

June 22, 2010

***Via Hand Delivery***

Mr. Carlo Esqueda  
Clerk of Circuit Court  
Dane County Courthouse  
215 S. Hamilton Street, Room 1000  
Madison, WI 53703

Re: *In the Matter of the Rehabilitation of Segregated Account of Ambac Assurance Corporation*  
Case No. 10-CV-1576

Dear Mr. Esqueda:

Enclosed for filing in connection with the above-referenced case please find the following original documents:

1. Notice of Objection to, and if Necessary Motion to Modify, the Order for Temporary Injunctive Relief by The Bank of New York Mellon;
2. Brief of The Bank of New York Mellon in Objection to, and if Necessary, in Support of Motion to Modify, the Order for Temporary Injunctive Relief;
3. Affidavit of Laura E. Callan; and
4. Certificate of Service.

By copy of this letter and enclosures, we are serving all counsel of record with copies of the same. A courtesy copy of this filing is also being sent to Judge William D. Johnston.

Thank you for your kind attention to this matter.

Sincerely,

SOLHEIM BILLING &amp; GRIMMER, S.C.

By   
Laura E. Callan

LEC/erk  
Enclosures

cc: ✓ The Honorable William D. Johnston (*via U.S. mail*)  
✓ All Counsel of Record (*see Certificate of Service*)  
Mr. Ross Hooper (*via email*)

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In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

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**NOTICE OF OBJECTION TO, AND IF NECESSARY MOTION TO MODIFY,  
THE ORDER FOR TEMPORARY INJUNCTIVE RELIEF BY  
THE BANK OF NEW YORK MELLON**

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**PLEASE TAKE NOTICE** that The Bank of New York Mellon (“BNY Mellon”), in its capacity as trustee, indenture trustee or collateral agent, as the case may be (directly and/or through its affiliates), for the benefit of holders and/or secured parties of certain mortgage-backed securities, other asset-backed securities, collateralized loan obligations and collateralized debt obligations (collectively, the “Trusts”) for those Trusts for which Ambac Assurance Corporation (“Ambac”), BNY Mellon or its affiliates, and/or the Trusts and other related parties (including holders, directly or indirectly, of securities issued by certain Trusts) entered into insurance policies that have been allocated to the Segregated Account (as defined in the Verified Petition for Order of Rehabilitation dated March 24, 2010), pursuant to which Ambac has agreed to insure certain payments to be made to certain classes of holders or secured parties of such Trusts as set forth in the insurance policies and the transaction documents governing the Trusts (the “Transaction Documents”), by its attorneys, Seward & Kissel LLP, at a time and place to be determined by the Court, objects to, and if necessary will move and does hereby move to modify, the March 24, 2010 Order for Temporary Injunctive Relief (the “Temporary Injunction”) and requests an Order:

1. Modifying the Temporary Injunction to permit the parties to the Transaction Documents to exercise their rights under the Transaction Documents to the extent such rights do not arise out of the “Events” or the financial condition of the Segregated Account

or Ambac or arise out of the Commissioner, Ambac or the Segregated Account's failure to comply with the Transaction Documents;

2. Modifying the Temporary Injunction such that the Trusts are permitted, as allowed under the corresponding Transaction Documents and/or applicable law, to remit payments for insurance policies allocated to the Segregated Account into escrow accounts pending the Court's review of the Rehabilitation Proceeding, without any resulting prejudice to their coverage rights;

3. Modifying the Temporary Injunction such that the Trusts are not subject to the Temporary Injunction to the extent any related policies were improperly transferred to the Segregated Account;

4. If the Court deems it necessary, granting BNY Mellon leave to intervene in this proceeding for the purposes of its Objection to, and if necessary, Motion to Modify, the Temporary Injunction as a matter of right; and

5. Granting such other and further relief as is just and proper.

The grounds for this objection, and if necessary, motion, are set forth in the attached Brief of The Bank of New York Mellon in Objection to, and if Necessary, in Support of Motion to Modify, the Order for Temporary Injunctive Relief, dated June 22, 2010, and the accompanying Affidavit of Laura E. Callan and the exhibits annexed thereto.

Dated this 22nd day of June 2010.



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In the Matter of the Rehabilitation of:

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

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**BRIEF OF THE BANK OF NEW YORK MELLON IN OBJECTION TO, AND IF  
NECESSARY, IN SUPPORT OF MOTION TO MODIFY, THE ORDER FOR  
TEMPORARY INJUNCTIVE RELIEF**

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The Bank of New York Mellon, a New York banking corporation (“BNY Mellon”), as trustee, indenture trustee or collateral agent, as the case may be (directly and/or through its affiliates), for the benefit of holders and/or secured parties of certain mortgage-backed securities, other asset-backed securities, collateralized loan obligations and collateralized debt obligations (collectively, the “Trusts”), by its attorneys, submits this Memorandum of Law in Objection to, and if necessary, in Support of BNY Mellon’s Motion to Modify, the March 24, 2010 Order for Temporary Injunctive Relief (the “Temporary Injunction”).

