

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, in its
Capacity as Trustee or Indenture Trustee of 530
Countrywide Residential Mortgage-Backed
Securitization Trusts,

Petitioner,

For Judicial Instructions under CPLR Article 77 on the
Distribution of a Settlement Payment.

Index No. 150973/2016

Hon. Saliann Scarpulla
Part 39

**ANSWER OF CENTER
COURT, LLC TO VERIFIED
PETITION**

Center Court, LLC and certain of its affiliates (“Certificateholder”) is a beneficial owner of Certificates in certain of the 173 trusts that the Trustee has put at issue in its Verified Petition, including, but not limited to, the following trusts: CWALT 2006-OC3; CWABS 2005-AB1; CWABS 2006-24; CWABS 2004-BC5; CWABS 2004-6; CWABS 2005-1; and CWALT 2005-61. Certificateholder respectfully submits the following Answer in response to the Verified Petition. Certificateholder incorporates herein its contemporaneously-filed Submission and Memorandum of Law Under the Court’s Show Cause Order in its entirety and adopts this Submission as its substantive response to the Verified Petition.

For the avoidance of doubt, Certificateholder denies each and every allegation contained in the Verified Petition, except as specifically admitted herein, and any factual averment admitted herein is admitted only as to the specific facts and not as to any conclusions, characterizations, implications, innuendoes or speculations that are contained in any averment of the Verified Petition as a whole. The headings in and exhibits to the Verified Petition are not allegations and therefore do not require a response.

These responses and objections are incorporated into each numbered paragraph of this Answer.

1. Certificateholder states that no response is required to the extent that the allegations in paragraph 1 consist of legal conclusions rather than factual allegations, and otherwise denies the allegations. To the extent a response may be required, Certificateholder admits that this is an Article 77 proceeding relating to the distribution of an \$8.5 billion settlement payment that Trustee expects to receive shortly.

2. Certificateholder is without information or knowledge sufficient to form a belief as to the truth of the allegations contained in paragraph 2 and, therefore, denies them.

3. Admitted.

4. Admitted.

5. Admitted.

6. Admitted.

7. Admitted.

8. Admitted.

9. Admitted with respect to the allegations that the Settlement was approved and judgment was entered on April 27, 2015. Certificateholder states that no response is required to the remainder of the allegations in paragraph 9 to the extent that they consist of legal conclusions and argument, rather than factual allegations.

10. Admitted.

11. Admitted.

12. Admitted.

13. Certificateholder is without information or knowledge sufficient to form a belief as to the truth of the allegation contained in the first sentence of paragraph 13, and, therefore, denies them. Certificateholder admits the allegations contained in the second sentence of paragraph 13.

14. Certificateholder is without information or knowledge sufficient to form a belief as to the truth of the allegations contained in paragraph 14 and, therefore, denies them.

15. Certificateholder admits the allegations contained in the first sentence of paragraph 15. Certificateholder is without information or knowledge sufficient to form a belief as to the truth of the remainder of the allegations contained in paragraph 15 and, therefore, denies them.

16. Certificateholder states that no response is required to the extent that the allegations in paragraph 16 consist of legal conclusions or argument rather than factual allegations. Certificateholder further is without information or knowledge sufficient to form a belief as to whether the contractual issues are subject to competing interpretations and, therefore, denies them.

17. Certificateholder states that no response is required to the extent that the allegations in the first sentence of paragraph 17 consist of legal conclusions or argument rather than factual allegations. Certificateholder admits that “write up” provisions generally concern the manner by which the principal balance of previously written down certificates is increased, or “written up,” in connection with Subsequent Recoveries, but is without information or knowledge sufficient to form a belief as to whether this true for all Covered Trusts, and, therefore, denies the remaining allegation in paragraph 17.

18. Certificateholder admits that the Trustee has identified general principles within RMBS. However, Certificateholder is without sufficient information or knowledge to form a belief as to whether it happens in the majority of the Covered Trusts, and, therefore, denies the remaining allegations in paragraph 18.

19. Admitted.

20. Certificateholder states that no response is required to the extent that the allegations in the first sentence of paragraph 20 consist of legal conclusions or argument rather than factual allegations. Certificateholder is without sufficient information or knowledge to form a belief as to the second sentence in paragraph 20, and, therefore, denies them.

21. Certificateholder is without sufficient information or knowledge to form a belief as to the allegations contained in paragraph 21 and, therefore, denies them.

22. Certificateholder admits that certain Covered Trusts have an overcollateralization or “OC” structure. Certificateholder is without sufficient information or knowledge to form a belief as to the remaining allegations contained in paragraph 22 and, therefore, denies them.

23. Certificateholder admits the allegations in the first, second and third sentences of paragraph 23. Certificateholder is without sufficient information or knowledge to form a belief as to the allegations in the fourth sentence of paragraph 23 and, therefore, denies them. Certificateholder admits the allegations in the fifth sentence of paragraph 23.

