

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

In the matter of the application of

THE BANK OF NEW YORK MELLON (as Trustee under various Pooling and Servicing Agreements and Indenture Trustee under various Indentures), *et al.*

Petitioners,

for an order, pursuant to C.P.L.R. § 7701, seeking judicial instructions and approval of a proposed settlement.

Index No. 651786/2011

**PRE-ARGUMENT
STATEMENT**

Respondents American International Group, Inc., American General Assurance Company, American General Life and Accident Insurance Company, American General Life Insurance Company, American General Life Insurance Company of Delaware, American Home Assurance Company, American International Life Assurance Company of New York, Chartis Property Casualty Company, Chartis Select Insurance Company, Commerce and Industry Insurance Company, First SunAmerica Life Insurance Company, Lexington Insurance Company, National Union Fire Insurance Company of Pittsburgh, PA, New Hampshire Insurance Company, SunAmerica Annuity and Life Assurance Company, SunAmerica Life Insurance Company, The Insurance Company of The State of Pennsylvania, The United States Life Insurance Company in The City of New York, The Variable Annuity Life Insurance Company, and Western National Life Insurance Company hereby submit the following as their Pre-Argument Statement pursuant to § 600.17 of the Rules of the First Judicial Department:

1. Title and Index Number: The index number of the action is set forth in the caption above. The full title of this action is set forth below:

In the matter of the application of

THE BANK OF NEW YORK MELLON, (as Trustee under various Pooling and Servicing Agreements and Indenture Trustee under various Indentures), BlackRock Financial Management Inc. (intervenor), Kore Advisors, L.P. (intervenor), Maiden Lane, LLC (intervenor), Metropolitan Life Insurance Company (intervenor), Trust Company of the West and affiliated companies controlled by The TCW Group, Inc. (intervenor), Neuberger Berman Europe Limited (intervenor), Pacific Investment Management Company LLC (intervenor), Goldman Sachs Asset Management, L.P. (intervenor), Teachers Insurance and Annuity Association of America (intervenor), Invesco Advisors, Inc. (intervenor), Thrivent Financial for Lutherans (intervenor), Landesbank Baden-Wuerttemberg (intervenor), LBBW Asset Management (Ireland) pic, Dublin (intervenor), ING Bank fsb (intervenor), ING Capital LLC (intervenor), ING Investment Management LLC (intervenor), Nationwide Mutual Insurance Company and its affiliated companies (intervenor), AEGON USA Investment Management LLC, authorized signatory for Transamerica Life Insurance Company, AEGON Financial Assurance Ireland Limited, Transamerica Life International (Bermuda) Ltd., Monumental Life Insurance Company, Transamerica Advisors Life Insurance Company, AEGON Global Institutional Markets, plc, LIICA Re II, Inc., Pine Falls Re, Inc., Transamerica Financial Life Insurance Company, Stonebridge Life Insurance Company, Western Reserve Life Assurance Co. of Ohio (intervenor), Federal Home Loan Bank of Atlanta (intervenor), Bayerische Landesbank (intervenor), Prudential Investment Management, Inc. (intervenor), and Western Asset Management Company (intervenor),

Petitioners,

for an order, pursuant to C.P.L.R. § 7701, seeking judicial instructions and approval of a proposed settlement.

2. Full Names of the Original Parties: The full names of the original parties are set

forth below:

Original Petitioners:

THE BANK OF NEW YORK MELLON, (as Trustee under various Pooling and Servicing Agreements and Indenture Trustee under various Indentures), BlackRock Financial Management Inc. (intervenor), Kore Advisors, L.P. (intervenor), Maiden Lane, LLC (intervenor), Metropolitan Life Insurance Company (intervenor), Trust Company of the West and affiliated companies controlled by The TCW Group, Inc. (intervenor), Neuberger Berman Europe Limited (intervenor), Pacific Investment Management Company LLC (intervenor), Goldman Sachs Asset Management, L.P. (intervenor), Teachers Insurance and Annuity Association of America (intervenor), Invesco Advisors, Inc. (intervenor), Thrivent Financial for Lutherans (intervenor), Landesbank