**PRELIMINARY STATEMENT**

This submission relates to those Trusts for which Ambac Assurance Corporation (“Ambac”), BNY Mellon or its affiliates, and/or the Trusts and other related parties (including holders, directly or indirectly, of securities issued by certain Trusts) entered into insurance policies that have been allocated to the Segregated Account (as defined in the Verified Petition for Order of Rehabilitation dated March 24, 2010, the “Petition”), pursuant to which Ambac has agreed to insure certain payments to be made to certain classes of holders or secured parties of such Trusts as set forth in the insurance policies and the transaction documents governing the Trusts (the “Transaction Documents”). Pursuant to paragraph 12 of the Temporary Injunction,

which provides that any interested party may seek modification or dissolution of part or all of the Temporary Injunction (Temporary Injunction, at ¶ 12), BNY Mellon, in its capacity as trustee, indenture trustee and/or collateral agent, submits this memorandum of law on behalf of such holders and/or secured parties and the Trusts in order to maintain properly the status quo pending the issuance of a final plan of Rehabilitation by the Commissioner of Insurance of the State of Wisconsin (the “Commissioner”) and preserve the parties’ ability to comply with their duties under the Transaction Documents.

- First, the Temporary Injunction goes beyond the maintenance of the status quo with respect to Ambac and the instant rehabilitation proceeding (the “Rehabilitation Proceeding”). The Temporary Injunction also has the effect of preventing BNY Mellon, as trustee, indenture trustee, and/or agent, and the holders (even where the holders’ securities are not insured by Ambac) from taking action in accordance with the Transaction Documents that is unrelated to the “Events” as defined in the Temporary Injunction.<sup>1</sup>
- Second, to the extent permitted under relevant insurance agreements, BNY Mellon seeks further modification of the Temporary Injunction to permit BNY Mellon to place payments that would otherwise be made to the Segregated Account in escrow while the Temporary Injunction is in effect.
- Third, BNY Mellon challenges the application of the Temporary Injunction to the policies issued by Ambac to BNY Mellon or its affiliates that were allocated to the Segregated Account on the grounds that the Segregated Account was not properly created and the Commissioner has not demonstrated any rational basis for the allocation of policies to the Segregated Account.
- Finally, if and to the extent necessary, BNY Mellon, as trustee, indenture trustee and/or collateral agent, renews its request for leave to intervene in this proceeding as a party to Ambac insurance policies that have been transferred to the Segregated Account and as trustee and/or agent to the holders and other secured parties affected by the instant Rehabilitation Proceeding.

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<sup>1</sup> The “Events” are defined as the Ambac Rehabilitation Proceeding “and any acts taken or not taken or authorized to be taken pursuant thereto, including without limitation the failure of the Segregated Account, the Allocated Subsidiaries, or Ambac to pay amounts due under any policies, contracts, or other obligations that have been allocated to the Segregated Account or to which any of the Allocated Subsidiaries is a party.” Temporary Injunction, at ¶ 4.

## **Statement of Facts**

### **Creation of the Segregated Account**

On March 24, 2010, Ambac created, with the Commissioner's approval, a Segregated Account under Wis. Stat. § 611.24 into which Ambac transferred, *inter alia*, certain policies insuring or related to credit default swaps and all residential mortgage-backed securities, together with other policies identified by Ambac as expected to suffer material losses together and certain student loan policies. Petition ¶ 8(a), Tab 1 at 2. The Commissioner simultaneously filed the Petition, in which the Commissioner sought approval of the proposed Order for Rehabilitation for the Segregated Account. In the Petition, the Commissioner contended that rehabilitation of the Segregated Account was necessary because the Segregated Account was "in such condition that the further transaction of business without rehabilitation would be hazardous, financially or otherwise, to its policyholders, its creditors or the public, *see* Wis. Stat. § 645.41(4)." Petition, ¶ 9(b)).

### **Orders of the Court**

On March 24, 2010, the Circuit Court entered the Order for Rehabilitation, which provided, among other things, that the Commissioner shall take possession of the assets of the Segregated Account and any subsidiaries and "shall proceed in accordance with the Plan of Operation (and the exhibits thereto)." Order for Rehabilitation, at ¶ 6. The Court also entered the Temporary Injunction on March 24, 2010.

Pursuant to the Temporary Injunction, policyholders of insurance policies transferred to the Segregated Account are subject to certain restrictions on exercising their rights under such policies. Among other things, all persons are enjoined from bringing any suit or claim against the Segregated Account, or against Ambac in respect of the Segregated Account or

policies allocated to the Segregated Account. Temporary Injunction, ¶ 1. Similarly, with respect to holders of policies transferred to the Segregated Account:

All policyholders ... are enjoined and restrained from terminating, collecting on, or claiming against—or attempting to terminate, collect on, or claim against—such policies or contracts, or the transaction documents executed in connection with the issuance of such policies or contracts or related to such policies or contracts, on the basis of Events (as defined below), or the financial condition of the Segregated Account, the Allocated Subsidiaries, or the Ambac General Account, regardless of the existence of any language in those policies, contracts, or any other agreements that would otherwise permit or require early termination.

