

May 10, 2011

Hon. Mary F. Walrath

United States Bankruptcy Court

District of Delaware

824 Market Street, 5th Floor

Wilmington, DE 19801

Re: In re Washington Mutual, Inc., et al. Case Number 08-12229 (MFW) (Jointly Administered)

Objection to the Plan of Reorganization

Dear Judge Walrath,

I am writing on behalf of myself as a shareholder of various Washington Mutual securities (and those similarly situated). I have been tracking the progress of this case since its inception. I hold PIERS units, preferred equity of WMI, and common equity of WMI as well as junior bonds of Washington Mutual Bank.

I formally object to the plan of reorganization.

Subsidiary Values remain hidden

The debtors did not provide any information regarding subsidiary values as requested by the court. As one example of the decision to pretend these assets have no real value—Marion insurance has paid 60 million in dividends since September of 2008 but is listed at a surreal market value of 99M (a combined figure that includes all other entities merged into WMI Citation).

Closer inspection reveals the reason for these estimates—market value is defined not by some rational estimate of what a business yields in revenue and thus would garner in an open bidding process but rather the sum of “where applicable, (i) cash, (ii) notes receivable being paid by JPMC, carried at current market value, and (iii) in some cases, certain other *de minimis* assets and liabilities.”

It is difficult to conceive that the debtors’ seasoned council believes that subsidiary value is remotely explained by cash on hand, particularly since asset sales and dividend streams of these assets have yielded almost 400M in cash that been upstreamed to the holding company since seizure.



The range of NOL values was not provided

The debtor has chosen once again to ignore the Court which had asked for a range of NOLs. This continued indifference to the adequacy of the disclosure requirements in general, and in response to the order of the Court in specific regard to capital contributions to WMB as a result of these bankruptcy transactions, also continues to expose the debtor to significant, material and potentially sanctionable intentional fatal disclosure flaws that will jeopardize the debtor's confirmation of its Plan of Reorganization once again. Since it appears that the debtor will not make these required or Court ordered disclosures, I ask that the Court make clear notation of such continued obfuscation by the debtor and, upon submission of significant and material evidence to the contrary at confirmation to be determined by the Court, that the Court then consider the appropriateness of sanctions in addition to the denial of the confirmation of the Plan of Reorganization at such time.

Additionally, the basis in WMB stock can now be considered an ordinary loss per IRS ruling (first exhibit), yet they attempt to abandon this **17B** dollar asset as quickly as possible. The debtors also disregarded the court's directive to include the tax benefits accrued from the proposed distribution of over 3 billion in cash to JP Morgan Chase and the FDIC.

New, material information has become available that suggests the Global Settlement is no longer fair or reasonable

This information relates to the following topics and will be presented at the hearing.

- 1. The FDIC's rights to setoff of the deposits*
- 2. The FDIC's rights to claim ownership of the NOLs*
- 3. The valuation of the breach of contract claim against JP Morgan Chase (and by extension, the tortious interference of a third party claim against the FDIC)*
- 4. The state of JP Morgan Chase at the time of the sale*
- 5. The impact of a fair value settlement on JP Morgan Chase*

Relief Requested:

- 1) I request the court deny this plan of reorganization and remove Weil, Gotshal & Manges as lead counsel due to repeated and intentional *minimization* of estate value.
- 2) I request the range of NOLs be included as requested by the court on 3/21/2011.
- 3) I request reasonable market values of estate assets be included as requested by the court on 3/21/2011.

I will be present in court for the confirmation hearing to discuss the basis for this objection.