24. Certificateholder is without sufficient information or knowledge to form a belief as to the allegations in paragraph 24 and, therefore, denies them.

25. Certificateholder is without sufficient information or knowledge to form a belief as to the allegations in paragraph 25 and, therefore, denies them.

26. Certificateholder is without sufficient information or knowledge to form a belief as to the allegations in paragraph 26 and, therefore, denies them.

27. Certificateholder is without sufficient information or knowledge to form a belief as to the allegations in paragraph 27 and, therefore, denies them.

28. Certificateholder admits that any payment to less senior, subordinated Certificateholders at the expense of more senior Certificateholders could be viewed as contrary to an essential purpose of the overcollateralization structure—protecting more senior Certificateholders from risk of loss, and otherwise denies the allegations in paragraph 28.

29. Certificateholder admits that, pursuant to an instruction from the Court based upon its Article 77 authority, the Trustee could make an adjustment designed to avoid any “leakage” that could occur based upon the hypothetical calculation in paragraph 28. Certificateholder is without sufficient information or knowledge to form a belief as to the remaining allegations in paragraph 29 and, therefore, denies them.

30. Certificateholder admits that, pursuant to an instruction from the Court based upon its Article 77 authority, the Trustee could make the hypothetical adjustment described in paragraph 30. Certificateholder is without sufficient information or knowledge to form a belief as to the remaining allegations in paragraph 30 and, therefore, denies them.

31. Certificateholder admits that, pursuant to an instruction from the Court based upon its Article 77 authority or based upon the language of certain provisions of the PSAs governing certain trusts owned by Certificateholder that indicate write ups should occur first, the Trustee could avoid leakage. Certificateholder is without sufficient information or knowledge to form a belief as to the remaining allegations in paragraph 31 and, therefore, denies them.

32. Certificateholder admits that, pursuant to an instruction from the Court based upon its Article 77 authority or based upon the language of certain provisions of the PSAs governing certain trusts owned by Certificateholder that indicate write ups should occur first, the Trustee could avoid leakage. Certificateholder is without sufficient information or knowledge to form a belief as to the remaining allegations in paragraph 32 and, therefore, denies them.

33. Certificateholder admits that employing a “write up first and pay second” order would avoid any “leakage” in the OC Trusts owned by Certificateholder. Certificateholder is without sufficient information or knowledge to form a belief as to the remaining allegations in paragraph 33 and, therefore, denies them.

34. Certificateholder states that no response is required to the extent that the allegations in paragraph 34 consist of legal conclusions rather than factual allegations, and otherwise denies the allegations.

35. Certificateholder is without sufficient information or knowledge to form a belief as to the allegations in paragraph 35 and, therefore, denies them.

36. Certificateholder is without sufficient information or knowledge to form a belief as to the allegations in paragraph 36 and, therefore, denies them.

37. Certificateholder is without sufficient information or knowledge to form a belief as to the allegations in paragraph 37 and, therefore, denies them.

38. Certificateholder is without sufficient information or knowledge to form a belief as to the allegations in paragraph 38 and, therefore, denies them.

39. Certificateholder admits that the Trustee is seeking the Court’s direction regarding the alternatives described in paragraph 39. Certificateholder states that no response is required to

the extent that the remaining allegations in paragraph 39 consist of legal conclusions rather than factual allegations, and otherwise denies the allegations.

40. Certificateholder states that no response is required to the extent that the allegations in paragraph 40 consist of legal conclusions rather than factual allegations, and otherwise denies the allegations.

41. Certificateholder is without sufficient information or knowledge to form a belief as to the allegations in paragraph 41 and, therefore, denies them.

42. Certificateholder is without sufficient information or knowledge to form a belief as to the allegations in paragraph 42 and, therefore, denies them.

43. Certificateholder is without sufficient information or knowledge to form a belief as to the allegations in paragraph 43 and, therefore, denies them.

44. Certificateholder states that no response is required to the extent that the allegations in paragraph 44 consist of legal conclusions rather than factual allegations, and otherwise denies the allegations.

45. Certificateholder admits that judicial instructions are appropriate here and that this proceeding presents an opportunity for Certificateholders to be heard before the Trustee makes any distributions of the Settlement Payment. Certificateholder is without sufficient information or knowledge to form a belief as to the remaining allegations in paragraph 45 and, therefore, denies them.

Certificateholder denies any remaining allegations contained in the Petition that are not otherwise expressly and specifically admitted heretofore in this answer as being true.

PRAYER FOR RELIEF

For the foregoing reasons, Certificateholder respectfully requests the Court to instruct the Trustee to distribute the Allocable Shares for the Subject Trusts in a manner that is consistent with the terms, meaning, and intent of the PSAs, either by adopting the order of operations described therein or by applying a one-time adjustment to any overcollateralized Covered Trusts to prevent leakage. Certificateholder also requests all other relief, at law or in equity, to which it may be justly entitled.

DATED: March 4, 2016
 New York, New York

Respectfully submitted,

MCKOOL SMITH, P.C.

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