Temporary Injunction, at ¶ 4.<sup>2</sup> Pursuant to Paragraph 7 of the Temporary Injunction, all such policyholders are likewise enjoined from withholding or failing to pay or setting-off premiums or other payments owed to the Segregated Account or the Ambac General Account in connection with policies or contracts allocated to the Segregated Account. Temporary Injunction, at ¶ 7. Furthermore, “[a] party’s withholding or set-off of premiums or payments owed under or in connection with any of the aforementioned documents may result in the future disallowance or decrease of such party’s claim.” Temporary Injunction, at ¶ 7.

The Temporary Injunction also sets forth specific restrictions applicable to residential mortgage-backed securities and other structured finance transactions such as those for which BNY Mellon and its affiliates serve as trustee, indenture trustee and/or collateral agent. Temporary Injunction, at ¶ 9. Notably, for example, no party to the transaction documents underlying such structures are permitted to declare or cause an acceleration or Event of Default, or other similar event, under the applicable transaction documents, regardless of whether such

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<sup>2</sup> Notwithstanding the foregoing, policyholders are permitted to “submit their notices of claim or similar demands for payment pursuant to the procedures and service requirements specified in their policies or contracts and those notices of claim or other similar demanded for payment shall be tracked and recorded by the Rehabilitator or his authorized representatives so that they may be processed for payment pursuant to the terms and conditions specified in whatever form of final plan of rehabilitation is approved by this Court following notice and hearing.” Temporary Injunction, at ¶ 13.



event results from, or is related to, the “Events” as defined in the Temporary Injunction or the financial condition of the Segregated Account or Ambac. Temporary Injunction, at ¶¶ 9(B)(1)(i); 9(C)(1)(i). Nor is any party to the Transaction Documents permitted to “effect a transfer, assignment, termination, foreclosure, or liquidation of the collateral” underlying such obligations, again without regard to the occurrence of the “Events” or the financial condition of the Segregated Accounts or Ambac. Temporary Injunction, at ¶¶ 9(B)(1)(ii); 9(C)(1)(iii). The Temporary Injunction further enjoins parties from taking action with regard to Ambac or the Commissioner as a “controlling party” under the Transaction Documents and from willfully failing to take any action as directed by the Ambac or the Commissioner, without regard to Ambac or the Segregated Account’s compliance with the Transaction Documents or the adequacy of the indemnity to be provided to the trustee under such Transaction Documents. Temporary Injunction, at ¶¶ 9(B)(1)(iv); 9(B)(2)(iv); 9(C)(1)(iv); 9(C)(2)(ii).

By notice to BNY Mellon dated March 25, 2010, counsel for the Commissioner identified one hundred fifty eight policies issued by Ambac that had been allocated to the Segregated Account, and were therefore subject to the Rehabilitation Proceeding, to which the Commissioner asserted BNY Mellon and/or its affiliates were parties. See Exhibit A to the Affidavit of Laura E. Callan, sworn to on June 22, 2010 (“Callan Aff.”). The Commissioner further informed BNY Mellon that it was enjoined from taking certain action relating to those policies and the corresponding Trusts and Transaction Documents in accordance with the Temporary Injunction. Id. These policies that were issued by Ambac and allocated to the Segregated Account generally insure certain, but not all, classes of holders of securities issued by the various Trusts, and Ambac is generally not a party to each of the Transaction Documents

regarding the Trusts, including, among others, the pooling and servicing agreements by which many of the Trusts were created.

#### STATEMENT OF ISSUES

As detailed below, this Court should modify the Temporary Injunction such that the parties are permitted to exercise their contractual rights consistent with the Transaction Documents.

**I. THE TEMPORARY INJUNCTION SHOULD BE MODIFIED TO THE EXTENT IT FAILS TO MAINTAIN THE STATUS QUO AND IMPERMISSIBLY ENJOINS AND RESTRAINS COMPLIANCE WITH THE TRANSACTION DOCUMENTS**

This Court entered the Temporary Injunction to promote the “equitable and orderly rehabilitation” of the Segregated Account. Temporary Injunction, at 1. Under Wis. Stat. § 645.05(1), this Court has the power to grant “such restraining orders, temporary and permanent injunctions, and other orders...to prevent...[a]ny threatened or contemplated action that might lessen the value of the insurer’s assets or prejudice the rights of the policyholders...” Wis. Stat. § 645.05(1)(k). The Temporary Injunction, however, goes beyond the protection of the assets of Ambac and the rights of its policyholders and further restrains BNY Mellon, the Trusts, and their holders from taking actions permitted under the Transaction Documents even to the extent such actions are unrelated to this Rehabilitation Proceeding or the financial condition of Ambac.