Sincerely,

Ben Mason

Internal Revenue Service

Number: **201108001**

Release Date: 2/25/2011

Index Number: 165.00-00, 165.06-00,
165.06-02

Department of the Treasury
Washington, DC 20224

[Third Party Communication:
Date of Communication: Month DD, YYYY]

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:ITA:B03
PLR-119676-10

Date:
November 19, 2010

In Re:

Legend:

Parent =

Sub =

A =

B =

Year 1 =

Year 2 =

Date 1 =

C =

Date 2 =

D =

a =

b =

c =

Year 3 =

Date 3 =

d =

e =

Date 4 =

Dear :

This responds to a letter dated May 7, 2010, and supplemental letters dated July 30, 2010 and October 29, 2010, submitted on behalf of Parent, requesting a ruling that Parent's worthless securities deduction with respect to its Sub stock will be an ordinary loss under § 165(g)(3) of the Internal Revenue Code.

FACTS

Parent and its domestic corporate subsidiaries, including Sub, are members of an affiliated group of corporations of which Parent is the common parent (collectively, the A Group). The A Group files, and has historically filed, a U.S. consolidated federal income tax return on a calendar-year basis, using an accrual method of accounting.

Parent is a savings and loan holding company. Sub operated as a federally chartered savings bank and previously was B, which was acquired by the A Group in Year 1. Sub is also the successor to numerous other banks acquired by the A Group. Since Year 2, Parent has directly owned all of the outstanding stock of Sub.

On Date 1, Parent and C, one of its non-banking subsidiaries (collectively, the A Debtors), commenced voluntary cases under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court. Parent's bankruptcy filing was precipitated by the seizure of Sub by the Office of Thrift Supervision and its placement into the receivership of the FDIC on Date 2, and the FDIC's immediate sale (Receivership Sale),

on the same date, of substantially all the assets of Sub to D. The FDIC, as receiver, continues to act on behalf of the legal entity of Sub and holds the remaining assets (including sale proceeds) of Sub.

Prior to Date 2, Sub was Parent's principal operating subsidiary. Sub and its subsidiaries provided a broad range of banking services, primarily to consumers. These services included accepting deposits from the general public and making residential mortgage loans, consumer loans, limited types of commercial real estate loans (primarily loans secured by multi-family properties) and other services typically associated with providing banking services to the general public. A significant portion of Sub's mortgage loans were transferred to captive REITs formed by Sub and a predecessor bank. These REITs regularly purchased mortgage loans from Sub and a predecessor bank, which continued to service these loans while held by the REITs. Most of the captive REITs were ultimately liquidated into Sub in liquidations qualifying under § 332 of the Code.

In the Receivership Sale, D purchased in a taxable transaction substantially all of the assets and assumed all the deposits and certain other liabilities of Sub for approximately \$a in cash. Parent estimates that unassumed debt liabilities totaled approximately \$b. The A Group reported a net loss of approximately \$c on its Year 3 consolidated federal income tax return with respect to the Receivership Sale. Since the Receivership Sale, Sub's assets have principally consisted of the cash proceeds from the Receivership Sale, all or a portion of which have been invested in marketable securities, and certain intercompany claims and other causes of action.

On Date 3, the A Debtors filed a proposed plan of reorganization under chapter 11 of the Bankruptcy Code (Plan). The Plan is premised on the Bankruptcy Court's approval of a proposed settlement agreement that embodies a compromise and settlement of numerous disputes among the A Debtors, D and the FDIC. The existing outstanding stock of Parent will be canceled on the effective date of the Plan and it is currently contemplated that new common shares of reorganized Parent will be issued to certain claimholders. The Plan also provides for the establishment of a liquidating trust for the benefit of certain claimholders. At the present time, ignoring any possible recovery on the receiver's claims, the outstanding debt of Sub exceeds its assets (principally the \$a of cash received from D) by approximately \$d. Sub is and is expected to remain insolvent.

Parent has an adjusted tax basis in its Sub stock of at least approximately \$e, as of Date 4. Sub continues to be a member of the A Group, and pursuant to § 1.1502-80(c) of the Income Tax Regulations, Parent has not claimed a worthless stock deduction with respect to the Sub stock. Parent expects to recognize its loss with respect to its Sub stock no later than the cancellation of the Sub stock upon the winding-up of the Sub receivership. However, Parent may seek to abandon its stock interest in Sub in

advance of the completion of the receivership, in which event Parent will recognize the loss at the time of abandonment.

