

At ~~Law~~ 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 5 day of October 2018

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

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
Administration and Distribution of a Settlement Payment.

Index No. 651625/2018

Friedman, J.

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

(SASCO 2006-2)

MOTION SEQUENCE # 1

WHEREAS, Petitioners U.S. Bank National Association (“U.S. Bank”); Wells Fargo Bank, National Association (“Wells Fargo”); Wilmington Trust, National Association; Wilmington Trust Company; and Citibank, N.A., solely in their respective capacities as trustees, indenture trustees, securities administrators, paying agents, and/or calculation agents (collectively, the “Petitioners”) of certain residential mortgage-backed securitization trusts, commenced this proceeding on April 4, 2018 under CPLR Article 77 by filing a petition (the “Petition”) seeking judicial instructions; and

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

WHEREAS, on May 30, 2018, the Court entered an order (NYSCEF Doc. No. 53) directing Petitioners to adhere to certain interim escrow measures for each Subject Settlement Trust; and

WHEREAS, on June 22, 2018, the Petitioners filed a Notice of Corrected Exhibits to Petition, pursuant to which the Petitioners submitted corrected exhibits to the Petition that identified the SASCO 2006-Z trust as inadvertently omitted from the Subject Settlement Trust list attached as Exhibit A to the Petition; and

WHEREAS, on June 28, 2018, the Court entered an Order to Show Cause approving a notice program and requiring any interested person who wished to be heard on the merits of the Petition concerning the SASCO 2006-Z trust to appear and file a Submission (as defined in the Order to Show Cause) with the Court on or before August 2, 2018; and

WHEREAS, the Institutional Investors (the "Responding Party") were the only interested persons to file a Submission and assert an interest in the SASCO 2006-Z trust; and

WHEREAS, the Responding Party contends that the Settlement Agreement requires Pay First; the level of overcollateralization in the deal cannot be affected by the settlement payment; and the zero-balance provision precludes distributions to zero-balance certificates; and

WHEREAS, U.S. Bank, Wells Fargo and the Responding Party agree and consent to this Partial Severance Order and Partial Final Judgment (this "Order"), which resolves the issues for which judicial instructions were sought concerning the administration and distribution of the Settlement Payments for the SASCO 2006-Z trust (the "Subject Allocable Share"); and

WHEREAS, U.S. Bank is the trustee for the SASCO 2006-Z trust (in such capacity, the "Trustee") and Wells Fargo is the payment administrator for the SASCO 2006-Z trust (in such capacity, the "Payment Administrator"); 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 calendar month after the Judgment Entry Date; and

WHEREAS, as used herein, the term “AS Distribution Date” means the Distribution Date (as that term is defined in the Governing Agreements) for the SASCO 2006-Z trust occurring in the Transfer Month; and

WHEREAS, as used herein, the term “Transfer Target Date” means ten days prior to the AS Distribution Date (or, if occurring on a day that is not a business day, the immediately preceding business day); and

WHEREAS, as used herein, if applicable, the term “Overcollateralization Amount Calculation” is used to refer to the terms in the Governing Agreement for the SASCO 2006-Z trust prescribing that the “overcollateralization amount” is equal to the excess of the aggregate balances of the mortgage loans held by the SASCO 2006-Z Trust 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 applicable Governing 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 SASCO 2006-Z trust as more fully defined and described in the Governing Agreements; and

NOW, THEREFORE, on the motion of the Trustee the Payment Administrator and the Responding Party, it is hereby

ORDERED, ADJUDGED and DECREED that, on or before the Transfer Target Date, the Trustee is to (i) cause escrowed assets to be liquidated to cash with a value equal to the Subject Allocable Share for the SASCO 2006-Z trust plus any investments earnings thereon, and (ii) cause the Subject Allocable Share and investment earnings thereon to be deposited into the distribution account of the SASCO 2006-Z trust. From the time of the aforescribed deposit, the amount so deposited shall be deemed the Subject Allocable Share for the SASCO 2006-Z trust 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 Share not received at the time escrowed assets are liquidated to cash pursuant to the immediately preceding paragraph ("Trailing Interest") shall be distributed on the later of the AS Distribution Date or the Distribution Date for the month following the month such Trailing Interest is transferred from the Trustee to the Payment Administrator (which transfer shall take place within five days after the Trustee receives such Trailing Interest). Any Trailing Interest shall be deemed a Subject Allocable Share for the SASCO 2006-Z trust to the extent such Trailing Interest was accrued on the Subject Allocable Share, 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