Baden-Wuerttemberg (intervenor), LBBW Asset Management (Ireland) plc, Dublin (intervenor), ING Bank fsb (intervenor), ING Capital LLC (intervenor), ING Investment Management LLC (intervenor), Nationwide Mutual Insurance Company and its affiliated companies (intervenor), AEGON USA Investment Management LLC, authorized signatory for Transamerica Life Insurance Company, AEGON Financial Assurance Ireland Limited, Transamerica Life International (Bermuda) Ltd., Monumental Life Insurance Company, Transamerica Advisors Life Insurance Company, AEGON Global Institutional Markets, plc, LIICA Re II, Inc., Pine Falls Re, Inc., Transamerica Financial Life Insurance Company, Stonebridge Life Insurance Company, and Western Reserve Life Assurance Co. of Ohio (intervenor), Federal Home Loan Bank of Atlanta (intervenor), Bayerische Landesbank (intervenor), Prudential Investment Management, Inc. (intervenor), and Western Asset Management Company (intervenor)

Original Respondents

Cranberry Park II LLC; Cranberry Park LLC; Federal Home Loan Bank of San Francisco; Federal Home Loan Bank of Seattle; TMI Investors, LLC; Walnut Place II LLC; Walnut Place III LLC; Walnut Place IV LLC; Walnut Place IX LLC; Walnut Place LLC; Walnut Place V LLC; Walnut Place VI LLC; Walnut Place VII LLC; Walnut Place VIII LLC; Walnut Place X LLC; Walnut Place XI LLC; Federal Deposit Insurance Corporation; RMBS Acquisition Co, LLC; Federal Home Loan Bank of Boston; Federal Home Loan Bank of Chicago; Federal Home Loan Bank of Indianapolis; Federal Home Loan Bank of Pittsburgh; City of Grand Rapids General Retirement System; City of Grand Rapids Police and Fire Retirement System; Retirement Board of the Policeman's Annuity and Benefit fund of the City of Chicago; The Westmoreland County Employee Retirement System; The Western and Southern Life Insurance Company; Western-Southern Life Assurance Company; Columbus Life Insurance Company; Integrity Life Insurance Company; National Integrity Life Insurance Company; Fort Washington Investment Advisors, Inc. (on behalf of Fort Washington Active Fixed Income LLC); Mortgage Bond Portfolio LLC; Triaxx Prime CDO 2006-1, Ltd.; Triaxx Prime CDO 2006-2, Ltd.; Triaxx Prime CDO 2007-1, Ltd.; American International Group, Inc.; American General Assurance Company, American General Life and Accident Insurance Company; American General Life Insurance Company; American General Life Insurance Company of Delaware; American Home Assurance Company; American International Life Assurance Company of New York; Chartis Property Casualty Company; Chartis Select Insurance Company; Commerce and Industry Insurance Company; First SunAmerica Life Insurance Company; Lexington Insurance Company; National Union Fire Insurance Company of Pittsburgh, PA; New Hampshire Insurance Company; SunAmerica Annuity and Life Assurance Company; SunAmerica Life Insurance Company; The Insurance Company of the State of Pennsylvania; The United States Life Insurance Company in the City of New York; The Variable Annuity Life Insurance Company; Western National Life Insurance Company;

