

At IAS Part 60 of the Supreme Court of the State of New York, held in and for the County of New York, at the Courthouse located at 60 Centre Street, New York, New York on the 1st day of April, 2019

PRESENT: Hon. Marcy S. Friedman, Justice.

In the matter of the application of

U.S. BANK NATIONAL ASSOCIATION, WELLS FARGO BANK, NATIONAL ASSOCIATION, WILMINGTON TRUST, NATIONAL ASSOCIATION, WILMINGTON TRUST COMPANY, AND CITIBANK, N.A. (as Trustees, Indenture Trustees, Securities Administrators, Paying Agents, and/or Calculation Agents of Certain Residential Mortgage-Backed Securitization Trusts),

Petitioners,

For Judicial Instructions under CPLR Article 77 on the Distribution of a Settlement Payment.

Index No. 651625/2018

Consent

~~PROPOSED~~ PARTIAL SEVERANCE ORDER AND PARTIAL FINAL JUDGMENT

(LXS 2007-10H;
LXS 2007-14H;
LXS 2007-15N)

WHEREAS, the Petitioners identified in the above case caption commenced this proceeding under CPLR Article 77 by filing a petition (the "Petition") seeking judicial instructions concerning the administration and distribution of settlement payments (the "Settlement Payments") for residential mortgage-backed securities trusts identified in Exhibit A to the Petition (the "Settlement Trusts") under a settlement agreement entered into as of November 30, 2016 and modified as of March 17, 2017 (the "Covered Loan Settlement Agreement") and a settlement agreement entered into as of October 13, 2017 (the "Transferor Loan Settlement Agreement," and collectively with the Covered Loan Settlement Agreement, the "Settlement Agreements"); and

WHEREAS, pursuant to the Settlement Agreements the Settlement Payments are to be apportioned among the Settlement Trusts, including the individual loan groups therein and classes of principal only certificates therein, based on "Allocable Shares" calculated in an expert report as indicated in Exhibit F to the Petition¹; and

WHEREAS, by Order to Show Cause dated April 20, 2018 (the "Order to Show Cause") and Interim Order dated May 30, 2018 (collectively, the "Escrow Orders"), the Court authorized and directed the Petitioners to place the Allocable Shares for the Settlement Trusts in escrow; and

WHEREAS, the Court has been advised that the escrow provisions of the Escrow Orders have been complied with and that the Allocable Shares for the Settlement Trusts, plus any investment earnings thereon, are currently invested as directed in the Escrow Orders; and

WHEREAS, under the Order to Show Cause, the Court directed the Petitioners to provide notice of this proceeding pursuant to the notice program described in the Order to Show Cause (the "Notice Program"), and the Court found that the Notice Program was the best notice practicable, was reasonably calculated to put interested persons on notice of the proceeding, and constituted due and sufficient notice of the proceeding in satisfaction of federal and state due process requirements and other applicable laws; and

WHEREAS, the Order to Show Cause directed that interested persons respond to the Petition on or before May 30, 2018, and only Ambac Assurance Corporation (the "Subject Insurer"); American General Life Insurance Company, American Home Assurance Company, American International Reinsurance Company, Ltd., Lexington Insurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., The United States Life Insurance Company in

¹ The term "loan group" as used herein refers to any loan group, loan subgroup, loan pool, loan subpool, or any other applicable grouping, pooling, or other assemblage of loans.

the City of New York, and The Variable Annuity Life Insurance Company (together, "AIG"); and AEGON USA Investment Management, LLC, BlackRock Financial Management, Inc., Cascade Investment, LLC, the Federal Home Loan Bank of Atlanta, Goldman Sachs Asset Management L.P., Voya Investment Management LLC, Invesco Advisers, Inc., Kore Advisors, L.P., Metropolitan Life Insurance Company, Pacific Investment Management Company LLC, The TCW Group, Inc., Thrivent Financial for Lutherans, and Western Asset Management Company (each for themselves and, to the extent applicable, as investment managers of funds and accounts, and collectively, the "Institutional Investors" and together with the Subject Insurer and AIG, the "Interested Parties") has asserted an interest in LXS 2007-10H, LXS 2007-14H, and LXS 2007-15N (the "Undisputed Trusts"); and

WHEREAS the Undisputed Trusts are governed by Trust Agreements; and

WHEREAS the Interested Parties agree and consent to this ~~proposed~~ Partial Severance Order and Partial Final Judgment (the "Order"), which resolves the issues for which judicial instruction was sought concerning the administration and distribution of the Allocable Shares for the Undisputed Trusts (the "Subject Allocable Shares"); and