ORDERED, ADJUDGED and DECREED that the Payment Administrator shall distribute the Subject Allocable Share to certificateholders of the SASCO 2006-Z trust on the AS Distribution Date; and it is further

ORDERED, ADJUDGED and DECREED that in administrating and distributing the Subject Allocable Share for the SASCO 2006-Z trust, the Payment Administrator shall (i) first distribute the Subject Allocable Share to certificateholders based on certificate principal balances that have not been adjusted by the Settlement Payment Write-Up and (ii) after such distribution, increase the applicable certificate principal balances in the amount of the Settlement Payment Write-Up in a manner consistent with this Order; and it is further

ORDERED, ADJUDGED and DECREED that in administering and distributing the Subject Allocable Share for the SASCO 2006-Z trust, the Payment Administrator shall ignore both the distribution of the Subject Allocable Share and the accompanying Settlement Payment Write-Up when performing the Overcollateralization Amount Calculation or the Undercollateralization Amount Calculation, if applicable, and, further, for the avoidance of doubt, with respect to the AS Distribution Date on which the Subject Allocable Share is distributed, the instructions in this paragraph are intended to and shall prevent the SASCO 2006-Z trust from being overcollateralized or undercollateralized solely as a result of the receipt, administration, and/or distribution of the Subject Allocable Share (but shall not impact whether the SASCO 2006-Z trust is overcollateralized or undercollateralized on such Distribution Date as a result of anything unrelated to the receipt, administration, and/or distribution of the Subject Allocable Share); and it is further

ORDERED, ADJUDGED and DECREED that in administering and distributing the Subject Allocable Share to the SASCO 2006-Z trust, the Payment Administrator shall (i) apply any Zero Distribution Provision to prevent the distribution of the Subject Allocable Share to any applicable class of certificates with aggregate certificate principal balances of zero dollars (\$0.00) ("Retired Classes") at the time of the distribution of the Subject Allocable Share and (ii) apply any

Zero Distribution Provision to permit the Settlement Payment Write-Up to be applied only to classes of certificates with aggregate certificate principal balances greater than zero dollars (\$0.00) at the time of the distribution of the Subject Allocable Shares (the "Outstanding Classes"); *provided, however*, that if the Settlement Payment Write-Up exceeds the aggregate unpaid realized losses of all Outstanding Classes of the SASCO 2006-Z trust, such excess amount of the Settlement Payment Write-Up shall be applied to Retired Classes in a manner consistent with this Order; and it is further

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

ORDERED, ADJUDGED and DECREED that this Order is not applicable to, and 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 other than the Subject Allocable Share where there is a dispute among the parties regarding how the Settlement Payments should be administered and distributed; (ii) the Subject Settlement Trusts for which no parties have appeared in this proceeding or any trust, indenture, or other securitization other than the SASCO 2006-Z trust, or (iii) any applications to certificate balances (*e.g.*, write-ups) or distributions of payments or funds other than the Subject Allocable Share; and it is further

ORDERED, ADJUDGED and DECREED that this Order shall not preclude any argument of any party concerning whether the Petition should be dismissed with respect to the Subject Settlement Trusts other than the SASCO 2006-Z trust; and it is further

Matter of
US Bank, NA
Index No. 651625/2018

Consent Severance Order and
Partial Judgment (SASCO 2006-Z)

ORDERED, ADJUDGED and DECREED that certificateholders, noteholders, and any other parties claiming rights or interests in the SASCO 2006-Z trust are barred from asserting claims against any Petitioner with respect to any conduct taken to implement and comply with the terms of this Order and with respect to such Petitioner's administration and distribution of the Settlement Payments with respect to the SASCO 2006-Z trust, 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 hereby is, directed to enter this Order forthwith and without delay.

Dated: New York, New York

~~October 5~~, 2018

October 5



Hon. Marcy Friedman, J.S.C.



Clerk of New York County

FILED

OCT 15 2018

**COUNTY CLERK'S OFFICE
NEW YORK**

651625/18

Judgment

FILED

OCT 15 2018

AT 11:33 AM
N.Y., CO. CLK'S OFFICE