysis confidential and not disclose it to third parties, other than your professional advisors, without our express written consent.

Sincerely,

[REDACTED]

cc: Elizabeth Taraila

⁹ Case 3:13-cv-01347-SRU #88, Filed in United States District Court District of Connecticut, 9/13/2013.

From: Keith Kollmeyer [CN=Keith Kollmeyer/O=JonesDay]
Sent: Monday, April 21, 2014 7:58:05 PM
To: glumer@compasslexecon.com
CC: CHoupt@mayerbrown.com; krademacher@morganlewis.com;
JAtamian@mayerbrown.com; hooper@sewkis.com;
Michael.Johnson@alston.com; Michael.Doty@FaegreBD.com;
JRussell@mayerbrown.com; MFlynn2@mayerbrown.com;
IZack@mayerbrown.com; Jason.Solomon@alston.com; Joseph B Sconyers
Subject: JPM - U.S. Bank Written Inquiries - Common Interest Communication
Attachments: 2014.04.11 Letter.pdf

Dear Jerry,

Please find attached an additional written inquiry U.S. Bank has received regarding the JPM proposed settlement. Please note that the document is redacted to prevent disclosure of the identity of the inquiring party and is confidential.

Regards,

Keith M. Kollmeyer (bio)
Associate
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This e-mail (including any attachments) may contain information that is private, confidential, or protected by attorney-client or other privilege. If you received this e-mail in error, please delete it from your system without copying it and notify sender by reply e-mail, so that our records can be corrected.

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April 11, 2014

U.S. Bank National Association, as Trustee
Attn: James H. Byrnes
One Federal Street, 3rd Floor
Boston, MA 02110
By Email: james.byrnes@usbank.com

Dear James:

Three months ago we wrote to you expressing our dissatisfaction with JP Morgan's proposed RMBS Trust Settlement Agreement (the "**JPM RMBS Agreement**") in our letter dated January 10, 2014. We have attempted to discuss these concerns with you over the past three months, but to date, you have not engaged us in any discussion. We explained why the aggregate payment (across all trusts) is too low and, more importantly, that the allocation to our holdings in the JPMAC 2006-WMC1 and JPMAC 2006-WMC3 trusts is particularly inequitable in light of the 90% haircut contemplated for third party originated loans. The recently announced Citigroup RMBS Trust Settlement Agreement¹ (the "**Citigroup RMBS Agreement**") only reinforces our position and we think it is important that our opinions be heard.

The Citigroup RMBS Agreement proposes a higher settlement amount as a percentage of total losses than the JPM RMBS Agreement. Additionally, while many of the Citigroup trusts consist of loans originated by third party originators, there is no comparable Selected Third Party Originator discount in the Citigroup RMBS Agreement. And unlike the language in the JPMAC 2006-WMC1 (and JPMAC 2006-WMC3) Pooling and Servicing Agreement (the "**JPMAC PSA**"), Citigroup does not appear to offer backstops on Originator failures to cure or repurchase. Yet JP Morgan seeks a complete release from these liabilities at a 90% discount whereas Citigroup applies no discount.

The Citigroup Payment is Larger as a % of Aggregate Losses

In our January letter we contrasted the Countrywide Agreement's 10.5% loss payout with the 6.7% payout in the JPM RMBS Agreement. We pointed out that the Countrywide Agreement incorporated discounts for Bank of America's defenses related to Countrywide's limited net worth and the issue of successor liability. Research analysts have recently estimated the loss payout in the Citigroup RMBS Agreement to be in the range of 7.3%-8.0%². Unlike the JPM RMBS Agreement where the release included all servicing claims in addition to the representation and warranty claims, Section 3.02 of the Citigroup RMBS Agreement reads: "Except as it pertains to alleged failures to provide notice of representation and warranty violations, this agreement shall not release or affect any Master Servicer or Servicer obligations under any of the Governing Agreements that pertain to the servicing of Mortgage Loans held by the Trusts." Citigroup was the Master Servicer on less than half the trusts and was a Servicer on a small minority.