WHEREAS, U.S. Bank National Association is the Trustee for the Undisputed Trusts (in such capacity, the "Subject Petitioner"); and

WHEREAS, the Subject Insurer raised with the Subject Petitioner the subject of application of the Subject Allocable Shares to reimburse the Subject Insurer for claims paid with respect to certain losses incurred by the Trust, and such subject was not expressly raised in the Petition; and

WHEREAS, by notice dated June 25, 2018, the Subject Petitioner caused notice to be provided to Certificateholders and other interested parties of the Subject Insurer's proposed

and proof of service of such notice having been filed,
relief, and no interested party has contacted the Subject Petitioner or appeared in this proceeding
to oppose such relief; and *

WHEREAS, as used herein, the term "Judgment Entry Date" means the date on which the Clerk's docketing of this Order first appears publicly on the New York State Court Electronic Filing System, without regard to when the Court actually signs or the Clerk actually enters this Order; and

WHEREAS, as used herein, the term "Transfer Month" means the month of the Judgment Entry Date if the Judgment Entry Date is on or before the eighth calendar date of that month, and otherwise the month immediately following; and

WHEREAS, as used herein, the term "Transfer Target Date" means the fifteenth day of the Transfer Month; and

WHEREAS, as used herein, the term "AS Distribution Date" means the Distribution Date (as that term is defined in the applicable Trust Agreement) for the Undisputed Trust occurring in the Transfer Month, and

WHEREAS, the Subject Insurer has reimbursed Applied Loss Amounts under the Certificate Insurance Policy, and

WHEREAS, the definition of Certificate Principal Amount in the Trust Agreements includes the following, "to the extent that any Applied Loss Amount was reimbursed under the Certificate Insurance Policy, any Subsequent Recovery otherwise payable on the Insured Certificates shall instead be payable to the Certificate Insurer" (the "Subject Certificate Principal Amount Definition"), and

* WHEREAS, the Trustee, and the Subject Insurer filed a joint supplemental submission, at the court's directive, on 1-17-19 regarding a distribution to Ambac in connection with a separate trust (LXS 2007-17H) regarding the jurisdiction of the court; and MF

WHEREAS, as used herein, the term "Subject Write-Up" means the amount of the Subject Allocable Shares minus any amount of the Subject Allocable Shares that is distributed to the Subject Insurer, and

WHEREAS, Ambac has not claimed any entitlement to the portion of the Subject Allocable Shares that is payable to the Uninsured Certificates; and

WHEREAS, all capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Petition and the Trust Agreements;

WHEREAS, the term "Overcollateralization Amount Calculation" is used herein to refer to the terms in the Trust Agreements prescribing that the "overcollateralization amount" is equal to the excess of the aggregate balances of the mortgage loans held by the Undisputed Trusts over the aggregate certificate principal balances of certain designated classes of certificates and the term "Undercollateralization Amount Calculation" is used herein to refer to the terms in the Trust Agreements prescribing that the "undercollateralization amount" is equal to the excess of the aggregate certificate principal balances of certain designated classes of certificates over the aggregate balances of the mortgage loans held by the Undisputed Trusts, in each case as more fully defined and described in the Trust Agreements;

NOW, THEREFORE, on the motion of Patterson Belknap Webb & Tyler LLP, attorneys for the Subject Insurer, Warner Partners, P.C. and Gibbs & Bruns LLP, attorneys for the Institutional Investors, and Quinn Emanuel Urquhart & Sullivan, LLP, attorneys for AIG, it is hereby

ORDERED, ADJUDGED and DECREED that, on or before the Transfer Target Date, the Subject Petitioner shall cause escrowed assets to be liquidated with a value equal to the Subject Allocable Shares plus any investment earnings thereon, and shall cause such amounts to

be deposited in the distribution accounts of the Undisputed Trusts. From the time of the
aforedescribed deposits, the amount so deposited shall be deemed the Subject Allocable Shares
for the Undisputed Trusts for all purposes under the Settlement Agreements and this Order; and
it is further

ORDERED, ADJUDGED and DECREED that sums representing investment earnings
accrued on the Subject Allocable Shares not received by the Subject Petitioner at the time
escrowed assets are liquidated to cash pursuant to the immediately preceding paragraph
("Trailing Interest") shall be distributed on the Distribution Date for the month following the
month such Trailing Interest is received by the Subject Petitioner. Any Trailing Interest shall be
deemed a Subject Allocable Share for the Undisputed Trust on which such Trailing Interest was
accrued, and any Trailing Interest shall be administered and distributed as a Subject Allocable
Share subject to the terms of the Settlement Agreements and this Order; and it is further