First Reliance Standard Life Insurance Company; Liberty View; Platinum Underwriters Bermuda, Ltd.; Platinum Underwriters Reinsurance, Inc.; Reliance Standard Life Insurance Company; Safety National Casualty Corporation; Sun Life Insurance Company of Canada; CA Core Fixed Income Fund, LLC; CA Core Fixed Income Fund, Ltd.; CA High Yield Fund, LLC; CA High Yield Fund, Ltd.; Strategic Equity Fund, LLC; Strategic Equity Fund, Ltd.; Sand Spring Capital III Master Fund, LLC; Knights of Columbus; American Equity Investment Life Insurance Company; American Equity Investment Life Insurance Company of New York; Amici Associates, LP; Amici Fund International Ltd., Amici Qualified Associates; Blue Mountain Credit Alternatives Master Fund, LP; Cedar Hill Capital Partners LLC; Cedar Hill Mortgage Fund GP LLC; Cedar Hill Mortgage Opportunity Master Fund LLP; Declaration Management & Research LLC; Doubleline Capital LP; First Bank; First Financial of Maryland Federal Credit Union; First National Bank & Trust Co. of Rochelle, Illinois; First National Banking Company; First Penn-Pacific Life Insurance Company; Kerndt Brothers Savings Bank; Lea County State Bank; LibreMax Capital LLC; Lincoln Investment Solutions, Inc.; Lincoln Life & Annuity Company of New York; Lincoln National Reinsurance Company (Barbados) Limited; LL Funds LLC; Manichean Capital, LLC; NCMIC Group, Inc.; NCMIC Insurance Company; NexBank, SSB; Peoples Independent Bank; Radian Asset Assurance Inc.; Stone Creek LLC; Taconic Capital Advisors LP; The Collectors' Fund LP; The Lincoln National Life Insurance Company; Thomaston Savings Bank; Valley National Bank; CIFG Assurance North America, Inc.; American Fidelity Assurance Company; United States Debt Recovery VIII, LP; United States Debt Recovery X, LP; Bankers Trust Company; Bankers Life Insurance Company; Bankers Specialty Insurance Company; First Community Insurance Company; Sterling Federal Bank, FSB; Oriental Bank and Trust; Maine State Retirement System; Pension Trust Fund for Operating Engineers; Vermont Pension Investment Committee; Washington State Plumbing and Pipefitting Pension Trust; Goldman Sachs & Co. Securities Division; Pine River Fixed Income Master Fund Ltd.; Pine River Master Fund Ltd; Silver Sands Fund LLC; Two Harbors Asset I LLC; Good Hill Partners LP; Syncora Guarantee Inc.; Federal Housing Finance Agency as Conservator for the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation; National Credit Union Administration Board as Liquidating Agent of US Central Federal Credit Union, Western Corp. Fed. Credit Union, Members United Corp. Fed. Credit Union, Southwest Corp. Fed. Credit Union, Constitution Corp. Fed. Credit Union; Ballantyne Re Place; the State Attorneys General for the State of New York and Delaware.

Since the commencement of this proceeding, the following Respondents have withdrawn from the proceeding:

Federal Home Loan Bank of San Francisco; Federal Home Loan Bank of Seattle; TM1 Investors, LLC; Walnut Place II LLC; Walnut Place III LLC; Walnut Place IV LLC; Walnut Place IX LLC; Walnut Place LLC; Walnut Place V LLC; Walnut Place VI LLC; Walnut Place VII LLC; Walnut Place VIII LLC; Walnut