As noted above, the Temporary Injunction enjoins and restrains the parties to the Transaction Documents from taking certain actions, including, among other things, the declaration of Events of Default under the Transaction Documents, the acceleration of payments due to the holders of the related Trusts and the transfer or liquidation of the collateral underlying such Trusts even if such actions are otherwise permitted under the Transaction Documents, do not require the assent of Ambac, and arise out of occurrences other than the “Events” or the financial condition of Ambac or the Segregated Account. Temporary Injunction, at ¶ 9. Such

injunction improperly exceeds the scope of Wis. Stat. § 645.05(1)(k) by giving the Commissioner greater rights than Ambac would otherwise have under the relevant Transaction Documents and preventing the parties to the Transaction Documents from taking action in accordance with the Transaction Documents to preserve the assets of the underlying Trusts and all holders of securities issued by such Trusts, including those whose securities are not insured by Ambac, where such action is unrelated to the instant Rehabilitation Proceeding. See, e.g., Werner v. A. L. Grootemaat & Sons, Inc., 80 Wis. 2d 513, 520 (Wis. 1977) (“Temporary injunctions are to be issued only when necessary to preserve the status quo.”). Indeed, the Commissioner offered no support for such provisions in its motion for temporary injunctive relief.

The Temporary Injunction further upsets the status quo by requiring parties to the Transaction Documents to comply with the direction of the Commissioner or Ambac as a “controlling party” even to the extent Ambac’s compliance with the Transaction Documents has been excused by the Temporary Injunction. Temporary Injunction, at ¶¶ 9(B)(1)(iv); 9(B)(2)(iv); 9(C)(1)(iv); 9(C)(2)(ii). The Commissioner offers no basis why Ambac or the Commissioner should be permitted to exercise such rights when Ambac has not complied with its payment obligations under the Transaction Documents and would not otherwise have such rights as a “controlling party” or where the relevant Transaction Documents provide that such direction or control rights have shifted from Ambac to the holders of the Trusts.

Moreover, the Temporary Injunction impermissibly expands Ambac’s rights as a “controlling party.” Pursuant to the Transaction Documents, before a trustee is obligated to comply with the direction of any directing party -- including Ambac, such directing party is required to provide an indemnity that the trustee deems to adequately protect the trustee from

any risk of loss arising out of the direction. Paragraphs 9(B)(2)(iv) and 9(C)(2)(ii) of the Temporary Injunction, however, provide only that the Segregated Account may provide an indemnity in the form of an administrative claim to be determined by the Commissioner, without requiring such an indemnity and without regard to the inadequacy of such indemnity by the Segregated Account to protect against the risk of loss arising out of any directed action. Such expansion of Ambac's rights is not permitted by Wis. Stat. § 645.05(1)(k) and this Court's power to preserve the status quo.

Accordingly, BNY Mellon seeks modification of the Temporary Injunction to permit the parties to the Transaction Documents to exercise any and all rights under the Transaction Documents to the extent such rights do not arise out of the "Events" or the financial condition of the Segregated Account or Ambac or arise out of the Commissioner, Ambac or the Segregated Account's failure to comply with the Transaction Documents.

**II. THE TEMPORARY INJUNCTION SHOULD BE MODIFIED TO PERMIT THE TRUSTS, TO THE EXTENT ALLOWED UNDER THE TRANSACTION DOCUMENTS, TO PLACE INTO ESCROW PAYMENTS OWED TO AMBAC PENDING THE COURT'S REVIEW OF THE REHABILITATION PROCEEDING**

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The Temporary Injunction should be modified to permit the Trusts to place into escrow any amounts owed to the Segregated Account that the Trusts would otherwise be permitted to set-off without prejudice to their coverage rights under the related policies issued by Ambac. Under New York law, which governs the relevant Transaction Documents (including the policies transferred to the Segregated Account), the Trusts have a right of setoff that permits the reduction of their obligations to make premium and other payments to Ambac by the amount of outstanding payments owed by Ambac. See, e.g., Matter of the Liquidation of Midland Ins. Co., 590 N.E.2d 1186 (N.Y. 1992); Siegel v. State, 28 N.Y.S.2d 958 (N.Y. App. Div. 1941).

Pursuant to paragraph 7 of the Temporary Injunction, however, this Court has enjoined the Trusts from exercising any such rights (regardless of whether such rights arose before the entry of the Temporary Injunction) and has instructed policyholders that the withholding or set-off of premiums or payments owed to the Segregated Account “may result in the future disallowance or decrease of such party’s claims.” Temporary Injunction, ¶ 7. Any set-off rights permitted under the policies and Transaction Documents and/or applicable law, however, may be lost if payments are made to the Segregated Account. BNY Mellon respectfully seeks an order modifying the Temporary Injunction to permit BNY Mellon to place into escrow any amounts owed to the Segregated Account to preserve such rights pending this Court’s review of the Rehabilitation Proceeding and the final plan of Rehabilitation to be submitted by the Commissioner.