REPRESENTATIONS

Parent has made the following representations in connection with this ruling request:

- 1) Parent has not made an election pursuant to § 1.597-4(g) to disaffiliate Sub.
- 2) Sub will continue to be an affiliate of Parent within the meaning of § 1504(a)(2) until the earlier of the complete liquidation of Sub (as determined for federal income tax purposes) or Parent's abandonment of its Sub stock.
- 3) Parent's stock in Sub will be worthless within the meaning of § 165(g)(1) at the time specified in § 1.1502-80(c) of the regulations;
- 4) More than 90 percent of Sub's aggregate gross receipts for all taxable years has been from (i) interest income on, and gains from the sale of, real estate loans (including mortgage-backed securities) and consumer loans and (ii) service charges, fees, commissions and other non-interest income from operations. This takes into account the gross receipts of all § 381 predecessor entities, and excludes any prior intercompany distributions from such entities to prevent double counting.
- 5) All the income of clause (i) of the preceding representation included towards satisfying the 90 percent test was received by Sub or a predecessor bank, and all gains included in clause (i) qualified for ordinary income treatment. See § 582(c) of the Code.

LAW AND ANALYSIS

Section 165(a) of the Code allows as a deduction any loss sustained during the year and not compensated for by insurance or otherwise.

Section 165(g)(1) of the Code provides the general rule that if any security which is a capital asset becomes worthless during the tax year, the resulting loss is treated as a loss from the sale or exchange of a capital asset. Section 165(g)(2) defines a security to include a share of stock in a corporation.

Section 165(g)(3) of the Code provides an exception to the general capital loss rule and allows a Parent that is a domestic corporation to claim an ordinary loss for worthless securities of an "affiliated" corporation. See also § 1.165-5(d) of the Income Tax

Regulations. Under § 165(g)(3), a corporation is treated as “affiliated with the Parent” only if—

(A) the Parent owns directly stock in the corporation meeting the requirements of § 1504(a)(2) (i.e., at least 80 percent of the voting power and value of the corporation's stock) [“ownership test”], and

(B) more than 90 percent of the aggregate of the corporation's gross receipts for all taxable years has been from sources other than royalties, rents (except rents derived from rental of properties to employees of the corporation in the ordinary course of its operating business), dividends, interest (except interest received on deferred purchase price of operating assets sold), annuities, and gains from sales or exchanges of stocks and securities [“gross receipts test”]. See *also* § 1.165-5(d)(2)(iii), which provides that the gross receipts test applies for all the taxable years during which the subsidiary has been in existence.

Section 1.165-5(i) of the regulations provides that a security that becomes wholly worthless includes a security that is abandoned and otherwise satisfies the requirements for a deductible loss under § 165. If the abandoned security is a capital asset and is not described in § 165(g)(3), the resulting loss is treated as a loss from the sale or exchange of a capital asset. To abandon a security, a taxpayer must permanently surrender and relinquish all rights in the security and receive no consideration in exchange for the security. All the facts and circumstances determine whether the transaction is properly characterized as an abandonment or other type of transaction, such as an actual sale or exchange, contribution to capital, dividend, or gift.

Section 582(c) of the Code provides, in general, that in the case of a financial institution (including a bank) the sale or exchange of a bond, debenture, note or certificate or other evidence of indebtedness shall not be considered a sale or exchange of a capital asset.

Parent represents that the Sub stock will be worthless within the meaning of § 165(g)(1) of the Code at the time specified in § 1.1502-80(c) of the regulations. Thus, the issue for our consideration is whether Parent meets the affiliation requirements of § 165(g)(3) so that it is entitled to claim an ordinary loss for the worthless securities of Sub. A corporation is treated as “affiliated with the taxpayer” under § 165(g)(3) if two requirements are met—the ownership test and the gross receipts test.