Place XLLC; Walnut Place XI LLC; Oriental Bank and Trust; Maine State Retirement System; Pension Trust Fund for Operating Engineers; Vermont Pension Investment Committee; Washington State Plumbing and Pipefitting Pension Trust; LibreMax Capital LLC; Clayhill Investors LLC; Syncora Guarantee Inc.; Federal Deposit Insurance Corporation; RMBS Acquisition Co, LLC; Federal Housing Finance Agency as Conservator for the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation; National Credit Union Administration Board as Liquidating Agent of US Central Federal Credit Union; Western Corp. Fed. Credit Union, Members United Corp. Fed. Credit Union, Southwest Corp. Fed. Credit Union, Constitution Corp. Fed. Credit Union; National Credit Union Administration; Cranberry Park II LLC; Cranberry Park LLC; V Re-Remic, LLC; Federal Home Loan Bank of Boston; Federal Home Loan Bank of Chicago; Federal Home Loan Bank of Indianapolis; Columbus Life Insurance Company; Fort Washington Investment Advisors, Inc. (on behalf of Fort Washington Active Fixed Income LLC); Integrity Life Insurance Company; National Integrity Life Insurance Company; The Western and Southern Life Insurance Company; Western-Southern Life Assurance Company; Ambac Assurance Corporation; The Segregated Account of Ambac Assurance Corporation; Monarch Debt Recovery Master Fund Ltd.; Monarch Opportunities Master Fund Ltd.; Monarch Capital Master Partners LP; Monarch Structured Credit Master Fund Ltd.; Monarch Capital Master Partners II LPP.; Monarch Recovery Ltd.; Monarch Alternative Solutions Master Fund Ltd.; Oakford MF Limited; Monarch Cayman Fund Limited.; Monarch Capital Master Partners II-ALP; American Equity Investment Life Insurance Company; American Equity Investment Life Insurance Company of New York; Blue Mountain Credit Alternatives Master Fund, LP; Lincoln Investment Solutions, Inc; NCMIC Group, Inc.; NCMIC Insurance Company; Stone Creek LLC; Taconic Capital Advisors LP; Goldman Sachs & Co. Securities Division; Vertical Capital, LLC.

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6. Court and County From Which the Appeal is Taken: Supreme Court of the State of New York, County of New York (Barbara R. Kapnick, J.S.C.).

7. Nature and Object of Special Proceeding: In June 2011, Petitioner The Bank of New York Mellon (“BNYM”), as Trustee acting as a fiduciary on behalf of 530 separate residential-mortgage backed securities trusts, commenced this Article 77 proceeding seeking judicial instructions and approval of a proposed settlement agreement to settle claims that BNYM may have brought against Bank of America and Countrywide, for alleged servicing, mortgage documentation, and mortgage origination failures. In conjunction with its petition, BNYM sought through a Proposed Final Order and Judgment at least 18 separate findings related

to BNYM's past conduct in negotiating and entering the proposed settlement agreement, as well as a release of all claims that certificateholders have or would have in the future related to BNYM's actions or inactions with respect to its negotiation and entry into the proposed settlement on behalf of all certificateholders.

8. Result Reached in the Court Below: In a Decision/Order/Judgment dated January 31, 2014, and entered as a judgment in the Office of the County Clerk, New York County, on February 21, 2014, the Supreme Court declined to enter BNYM's Proposed Final Order and Judgment, but nevertheless adopted some of the requested findings and granted summary judgment pursuant to CPLR § 409(b), approving the proposed settlement agreement "except to the extent that it releases the loan modification claims." Attached hereto as Exhibit A is a true and correct copy of the Decision/Order/Judgment.

9. Grounds for Seeking Reversal: The Supreme Court erred in fact and in law and in the exercise of its discretion by, among other things, (1) granting summary judgment to Petitioners and approving, in part, the proposed settlement agreement; and (2) striking Respondents' demand for a jury trial.

10. Related Actions: None.

11. Pending Additional Appeals: There are currently three related appeals pending in this Court. On February 21, 2014, Petitioner BNYM filed a notice of appeal of the Supreme Court's January 31, 2014 Decision/Order/Judgment. Attached hereto as Exhibits B and C are the relevant notice of appeal and pre-argument statement, respectively. On March 6, 2014, Petitioners the Institutional Investors filed a notice of appeal of the same January 31, 2014 Decision/Order/Judgment. Attached hereto as Exhibits D and E are the relevant notice of appeal and pre-argument statement, respectively. On March 21, 2014, Respondents-Objectors Triaxx

Prime CDO 2006-1, Ltd., Triaxx Prime CDO 2006-2, Ltd., and Triaxx Prime CDO 2007-1 filed a notice of appeal of the same January 31, 2014 Decision/Order/Judgment. Attached hereto as Exhibits F and G are the relevant notice of appeal and pre-argument statement, respectively.

DATED: New York, New York
March 21, 2014

Respectfully submitted,

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