**III. THE TEMPORARY INJUNCTION SHOULD BE MODIFIED SUCH THAT THE TRUSTS ARE EXEMPTED FROM THE TEMPORARY INJUNCTION TO THE EXTENT THE RELATED POLICIES WERE IMPROPERLY ALLOCATED TO THE SEGREGATED ACCOUNT**

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To the extent the policies to which BNY Mellon is a party were not properly allocated to the Segregated Account, BNY Mellon, the corresponding Trusts and related parties, (including holders, directly and indirectly, of securities issued by such Trusts) are not properly the subject of an injunction pursuant to Wis. Stat. § 645.05(1)(k). We note that this Court has previously made rulings regarding the creation of the Segregated Account in connection with motions filed by other movants in the Rehabilitation Proceeding. See Findings of Fact and Conclusions of Law Regarding Motions of Certain RMBS Policyholders and Certain LVM Bondholders, dated May 27, 2010. We further understand that movants have indicated their intent to appeal such rulings and reserve the right to seek further modification of the Temporary

Injunction in light of any subsequent decision by the appellate court or this Court in the instant Rehabilitation Proceeding.

**IV. BNY MELLON IS ENTITLED TO OBJECT WITHOUT INTERVENTION AND MAY ALSO INTERVENE IN THIS PROCEEDING PURSUANT TO WIS. STAT. §803.09(1)**

BNY Mellon respectfully submits that intervention is not necessary in light of paragraph 12 of the Temporary Injunction, pursuant to which any interested party may seek modification or dissolution of part or all of the Temporary Injunction. Temporary Injunction, at ¶ 12. If, however, the Court concludes that BNY Mellon, as trustee, indenture trustee and/or collateral agent, should intervene in connection with the relief sought in this Motion, then BNY Mellon respectfully requests permission to intervene as of right pursuant to Wis. Stat. § 803.09(1), which provides that “upon timely motion anyone shall be permitted to intervene in an action when the movant claims an interest relating to the property or transaction which is the subject of the action and the movant is so situated that the disposition of the action may as a practical matter impair or impede the movant's ability to protect that interest, unless the movant's interest is adequately represented by existing parties.” Wis. Stat. § 803.09(1). BNY Mellon's role as trustee, indenture trustee and/or agent for holders and secured parties of numerous mortgage-backed securities, other asset-backed securities, collateralized loan obligations and collateralized debt obligations affected by the Temporary Injunction, together with the 158 policies issued by Ambac and transferred to the Segregated Account to which the Commissioner asserts BNY Mellon and/or its affiliates are parties (Callan Aff. Ex. A), clearly evidence the necessary “interest relating to the property or transaction” in this proceeding. Wis. Stat. § 803.09(1). Further, the placement of the policies into the Segregated Account and the restrictions placed on BNY Mellon, as trustee, indenture trustee and/or collateral agent, by the Temporary Injunction, further demonstrate that the “disposition of the action may as a practical

matter impair or impede the movant's ability to protect that interest." *Id.* Lastly, BNY Mellon's interests are not otherwise represented in this proceeding.

### CONCLUSION

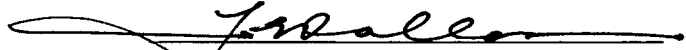
For the reasons as set forth above, BNY Mellon, as trustee, indenture trustee and/or collateral agent (directly and/or through its affiliates) for the benefit of holders and secured parties of the Trusts for which Ambac, BNY Mellon or its affiliates, and/or the Trusts and other related parties (including holders, directly or indirectly, of securities issued by certain Trusts) entered into insurance policies that have been allocated to the Segregated Account or have otherwise been affected by this Rehabilitation Proceeding, respectfully requests an Order:

1. Modifying the Temporary Injunction to permit the parties to the Transaction Documents to exercise their rights under the Transaction Documents to the extent such rights do not arise out of the "Events" or the financial condition of the Segregated Account or Ambac or arise out of the Commissioner, Ambac or the Segregated Account's failure to comply with the Transaction Documents;
2. Modifying the Temporary Injunction such that the Trusts are permitted, as allowed under the corresponding Transaction Documents and/or applicable law, to remit payments for insurance policies allocated to the Segregated Account into escrow accounts pending the Court's review of the Rehabilitation Proceeding, without any resulting prejudice to their coverage rights;
3. Modifying the Temporary Injunction such that the Trusts are not subject to the Temporary Injunction to the extent any related policies were improperly transferred to the Segregated Account;

4. If the Court deems it necessary, granting BNY Mellon leave to intervene in this proceeding for the purposes of its Objection to, and if necessary, Motion to Modify, the Temporary Injunction as a matter of right; and

5. Granting such other and further relief as is just and proper.

Dated this 22nd day of June, 2010.



Laura E. Callan (1017353)  
Thomas P. Solheim (1014522)  
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*Attorneys for The Bank of New York Mellon*

*Of Counsel:*  
(Motion for Admission *Pro Hac Vice* Pending)

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Facsimile: (212) 480-8421





March 25, 2010

Re: In the Matter of the Rehabilitation of Segregated Account of  
Ambac Assurance Corporation

Dear Interested Party:

On March 24, 2010, the Circuit Court for Dane County, Wisconsin granted the Petition of Sean Dilweg, Commissioner of Insurance for the State of Wisconsin (the "Commissioner"), to place a segregated account of Ambac Assurance Corporation (the "Segregated Account") into Court-supervised rehabilitation. Pursuant to section 645.05 of the Wisconsin Statutes, the Court also entered an order for temporary injunctive relief (the "Order"). Copies of the Order and the Court-approved notice of the rehabilitation proceeding (the "Notice") are enclosed.