Under the facts of this case, the ownership test of § 165(g)(3)(A) is satisfied because Parent has directly owned all of the stock of Sub since Year 2, and Parent represents that Parent has not made an election under § 1.597-4(g) to disaffiliate Sub, and that Sub will continue to be an affiliate of Parent within the meaning of § 1504(a)(2) until the earlier of the complete liquidation of Sub (as determined for federal income tax purposes), or Parent's abandonment of its Sub stock.

For purposes of the gross receipts test of § 165(g)(3)(B), Parent represents that more than 90 percent of Sub's aggregate gross receipts for all taxable years has been from (i) interest income on, and gains from the sale of, real estate loans (including mortgage-backed securities) and consumer loans and (ii) service charges, fees, commissions and other non-interest income from operations, after taking into account the gross receipts of all § 381 predecessor entities and excluding any prior intercompany distributions from such predecessor entities to prevent double counting. Parent also represents that all of the income in clause (i) included towards satisfying the gross receipts test was received by Sub or a predecessor bank, and that all gains included qualified for ordinary income treatment by operation of § 582(c).

A literal reading of the gross receipts test requires that more than 90 percent of the aggregate of Sub's gross receipts be from sources other than disqualifying, specifically enumerated, sources of income, such as interest and gains from the sale of stock or securities. More than 90 percent of Sub's aggregate gross receipts for all taxable years has not been from service charges, fees, commissions and other non-interest income from operations. Thus, in this case, whether Parent meets the requirements of the gross receipts test depends on whether the interest income earned on, and gains from the sale of, real estate loans (including mortgage backed securities) and consumer loans received by a company operating as a bank are treated as active, operating gross receipts, rather than passive gross receipts, in applying the gross receipts test.¹

The gross receipts test was designed to determine whether a subsidiary is an operating company (for which an ordinary loss may be allowed) or a holding or investment company (for which an ordinary loss is not allowed). The Revenue Act of 1942, Pub. L. No. 754, section 123(a)(1), 56 Stat. 798, 820 (1942), added § 23(g)(4) (the predecessor to § 165(g)(3)), to provide for an ordinary loss for worthless stock instead of capital loss treatment of certain affiliated corporations. The legislative history indicates the purpose of § 23(g)(4) was to allow a parent corporation to claim an ordinary loss deduction for the stock of its subsidiary if it becomes worthless, regardless of whether the parent and subsidiary file a consolidated return or not. S. Rep. No. 77-1631, 77th Cong., 2d Sess. 46 (1942), 1942-2 C.B. 504, 543. Section 23(g)(4) included an ownership test and a gross income (changed in 1954 to gross receipts) test.

Shortly after its enactment, § 23(g)(4) was amended by Congress to provide that certain rents and interest earned by an operating company (rents derived from rental of properties to employees of the corporation in the ordinary course of its operating business and interest received on the deferred purchase price of operating assets sold) were to be treated as operating income, rather than passive income, in applying the gross income test. See Pub. L. No. 235, section 112(a), 58 Stat. 21, 35 (1944); S. Rep. No. 91-1530, 91st Cong., 2d Sess. 2 (1970), 1971-1 C.B. 617, 618; S. Rep. No. 77-

¹ Section 582(b) provides that for purposes of § 165(g)(1) in the case of a parent bank owning directly at least 80 percent of each class of stock of another bank, stock in such other bank shall not be treated as a capital asset.

1631, 77th Cong., 2d Sess. 46 (1942), 1942-2 C.B. 504, 543; 90 Cong. Rec. S121-122 (daily ed. Jan. 12, 1944) (statement of Sen. Davis). In introducing the amendment, Senator Davis noted that Congress' intent in enacting the gross income test was to permit the loss as an ordinary loss only when the subsidiary was an operating company as opposed to an investment or holding company. The intent of the change, as explained by Senator Davis, was to exclude certain rents and interest derived by a company that was solely an operating company from the scope of passive income in accordance with the intent of Congress. The rent and interest from the sources described were viewed as "incidental to the operating activities of the company" and as arising from a "direct result of its activities as an operating company." 90 Cong. Rec. S at 122.