The Citigroup Settlement Does Not Have Arbitrary Third Party Haircuts

The Citigroup RMBS Agreement does not include any haircuts for trusts with loans originated by Selected Third Party Originators, in contrast to the allocation formula prescribed in the JPM RMBS

¹ Dated April 7, 2014 between Citigroup, the "Institutional Investors" and upon acceptance, the Accepting Trustees of 68 CMLTI trusts.

² E.g., Amherst [4/8/2014]: 7.9%, Barclays [4/7/2014]: 7.4%, Credit Suisse [4/7/2014]: 8.0%, Morgan Stanley [4/8/2014]: 7.3%, Nomura [4/7/2014]: 7.6%.

Agreement. This is the case even for trusts that seem to have fewer liabilities for Citigroup than JP Morgan is assuming in the JPMAC 2006-WMC1 and JPMAC 2006-WMC3 trusts. As an example, we compare below the language found in the Pooling and Servicing Agreement for one of the trusts covered by the Citigroup RMBS Agreement, the CMLTI 2005-OPT1 (the “CMLTI PSA”³) to the JPMAC PSA:

In both PSAs, Section 2.03 discusses the Repurchase or Substitution of Mortgage Loans by the Originator, the Seller or the Depositor⁴. In the case of the JPMAC PSA, Section 2.03(a)(i) has language: “In the event that the Originator shall fail to cure the applicable breach or repurchase a Mortgage Loan in accordance with the preceding sentence, **the Depositor shall do so** [emphasis added]”. In this instance, the Depositor is JP Morgan and the Originator is WMC Mortgage Corp.; that is, JP Morgan assumes the repurchase obligation if WMC fails to repurchases defective loans. In the CMLTI PSA, there is no such language. Instead, Section 2.03(a) of the CMLTI PSA reads: “... and if the Originator or the Seller, as applicable, does not deliver such missing document or cure such defect or breach in all material respects during such period, the Servicer, to the extent it is not the Originator, the Seller or an Affiliate of the Seller, and otherwise the Trustee, in accordance with Section 3.02(b), shall enforce the obligations of the Originator or the Seller, as applicable, under the Mortgage Loan Purchase Agreement to repurchase such Mortgage Loan from REMIC I at the Purchase Price ...”. Option One Mortgage Corporation is the Originator and Servicer, Citigroup is the Seller and Deutsche Bank National Trust Company is the Trustee. It is the obligation of the Servicer (or Trustee, if the Servicer is either the Seller or Originator) to determine the responsible party and there is no explicit Seller backstop.

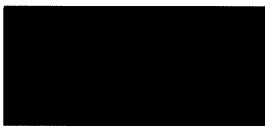
Another difference can be found in Section 2.06 of the JPMAC PSA, entitled Representations and Warranties as to the Mortgage Loans. There, the Seller (JPMorgan) “represents, warrants and covenants” that many of the representations in Schedule 4 (Mortgage Loan Representations and Warranties) that were made by the Originator are true. The section concludes “If the substance of the representations and warranties referred to in clauses (i), (ii), (iii), (iv) and (v) above are determined to have been breached, then the Seller will perform the remedy specified in Section 2.03 herein”. This list of 68 representations and warranties includes relevant breaches that are regularly cited in other mortgage putback cases, including appraisal, mortgage file, underwriting guidelines, no fraud, origination guidelines and LTV limits. The CMLTI PSA has no corresponding section.