According to the books and records of Ambac Assurance Corporation, you are a transaction party in one or more of the transactions listed on the attached schedule. Those transactions have been allocated to the Segregated Account and are subject to this rehabilitation proceeding. Consequently, pursuant to the Order, you are enjoined from taking certain actions with respect to the transactions listed on the schedule.

All recipients of this letter are advised to review the Order and the Notice in their entirety. If you have any questions regarding this matter, please refer to the official Web site for this proceeding, <http://ambacpolicyholders.com>.

Sincerely,

FOLEY & LARDNER LLP



Matthew R. Lynch

Enclosures

BOSTON  
BRUSSELS  
CHICAGO  
DETROIT

JACKSONVILLE  
LOS ANGELES  
MADISON  
MIAMI

MILWAUKEE  
NEW YORK  
ORLANDO  
SACRAMENTO

SAN DIEGO  
SAN DIEGO/DEL MAR  
SAN FRANCISCO  
SHANGHAI

SILICON VALLEY  
TALLAHASSEE  
TAMPA  
TOKYO  
WASHINGTON, D.C.

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# NOTICE SCHEDULE

Bank of New York Mellon

535

The Bank of New York Trust Company, N.A.

POOL NUMBER	TRUST NAME
AB0722BE	Residential Asset Mtge Products 2003-RZ5
AB0726BE	Residential Asset Mtge. Products 2003-RS11
AB0751BE	Greenpoint Home Equity Loan Trust 2004-2
AB0752BE	Residential Assét Securities Corp. 2004-KS4
AB0798BE	Countrywide Revolving Home Equity Loan Trust 2004-K
AB0813BE	Countrywide Revolving Home Equity Loan Trust 2004-O
AB0845BE	Countrywide Revolving Home Equity Loan Trust 2004-S
AB0849BE	Countrywide Revolving Home Equity Loan Trust 2004-T
AB0925BE	Countrywide Revolving Home Equity Loan Trust 2005-F

# NOTICE SCHEDULE

Bank of New York Mellon

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**Entity Legal Name** The Bank of New York (London Branch)

<b>POLICY NUMBER</b>	<b>POLICY NAME</b>
AB0903BE	Akbank Remittances Trust Securitization Ltd (ARTS) (Akbank) Tranche 13

**Entity Legal Name** The Bank of New York Mellon

<b>POLICY NUMBER</b>	<b>POLICY NAME</b>
AB0204BE	Equity One ABS 1998-1
AB0283BE	Equity One ABS 1999-1
AB0294BE	Fremont Home Loan Trust 1999-3
AB0351BE	American Business Financial Services Inc., Series 2000-1
AB0392BE	American Business Financial Services 2000-3
AB0422BE	American Business Financial Services, Inc. 2000-4
AB0449BE	New South Home Equity Trust 2001-1
AB0463BE	Goldman Sachs Asset Securities Corp., Series 2001-1
AB0488BE	SASCO 2001-15A (Class 1-A1)
AB0504BE	Equity One ABS 2001-3
AB0515BE	EQCC Home Equity Loan Trust 2001-1F #1
AB0516BE	EQCC Home Equity Loan Trust 2001-1F #2
AB0517BE	EQCC Home Equity Loan Trust 2001-1F #3
AB0518BE	EQCC Home Equity Loan Trust 2001-1F #4
AB0541BE	American Business Financial Services Inc, Series 2002-1
AB0550BE	Equity One ABS 2002-2
AB0558BE	GSRPM Mortgage Loan Trust 2002-1
AB0643BE	GSRPM Mortgage Loan Trust 2003-1
AB0691BE	GSAMP Mortgage Loan Trust 2003-SEA
AB0707BE	GSAMP Mortgage Loan Trust 2003-SEA2
AB0708BE	American Business Financial Services Inc, Series 2003-2
AB0733BE	GREENPOINT MORTGAGE FUNDING, SERIES 2004-1
AB0775BE	Countrywide Revolving Home Equity Loan Trust 2004-G