Thus, the legislative history of § 165(g)(3) supports the argument that Congress intended to permit ordinary loss treatment where the subsidiary is an operating company rather than an investment or holding company, and that the terms rent and interest refer to income derived from a passive source. In Rev. Rul. 88-65, 1988-2 C.B. 32, the Service relied upon this legislative history, in part, in distinguishing between receipts from passive investment activities and receipts derived in the ordinary course of conducting an operating business. Under this ruling, amounts received under short-term automobile and truck leases do not constitute rents for purposes of § 165(g)(3)(B) because the leasing subsidiary performed significant services in connection with the leases.

Sub was clearly an operating company (until the seizure and sale of its business), and not an investment or holding company, and performed significant services in its banking activities that resulted in generating gross receipts in the form of interest income and gains from the sale or exchange of loans and mortgage backed securities. The legislative history of § 582(c) indicates Congress intended to treat gains from transactions in evidences of indebtedness of banks as ordinary income because these items of indebtedness are not true capital items, but are more like transactions in inventory or stock items. See H.R. Rep. No. 91-413, 91st Cong., 1st Sess. 130 (1969), 1969-3 C.B. 200, 281; S. Rep. No. 91-552, 91st Cong., 1st Sess. 167 (1969), 1969-3 C.B. 423, 529. Congress recognized that making loans is the business of an active, operating bank. Thus, the phrase "gains from the sale or exchange of stock or securities" under § 165(g)(3)(B) should not include gains from the sale of items that qualify for ordinary income treatment under § 582(c). The active or passive analysis of Rev. Rul. 88-65 applies to interest income on, and gains from the sale of, real estate loans (including mortgage backed securities) and consumer loans, of Sub.

CONCLUSION

Accordingly, provided that all the requirements for claiming a worthless securities deduction under § 165(a) and § 165(g) (taking into account § 1.502-80(c)) are otherwise

satisfied, Parent may claim an ordinary loss under §§ 165(a) and 165(g)(3) for its basis in Sub's stock.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. No opinion is expressed concerning whether any of the other requirements of § 165 not specifically addressed in this ruling are met. In addition, the ruling in this letter is conditioned on the standard representations contained in Revenue Procedure 2010-1.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent. In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative(s). A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

Sincerely,

Christopher F. Kane
Branch Chief, Branch 3
Income Tax & Accounting

cc:

WM Covered Bond Program Investor Report

Data Effective Date: 30 November 2008

Program Information

Series	Initial Principal Amount	Maturity Date	Rate	Swap Providers
Series 1	€2,000,000,000	27 September 2011	3.875% Fixed	Barclays Bank PLC & ABN AMRO Bank, N.V.
Series 2	€2,000,000,000	27 September 2016	4.000% Fixed	Barclays Bank PLC & ABN AMRO Bank, N.V.
Series 3	€2,000,000,000	19 May 2014	4.375% Fixed	Barclays Bank PLC

Parties

Issuer	WM Covered Bond Program
Covered Bond Indenture Trustee	The Bank of New York
Mortgage Bond Issuer	JPMorgan Chase Bank, National Association
Mortgage Bond Indenture Trustee	Deutsche Bank Trust Company Americas

Washington Mutual Bank Credit Ratings (Moody's / S&P / Fitch)

Short Term	P-1 / A-1+ / F1+
Long Term (Senior Unsecured)	Aaa / AA / AA-

Events of Default & Test Compliance

Issuer Event of Default	No
Mortgage Bond Issuer Event of Default	No
Mortgage Bond Asset Coverage Test Breach	No
Proceeds Compliance Test Breach	N.A.