In summary, the details of the latest Citigroup RMBS Agreement clearly support our position that the terms of the JPM RMBS Agreement are insufficient and unduly prejudicial to the JPMAC 2006-WMC1 and JPMAC 2006-WMC3 trusts. We reiterate our instruction that you do not vote in favor of the JPM RMBS Agreement in its current form and are eager to discuss our concerns with you in more detail. We understand that Erica Taggart from Quinn Emanuel, who serves as our counsel in other matters, has reached out to US Bank through Jones Day to facilitate a discussion. Feel free to coordinate with her to arrange a call or meeting so that we can have a chance to engage directly with the Trustee on these important issues. Alternatively, you can contact us directly at [REDACTED]

³ <http://www.sec.gov/Archives/edgar/data/1316935/000088237705000377/d266700.txt>

⁴ In the CMLTI PSA the section is entitled “Repurchase or Substitution of Mortgage Loans by the Originator or Seller”.

cc: Elizabeth Taraila
cc: Erica Taggart
cc: Matt Martel

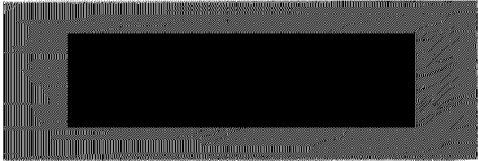

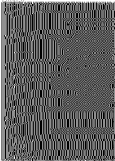


From: Keith Kollmeyer [CN=Keith Kollmeyer/O=JonesDay]
Sent: Friday, June 27, 2014 9:42:32 PM
To: glumer@compasslexecon.com; "Hong, Donnie" <dhong@compasslexecon.com>
CC: Joseph B Sconyers
Subject: JPM - Inquiries - Privileged & Confidential
Attachments: 2014.06.02 Letter.pdf; 2014.06.09 Letter.pdf; 2014.06.10 Letter.pdf; 2014.06.17 Letter.pdf; 2014.06.23 Letter.pdf

Please find attached recent inquiries U.S. Bank has received regarding the JPM proposed settlement. Please note that the documents are redacted to prevent disclosure of the identity of the inquiring party and are confidential.

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June 23, 2014

U.S. Bank National Association, as Trustee
One Federal Street, 3rd Floor
Boston, MA 02110
Attn: James H. Byrnes
By Email: james.byrnes@usbank.com

Dear James:

We are writing in response to the Notice Regarding Ongoing Review of Proposed Settlement Agreement with J.P. Morgan Chase & Co., dated April 29, 2014 (the "April Notice"). The April Notice invited certificateholders wishing to provide a direction to contact the RMBS Trustees. We have sent prior letters expressing our dissatisfaction with the settlement terms. We have detailed the reasons why the settlement is too low on the Selected Third Party Originator trusts in particular, and why JP Morgan should not be absolved of their putback liabilities on these trusts for such little consideration. As such, we reiterate our direction in this letter for U.S. Bank, National Association ("U.S. Bank") to reject JP Morgan's proposed RMBS Trust Settlement Agreement (the "JPM RMBS Agreement") in the case of JPMAC 2006-WMC1 and JPMAC 2006-WMC3.

We have already provided direction (as part of a larger group) in the JPMAC 2006-WMC3 trust¹. Though our funds represent a smaller proportion of the outstanding bonds in the JPMAC 2006-WMC1 trust, similar logic applies here: we believe that there are many courses of action that U.S. Bank and The Bank of New York Mellon ("BNYM") could pursue that are preferable to accepting the nominal settlement proceeds currently proposed. The options range from a more equitable reallocation of settlement proceeds between trusts to a proper litigation initiative.

At a Minimum, the Third Party Origination Discount is Unfairly Punitive

In our earlier letters we have discussed how the JPM RMBS Agreement provides for a lower payment as a percent of aggregate losses than both the Countrywide and Citigroup agreements. It is unclear why bondholders in aggregate should be forced to accept this lower settlement payment, but this proposed settlement is unique in its application of a discount for certain trusts that contain third party originated loans. This is presumably based on the theory that the trust can pursue recoveries from these originators. However, as U.S. Bank and BNYM are likely aware, a court has recently held² that "JPMMAC issued a warranty tantamount to WMC's" and "As written, JPMMAC warranted the loan tapes' truth".

¹ Letter dated May 23, 2014. A copy of the letter is attached for your reference.