# NOTICE SCHEDULE

Bank of New York Mellon

535

~~File Legal Name~~ The Bank of New York Mellon

<del>POLICY NUM</del>	<del>POLICY NAME</del>
AB0778BE	Countrywide Revolving Home Equity Loan Trust 2004-D
AB0797BE	Countrywide Revolving Home Equity Loan Trust 2004-J
AB0798BE	Countrywide Revolving Home Equity Loan Trust 2004-K
AB0805BE	Countrywide Asset Backed Certificates Trust 2004-AB1
AB0809BE	Countrywide Revolving Home Equity Loan Trust 2004-L
AB0810BE	Countrywide Revolving Home Equity Loan Trust 2004-M
AB0811BE	Countrywide Revolving Home Equity Loan Trust 2004-N
AB0813BE	Countrywide Revolving Home Equity Loan Trust 2004-O
AB0845BE	Countrywide Revolving Home Equity Loan Trust 2004-S
AB0849BE	Countrywide Revolving Home Equity Loan Trust 2004-T
AB0854BE	Countrywide Asset Backed Certificates Trust 2004-13, Class AF-5B
AB0867BE	Countrywide Asset Backed Certificates Trust 2005-1, Class AF-5B
AB0869BE	Countrywide Asset Backed Certificates Trust 2005-3, Class AF-5B
AB0883BE	First-Citizens Home Equity Loan, Series 2005-1, Class A Notes
AB0925BE	Countrywide Revolving Home Equity Loan Trust 2005-F
AB0956BE	Countrywide Asset Backed Certificates Trust 2005-16
AB0957BE	Countrywide Revolving Home Equity Loan Trust 2005-L
AB0958BE	Countrywide Asset Backed Certificates Trust 2005-17
AB0959BE	Countrywide Home Loans Alternative Trust 2005-81
AB0979BE	Countrywide Revolving Home Equity Loan Trust 2006-B
AB0984BE	Countrywide Home Equity Loan Trust 2006-S1
AB0985BE	Countrywide Revolving Home Equity Loan Trust 2006-C
AB0989BE	Terwin Mortgage Trust 2006-4SL
AB1009BE	Countrywide Asset-Backed Certificates Trust 2006-11
AB1011BE	Terwin Mortgage Trust 2006-6SL
AB1013BE	Countrywide Asset Backed Certificates Trust 2006-13

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Entity Logo Name The Bank of New York Mellon

POLICY NUMBER	POLICY NAME
AB1019BE	Structured Asset Mortgage Investment Trust, Series 2006-AR7
AB1023BE	Countrywide Home Equity Loan Trust 2006-S4
AB1031BE	Countrywide Home Equity Loan Trust 2006-S6
AB1035BE	Bear Stearns Alt-A Trust 2006-R1
AB1043BE	Structured Asset Mortgage Investment Trust, Series 2006-AR8
AB1045BE	Countrywide Alternative Loan Trust Series 2006-OA19, Class A-3A
AB1110BE	Deutsche Alt-A Securities, Inc. Re-REMIC Trust Certificates Series 2007-RS1
SF0395BE	Bear Stearns Capital Markets

Entity Logo Name The Bank of New York Mellon Trust

POLICY NUMBER	POLICY NAME
AB0243BE	Residential Funding Corporation 1999-HI1
AB0248BE	Residential Funding Corporation 1999-RS1
AB0274BE	Residential Funding Corporation 1999-HI4
AB0295BE	Residential Funding Corp. Series 1999-HI6
AB0312BE	Residential Funding Corporation 1999-HI8
AB0338BE	Residential Funding Corp 2000-HI1
AB0350BE	Residential Funding Corp 2000-HI2
AB0370BE	RESIDENTIAL FUNDING CORP. 2000-HI3
AB0383BE	Residential Asset Mortgage Product 2000-HL1
AB0391BE	Residential Funding Corp. 2000-HI4
AB0423BE	Residential Funding Corp 2000-HI5
AB0433BE	GMACM Home Loan Trust 2001 HLTV1
AB0437BE	Residential Funding Corporation 2001-HI1
AB0447BE	Residential Funding Corporation 2001-HI2
AB0450BE	Residential Asset Mtge Products 2001-RS1
AB0469BE	Residential Funding Corporation 2001-HS2

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AB0470BE	Residential Funding Corporation 2001-HI3
AB0489BE	Residential Funding Corporation 2001-HI4
AB0490BE	Residential Funding Corporation 2001-HS3
AB0492BE	GreenPoint Manufactured 2001-2
AB0496BE	Residential Asset Mtge Products 2001-RS3
AB0499BE	GMACM Home Loan Trust 2001-HLTV2
AB0507BE	Home Loan 2001-1
AB0515BE	EQCC Home Equity Loan Trust 2001-1F #1
AB0529BE	Residential Asset Mtge Products 2002-RS1
AB0531BE	Residential Funding Corporation 2002-HI1
AB0538BE	Residential Asset Mtge Products 2002-RP1
AB0540BE	Residential Funding Corporation 2002-HI2
AB0556BE	PFCA Home Equity Investment Trust II, Series 2002-IFC1
AB0561BE	Residential Funding Corporation 2002-HI3
AB0562BE	Residential Funding Corp 2002-KS4
AB0581BE	Residential Asset Mtge Products 2002-RS4
AB0588BE	GMACM Home Loan Trust 2002-HLTV1
AB0593BE	Residential Funding Corp 2002-KS6
AB0597BE	Residential Asset Mtge Products 2002-RS5
AB0601BE	IndyMac Bank Residential Asset Securitization Trust 2002-A12
AB0605BE	PFCA Home Equity Investment Trust II, Series 2002-IFC2
AB0608BE	Residential Asset Mtge Products 2002-RP2
AB0610BE	Residential Asset Mtge Products 2002-RZ4
AB0617BE	Accredited Mortgage Loan Trust 2002-2
AB0618BE	Residential Asset Mtge. Products 2002-RS6
AB0633BE	Wachovia Asset Securitites Inc, 2002-HE2

