

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

----- X

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,

----- X

Index No. 651625/2018

Hon. Marcy S. Friedman

**RESPONSE OF AMBAC
ASSURANCE CORPORATION TO
THE PETITION**

Ambac Assurance Corporation (“Ambac”) is the Certificate Insurer of certain classes of certificates issued by 5 trusts (the “Ambac Trusts”) that are included in the Settlement Agreement between Lehman Brothers Holdings Inc., the Petitioners and various investors, entered into as of November 30, 2016 and modified as of March 17, 2017 (the “Settlement Agreement”). Ambac respectfully makes this submission in response to the Petition dated April 4, 2018 (the “Petition”)¹ seeking this Court’s instruction as to the distribution of settlement payments under the Settlement Agreement and pursuant to the April 20, 2018 Order to Show Cause. The Ambac Trusts are identified on Annex A.²

As Certificate Insurer, Ambac is subrogated to the rights of holders of certificates of the Ambac Trusts to whom Ambac has made payments to the extent Ambac has not been reimbursed for such payments. This entitles Ambac to receive Subsequent Recoveries that would otherwise be due to holders of the insured certificates but for Ambac’s claims payments. For the reasons that Ambac will detail in subsequent briefing, the Court should instruct and authorize the Petitioners to distribute the Settlement Payment within the Ambac Trusts using the Write-Up First Method and order that Ambac is entitled to payments that would otherwise be due to the insured certificates to the extent of Ambac’s unreimbursed claim payments thereon.

Date: May 30, 2018

By:

/s/ Henry J. Ricardo

**PATTERSON BELKNAP WEBB &
TYLER LLP**

Henry J. Ricardo
1133 Avenue of the Americas
New York, NY 10036-6710
Tel: (212) 336-2000

¹ Capitalized terms not defined herein have the meanings given to such terms in the Petition.

² In addition to insuring certificates in the Ambac Trusts, Ambac also owns certificates in LXS 2007-6, LXS 2007-10H, LXS 2007-15N, and LXS 2007-14H.

Fax: (212) 336-2222
hjrlicardo@pbwt.com

Attorney for Ambac Assurance Corporation

Annex A – List of Trusts

LXS 2007-6

LXS 2007-10H

LXS 2007-15N

LXS 2007-14H

LXS 2007-17H