² Bank of New York Mellon v. WMC Mortgage, No. 654464/2012, 2013. This case concerns JPMAC 2006-WMC4, though JP Morgan made a similar representation and warranty in the PSA for JPMAC 2006-WMC1 and JPMAC 2006-WMC3.

As a consequence, applying the 90% discount to these trusts improperly penalizes these trusts relative to the other trusts in the settlement.

There is no reason why the JPMAC 2006-WMC1 or JPMAC 2006-WMC3 trusts should accept such a steep discount relative to the other trusts in the settlement. U.S. Bank and BNYM have a duty to evaluate the settlement with respect to each individual trust. As such, we do not believe it is possible to justify such a steep discount for these trusts given the language of the PSA and the aforementioned court ruling. We highly doubt that the RMBS Trustees would accept a blanket settlement amount of .60% of losses for all covered trusts, and consequently U.S. Bank should not accept that amount for these particular trusts.

JP Morgan is implicitly assigning a very high probability of recovery from WMC in proposing such a steep discount. Given WMC's refusal to pay on its historical putback requests, we strongly disagree with this assumption³. A 90% discount does not reflect JP Morgan's potential liability and so the settlement should be rejected.

BNYM Has Enough Evidence Already to Pursue Recoveries from JP Morgan

We believe that there is enough evidence for BNYM to begin initiation of putback requests on its own. The statement of facts that was released as part of the \$13 billion global settlement entered into by JP Morgan, the DOJ and federal and state entities, details considerable evidence of JP Morgan's widespread breach of representations and warranties. Additionally, the JPMAC 2006-WMC2, WMC3, and WMC4 trusts have all already initiated putback requests and the JPMAC 2006-WMC4 is in the midst of active litigation.

All of the JPMAC 2006-WMC deals reference the same "Mortgage Loan Purchase Agreement", which is the mortgage loan sale and interim servicing agreement dated as of July 1, 2005, between WMC Mortgage Corp. and J.P. Morgan Mortgage Acquisition Corp., regarding the sale of the Mortgage Loans to the Seller. In the case of JPMAC 2006-WMC4, material breaches were found in 840 of the 848 loan files that were delivered and inspected⁴. This represents a **99% breach rate**. Given the similarity of the underlying collateral, there is strong reason to suspect that the JPMAC 2006-WMC1 and JPMAC 2006-WMC3 deals have material breaches and should be reviewed.

Recently, we have acquired additional bonds in the JPMAC 2006-WMC1 deal and now have the requisite [REDACTED] Voting Rights necessary to instruct the Trustee. If U.S. Bank and BNYM are unwilling to conduct loan file review on their own even in the face of considerable evidence of breaches, QVT may be willing to provide such direction and indemnity. In order to make this decision, we reiterate our request for information about the tolling status for JPMAC 2006-WMC1 and would like to know what, if anything,

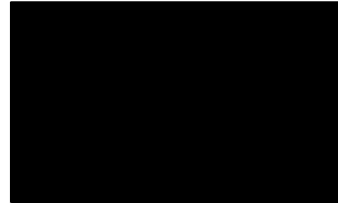
³ Mark Begor of GE Capital stated on their December 7, 2010 Conference Call: "If you've seen some of our results you know that we refute every loan, and we've had a success rate of defending that claim in GE's favor at well over 80%, close to 84%".

⁴ Breaches were reported in 493 of 498 loan files reported in September 18, 2012 letter and 347 of 350 in a November 30, 2012 letter.

[REDACTED]

[REDACTED]

U.S. Bank and BNYM have done to date with respect to loan file review and putbacks in this deal. While we await your reply and consider our options, we do not want to forfeit the opportunity to pursue a more meaningful recovery, which would result from this trust's acceptance of the settlement. As such, we direct you to reject the JPM RMBS Agreement for JPMAC 2006-WMC1 (and JPMAC 2006-WMC3) and provide us with the information we request to determine how best to move forward.



cc: dagus@bnymellon.com
jpm.settlement.investor.inquiries@usbank.com
ericataggart@quinnemanuel.com