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**Issuer Name** The Bank of New York Mellon Trust

<b>ISIN</b>	<b>ISSUE NAME</b>
AB0636BE	Residential Funding Corp. 2002-KS8
AB0641BE	Residential Asset Mtge. Products 2002-RS7
AB0644BE	Impac Funding Corp. Series 2003-1
AB0646BE	Residential Asset Mtge Products 2003-RZ1
AB0649BE	Residential Asset Mtge. Products 2003-RS1
AB0653BE	Residential Asset Mtge. Products 2003-RS2
AB0655BE	Residential Asset Mtge Products 2003-RZZ
AB0657BE	Impac Funding Corp. Series 2003-4
AB0662BE	PFCA Home Equity Investment Trust II, Series 2003-IFC3
AB0663BE	Residential Asset Mtge. Products 2003-RS3
AB0670BE	Residential Asset Securities Corp. 2003-KS4
AB0674BE	Residential Asset Mtge. Products 2003-RS4
AB0677BE	Residential Asset Mtge Products 2003-RZ3
AB0678BE	Residential Asset Securities Corp. 2003-KS5
AB0681BE	Residential Asset Mtge. Products 2003-RS5
AB0683BE	PFCA Home Equity Investment Trust II, Series 2003-IFC4
AB0688BE	Residential Asset Mtge. Products 2003-RS6
AB0693BE	Residential Asset Mortgage Products Inc. Series 2003-RP2
AB0699BE	PFCA Home Equity Investment Trust II, Series 2003-IFC5
AB0700BE	Residential Asset Mtge Products 2003-RZ4
AB0701BE	Residential Asset Mtge. Products 2003-RS8
AB0704BE	Residential Asset Securities Corp. 2003-KS9
AB0705BE	Residential Asset Mtge. Products 2003-RS9
AB0716BE	PFCA Home Equity Investment Trust, Series 2003-IFC6
AB0722BE	Residential Asset Mtge Products 2003-RZ5
AB0726BE	Residential Asset Mtge. Products 2003-RS11



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Bank of New York Mellon

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**Entity Name:** The Bank of New York Mellon Trust

<b>POLICY NUM</b>	<b>POLICY NAME</b>
AB0727BE	Residential Funding Corporation 2003-HS4
AB0732BE	Residential Asset Mtge. Products 2004-RS1
AB0752BE	Residential Asset Securities Corp. 2004-KS4
AB0761BE	Lehman Home Equity Loan Trust 2004-3
AB0763BE	Residential Asset Mtge. Products 2004-RS5 Trust
AB0795BE	Residential Funding Corporation 2004-RS9
AB1015BE	Origen Manufacturing Housing Contract Trust Collateralized Notes 2006-A
AB1077BE	Origen Manufacturing Housing Contract Trust Collateralized Notes 2007-A
AB1116BE	Origen Manufactured Housing Contract Trust 2007-B

**Entity Name:** The Bank of New York Mellon Trust Company, National Association

<b>POLICY NUM</b>	<b>POLICY NAME</b>
AB0042BE	Augusta Funding Ltd IV

**Entity Name:** The Bank of New York Trust Company, N.A.

<b>POLICY NUM</b>	<b>POLICY NAME</b>
AB0039BE	Merill Lynch Surety Bond Program
AB0558BE	GSRPM Mortgage Loan Trust 2002-1
AB0600BE	Wachovia Asset Securities, 2002-HE1
AB0618BE	Residential Asset Mtge. Products 2002-RS6
AB0633BE	Wachovia Asset Securities Inc, 2002-HE2
AB0641BE	Residential Asset Mtge. Products 2002-RS7
AB0649BE	Residential Asset Mtge. Products 2003-RS1
AB0653BE	Residential Asset Mtge. Products 2003-RS2
AB0655BE	Residential Asset Mtge Products 2003-RZ2
AB0663BE	Residential Asset Mtge. Products 2003-RS3
AB0677BE	Residential Asset Mtge Products 2003-RZ3
AB0696BE	Residential Funding Corporation 2003-HI3
AB0700BE	Residential Asset Mtge Products 2003-RZ4

In the Matter of the Rehabilitation of:

Segregated Account of Ambac Assurance Corporation

Case No. 10 CV 1576

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**CERTIFICATE OF SERVICE**

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I hereby certify that on this 22nd day of June 2010, I caused true and correct copies of the following documents to be served by first-class mail on the individuals listed below:

1. Notice of Objection to, and if Necessary Motion to Modify, the Order for Temporary Injunctive Relief by The Bank of New York Mellon;
2. Brief of The Bank of New York Mellon in Objection to, and if Necessary, in Support of Motion to Modify, the Order for Temporary Injunctive Relief; and
3. Affidavit of Laura E. Callan.

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