ORDERED, ADJUDGED and DECREED that in administering and distributing the
Subject Allocable Shares for the Undisputed Trusts, the Subject Petitioner (i) shall first distribute
the Subject Allocable Shares based on certificate principal balances that have not been adjusted by
the Subject Write-Up, and, after such distribution, (ii) shall then increase the applicable certificate
principal balances in the amount of the Subject Write-Up, which for any class of certificates shall
not exceed the amount of the Subject Allocable Shares distributed to such class; and it is further

ORDERED, ADJUDGED and DECREED that in administering and distributing the
Subject Allocable Shares for the Undisputed Trusts, the Subject Petitioner shall ignore both the
distribution of the Subject Allocable Shares and the accompanying Subject Write-Up when
performing the Overcollateralization Amount Calculation or the Undercollateralization Amount
Calculation and, further, for the avoidance of doubt, with respect to the Distribution Date on

which the Subject Allocable Shares are distributed, the instructions in this paragraph are intended to and shall prevent the Undisputed Trusts from being overcollateralized or undercollateralized solely as a result of the receipt, administration, and/or distribution of the Subject Allocable Shares (but shall not impact whether the Undisputed Trusts are overcollateralized or undercollateralized on such Distribution Date as result of anything unrelated to the receipt, administration, and or distribution of the Subject Allocable Shares); and it is further

ORDERED, ADJUDGED and DECREED that in administering and distributing the Subject Allocable Shares for the Undisputed Trusts, the Subject Petitioner shall apply the Subject Certificate Principal Amount Definition in a manner that causes the portion of the Subject Allocable Shares that would otherwise be payable under the Trust Agreements to the Insured Certificates to instead be paid to the Subject Insurer, but only to the extent that the Subject Insurer has reimbursed Applied Loss Amounts to such Insured Certificates under the Certificate Insurance Policy; and it is further

ORDERED, ADJUDGED, and DECREED that the Subject Insurer is not entitled to any portion of the Subject Allocable Shares payable to the Uninsured Certificates; and it is further

ORDERED, ADJUDGED, and DECREED that the portion of the Subject Allocable Shares to be paid to the Subject Insurer shall under no circumstances exceed the Applied Loss Amounts for the Insured Certificates which were actually reimbursed by the Subject Insurer; and it is further

ORDERED, ADJUDGED and DECREED that this Order is not applicable to, shall be without prejudice to, and shall have no precedential effect on (i) any argument of any party concerning the appropriate administration and distribution of the Settlement Payments where there is a dispute among the parties regarding how the Settlement Payments should be

administered or distributed; (ii) Settlement Trusts for which no investors have appeared in this proceeding or any trust, indenture, or other securitization other than the Undisputed Trusts, (iii) any applications to certificate balances (e.g., write-ups) or distributions of payments or funds other than the Subject Allocable Shares, or (iv) any trust that is not the subject of the Petition; and it is further

ORDERED, ADJUDGED and DECREED that ~~the motion filed by the Institutional Investors and AIG (NYSCEF Doc. Nos. 151-167), is hereby DENIED as meet to the extent~~ ^{the Petition} ~~it is granted in accordance with this Order;~~ ^{it is granted in accordance with this Order;} seeks relief with respect to the Undisputed Trusts, and it is further

ORDERED, ADJUDGED and DECREED that any aspects of the administration and distribution of the Subject Allocable Shares not expressly addressed in this Order shall be performed as provided for in the Trust Agreements and the Settlement Agreements; and it is further


ORDERED, ADJUDGED and DECREED that certificateholders, noteholders, insurers, and any other parties claiming rights or interests in the Undisputed Trusts are barred from asserting claims against the Subject Petitioner with respect to any conduct taken to implement and comply with the terms of this Order and with respect to the Subject Petitioner's administration and distribution of the Subject Allocable Shares, so long as such conduct is performed in accordance with the terms of this Order; and it is further

ORDERED that the Clerk of New York County be, and he hereby is, directed to enter this Order forthwith and without delay.

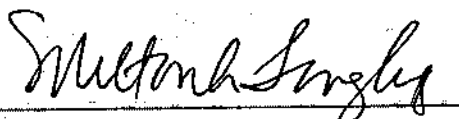
Matter of US Bank NA 651625/2018
Consent Partial Severance order and Judgment
(LXS 2007-10H; LXS 2007-14H; LXS 2007-15N)

Dated: New York, New York

April 2, 2019


Hon. Marcy Friedman, J.S.C.

Judgment signed and entered this 16th day of April, 2019.


Clerk of New York County

FILED
APR 16 2019
COUNTY CLERK'S OFFICE
NEW YORK

651625 / 18
JUDGMENT

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AT 3:49 PM
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