

In the Matter of the Rehabilitation of:

SEGREGATED ACCOUNT OF  
AMBAC ASSURANCE CORPORATION

Case No. 10 CV 1576  
Hon. Richard G. Niess

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**ORDER REVISING ARTICLE 6.13 OF THE  
SECOND AMENDED PLAN OF REHABILITATION**

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This matter came before the Court on the MHPI Projects Objection (the “Objection”) to the Rehabilitator’s Motion to Further Amend the Plan of Rehabilitation Confirmed on January 24, 2011 To Facilitate An Exit From Rehabilitation (the “Motion”). The Motion, among other things, seeks approval of a Second Amended Plan of Rehabilitation, dated September 25, 2017.

Conference on December 14, 2017, the testimony presented at the Confirmation Hearing on January 4, 2018, the post-hearing briefs and arguments made at the hearing on January 22, 2018, and the record and filings in this Rehabilitation Proceeding:

**IT IS HEREBY ORDERED THAT:**

1. The MHPI Projects’ Objection is GRANTED.
2. Paragraph 4(i) in the Rehabilitator’s Order Granting the Rehabilitator’s Motion to Further Amend the Plan of Rehabilitation and Confirming the Second Amended Plan of Rehabilitation shall be stricken.
3. The Definitions of the Second Amended Plan shall be revised to include the following definition:

1.[x] **MHPI Projects.** Privatized military housing projects which include: Monterey Bay Military Housing, LLC, Monterey Bay Land, LLC, Carlisle/Picatinny Family Housing LP, Fort Bliss/White Sands Missile Range Housing LP, Meade Communities LLC, Riley Communities, LLC, Fort Lee Commonwealth Communities, Fort Leavenworth Frontier Heritage Communities,

II, LLC; Bragg Communities LLC; Fort Detrick/Walter Reed Army Medical Center Housing LLC; Polk Communities LLC; Rucker Communities LLC; and Stewart Hunter Housing LLC.

4. Article 6.13 of the Second Amended Plan shall be revised and replaced with the below provision:

**6.13 No Defaults.** As of the Effective Date, any default or event of default, actual or alleged, relating to the Segregated Account, AAC or any subsidiary thereof, under any agreement will be deemed not to have occurred or existed, and as to Policies and Transaction Documents will be deemed to be cured, to the extent such default or event of default is, or is alleged to be, caused in whole or in part by the existence, terms, implementation of or compliance with: (i) the Plan; (ii) the First Amended Plan; (iii) the Original Plan; (iv) the Segregated Account; (v) the Merger; (vi) the Consensual Transaction; (vii) the Definitive Documents; (viii) the Proceeding and all orders of the Court entered therein; (ix) the grounds for the Proceeding; (x) the failure of AAC or the Segregated Account to pay any amount prior to the Effective Date under any Policy or Transaction Document; (xi) the financial condition of AAC prior to the Effective Date resulting from the Proceeding or the grounds for the Proceeding; or (xii) noncompliance by AAC or the Segregated Account with any provision of any Policy or Transaction Document prior to the Effective Date. The foregoing provision shall not apply to any ACC agreements or policies pertaining to any of the MHPI Projects, and the Second Amended Plan shall not be construed to preclude any MHPI Project's actual or potential claim or defense asserting the occurrence of an "Ambac Default" or "Credit Enhancer Default," as defined in such agreements or policies.

5. The terms of this Order are hereby incorporated into the Second Amended Plan. To the extent this Order is inconsistent with the Second Amended Plan, or any final Order Granting the Rehabilitator's Motion to Further Amend the Plan of Rehabilitation and Confirming the Second Amended Plan of Rehabilitation, this Order shall control.

6. All interested parties and other parties subject to or affected by the Second Amended Plan or this Order are hereby directed to comply with the terms of this Order.