Mortgage Bond Asset Coverage Test

Determination Date: 5 December 2008

Determination Period: 1 November 2008 to 30 November 2008

Asset Coverage Test Components

A = Adjusted Current Balance multiplied by Asset Percentage	A = \$7,745,938,331.11
B = Principal Collections	B = \$109,215,789.32
C = Substitution Assets	C = \$0.00
A + B + C =	\$7,855,154,120.43

Calculation Method Used for Component A: A(ii)
Asset Percentage: 67%

Key to Calculation Methods for Component A

A(i) = LTV-Adjusted Current Balance
A(ii) = Adjusted Current Balance multiplied by Asset Percentage

Outstanding Mortgage Bonds \$7,784,300,000.00

Excess Credit Support by Asset Coverage Test	0.91%
Excess Credit Support by Total Loan Balance	48.75%

Cover Pool Summary

Product	Count	Balance	%
Payment Option ARMs	6,093	\$2,137,251,144.50	18.46%
3/1 Hybrid ARMs	1,901	\$758,132,717.07	6.55%
5/1 Hybrid ARMs	3,949	\$1,437,494,376.08	12.41%
5/1 Interest Only Hybrid ARMs	11,267	\$5,731,227,594.75	49.50%
7/1 Hybrid ARMs	280	\$187,156,611.17	1.62%
7/1 Interest Only Hybrid ARMs	905	\$718,846,738.28	6.21%
10/1 Hybrid ARMs	287	\$143,062,650.11	1.24%
10/1 Interest Only Hybrid ARMs	649	\$466,050,318.02	4.02%
Total	25,331	\$11,579,222,149.98	100.00%

Total Interest Only Products	12,821	\$6,916,124,651.05	59.73%
Total Payment Option Products	6,093	\$2,137,251,144.50	18.46%

WM Covered Bond Program Investor Report

Data Effective Date: 30 November 2008

Cover Pool State Distribution

State	Count	Balance	%
California	10,991	\$5,749,884,982.54	49.66%
Florida	1,783	\$640,122,566.64	5.53%
New York	1,227	\$693,082,599.12	5.99%
Washington	1,363	\$582,185,192.20	5.03%
New Jersey	864	\$390,625,434.22	3.37%
Connecticut	580	\$376,845,341.19	3.25%
Other States (< 3%)	8,523	\$3,146,476,034.07	27.17%
Total	25,331	\$11,579,222,149.98	100.00%

Cover Pool Current LTV Ratio Distribution

Current LTV Ratio	Count	Balance	%
> 80%	0	\$0.00	0.00%
> 75% and <= 80%	3,867	\$1,861,160,084.28	16.07%
> 70% and <= 75%	3,622	\$1,652,655,461.56	14.27%
> 65% and <= 70%	3,620	\$1,685,936,930.23	14.56%
> 60% and <= 65%	3,279	\$1,654,950,846.05	14.29%
> 50% and <= 60%	4,760	\$2,294,535,222.80	19.82%
> 40% and <= 50%	3,099	\$1,342,127,690.36	11.59%
> 30% and <= 40%	1,796	\$661,988,497.37	5.72%
> 20% and <= 30%	904	\$307,467,939.10	2.66%
> 10% and <= 20%	342	\$108,058,455.77	0.93%
<= 10%	42	\$10,341,022.46	0.09%
Total	25,331	\$11,579,222,149.98	100.00%

Weighted-Average LTV Ratio: 61.09%

Cover Pool Unpaid Principal Balance Distribution

Unpaid Principal Balance	Count	Balance	%
< \$100,000	0	\$0.00	0.00%
>= \$100,000 and < \$200,000	7,488	\$1,099,323,167.52	9.49%
>= \$200,000 and < \$300,000	4,587	\$1,131,304,094.63	9.77%
>= \$300,000 and < \$400,000	2,843	\$987,373,224.11	8.53%
>= \$400,000 and < \$500,000	2,543	\$1,140,134,416.05	9.85%
>= \$500,000 and < \$750,000	3,935	\$2,380,477,532.47	20.56%
>= \$750,000 and < \$1,000,000	1,714	\$1,499,593,546.28	12.95%
>= \$1,000,000 and < \$1,500,000	1,283	\$1,570,432,867.89	13.56%
>= \$1,500,000 and < \$2,000,000	688	\$1,181,208,115.58	10.20%
>= \$2,000,000 and < \$2,500,000	176	\$388,330,600.02	3.35%
>= \$2,500,000 and < \$3,000,000	73	\$198,044,585.43	1.71%
>= \$3,000,000	1	\$3,000,000.00	0.03%
Total	25,331	\$11,579,222,149.98	100.00%

Average Unpaid Principal Balance: \$457,116.66

Cover Pool Delinquency Distribution

Days Past Due	Count	Balance	%
Current or less than 30 Days	24,918	\$11,348,424,708.59	98.01%
30 to 59 Days	413	\$230,797,441.39	1.99%
60 Days or More	0	\$0.00	0.00%
Total	25,331	\$11,579,222,149.98	100.00%

Cover Pool Occupancy Type Distribution

Occupancy Type	Count	Balance	%
Primary Residence	19,227	\$9,490,277,405.47	81.96%
Second Home	1,889	\$916,159,074.75	7.91%
Non-Owner Occupied	4,215	\$1,172,785,669.76	10.13%
Total	25,331	\$11,579,222,149.98	100.00%

WM Covered Bond Program Investor Report

Data Effective Date: 30 November 2008

Cover Pool Loan Purpose Distribution

Loan Purpose	Count	Balance	%
Purchase	7,125	\$3,312,593,259.77	28.61%
Construction (Permanent)	951	\$714,186,210.65	6.17%
Property Improvement Refinance	252	\$68,952,851.59	0.60%
Cash Out Refinance	9,118	\$4,006,435,909.52	34.60%
Non-Cash Out Refinance	7,885	\$3,477,053,918.45	30.03%
Total	25,331	\$11,579,222,149.98	100.00%

Cover Pool Property Type Distribution

Property Type	Count	Balance	%
Single Family Residential	21,918	\$10,437,104,027.45	90.14%
Condominium	3,275	\$1,103,626,861.81	9.53%
Townhouse	138	\$38,491,260.72	0.33%
Total	25,331	\$11,579,222,149.98	100.00%

Cover Pool Current FICO Distribution

Current FICO	Count	Balance	%
FICO Not Available	21	\$5,876,111.91	0.05%
Lower than 580	0	\$0.00	0.00%
580 - 599	183	\$73,065,763.35	0.63%
600 - 619	256	\$101,060,150.85	0.87%
620 - 639	372	\$158,936,868.22	1.37%
640 - 659	647	\$298,265,087.14	2.56%
660 - 679	1,011	\$491,325,811.81	4.24%
680 - 699	1,631	\$766,938,160.35	6.62%
700 - 719	2,054	\$1,041,205,530.14	8.99%
720 - 739	2,483	\$1,204,160,326.39	10.40%
740 - 759	2,921	\$1,393,897,330.18	12.04%
760 - 779	4,057	\$1,958,969,546.98	16.92%
780 - 799	4,892	\$2,193,977,823.82	18.95%
800 - 819	4,296	\$1,743,846,015.96	15.06%
820 or Higher	507	\$147,697,622.88	1.28%
Total	25,331	\$11,579,222,149.98	100.00%

Non-Zero Weighted-Average FICO: 751

Cover Pool Documentation Type Distribution

Documentation Type	Count	Balance	%
Full	10,028	\$4,956,408,212.78	42.80%
Low	11,801	\$5,626,080,987.33	48.59%
Streamline / Unknown / None	3,502	\$96,732,949.87	8.61%
Total	25,331	\$11,579,222,149.98	100.00%

Cover Pool Loan Origination Year Distribution

Loan Origination Year	Count	Balance	%
<= 2004	13,114	\$4,942,953,786.44	42.69%
2005	3,793	\$1,638,403,051.55	14.15%
2006	1,894	\$912,102,009.63	7.88%
2007	5,013	\$3,047,390,065.95	26.32%
2008	1,517	\$1,038,373,236.41	8.97%
Total	25,331	\$11,579,222,149.98	100.00%

Weighted Average Seasoning (by Month): 39.98