EXHIBIT E

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2008

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission file number: 1-8422

Countrywide Financial Corporation
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**26-2209742** (IRS Employer Identification No.)
4500 Park Granada, Calabasas, California (Address of principal executive offices)	**91302** (Zip Code)

(818) 225-3000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 8, 2008
Common Stock $0.01 par value	1,000

The Registrant meets the conditions set forth in general instructions H(1)(a) and (b) of Form 10-Q and is therefore filing this Form 10-Q with the reduced disclosure format.

any fractional share and all shares of the Company's 7.25% Series B Non–Voting Convertible Preferred Stock were cancelled.

The Company notified the New York Stock Exchange of the conversion of its shares and related preferred stock purchase rights, requested that its common stock and preferred stock purchase rights be delisted and cease to trade at the close of business on June 30, 2008, and that the NYSE submit to the SEC Form 25s to report that the Company's shares of common stock and preferred stock purchase rights are no longer listed on the NYSE. The NYSE filed the Form 25s with the SEC on July 1, 2008.

Following completion of the Merger, the Company sold assets to other subsidiaries of Bank of America and used proceeds from these sales to repay its unsecured revolving lines of credit and bank loans. The Company expects to record no material gain or loss on these transactions after giving effect to purchase price adjustments.

- The Company sold two entities that own all of the partnership interests in Countrywide Home Loans Servicing, LP ("Servicing LP") to NB Holdings Corporation ("NBHC") for approximately $19.7 billion, subject to certain adjustments. At June 30, 2008, Servicing LP's assets included approximately $15.3 billion of Mortgage Servicing Rights ("MSRs") and $4.4 billion of reimbursable servicing advances
- The Company sold a pool of residential mortgage loans held by Countrywide Home Loans ("CHL") to NBHC for approximately $9.5 billion, subject to certain adjustments. The pool of residential mortgage loans included first and second lien mortgages, home equity line of credit loans, and construction loans
- The Company novated to Bank of America, N.A. a portfolio of derivative instruments held by CHL in exchange for $1.5 billion
- The Company sold a pool of commercial mortgage loans held by Countrywide Commercial Real Estate to NBHC for approximately $238 million, subject to certain adjustments
- The Company sold a pool of securities to Blue Ridge Investments, LLC for approximately $147 million. The pool of securities included asset–backed securities and mortgage–backed securities (MBS) held by Countrywide Securities Corporation ("CSC")
- The Company terminated and repaid its unsecured revolving lines of credit and bank loans, including interest and fees, with approximately $11.5 billion.

Details of these subsequent events and other transactions, are contained in the Company's Current Report on Form 8–K filed with the Securities and Exchange Commission on July 8, 2008.

Note 3—Adoption of New Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements,* ("SFAS 157"). SFAS 157 provides a framework for measuring fair value when such measurements are used for accounting purposes. The framework focuses on an exit price in the principal (or, alternatively, the most advantageous) market accessible in an orderly transaction between willing market participants. SFAS 157 establishes a three–tiered fair value hierarchy based on the level of observable inputs used in the measurement of fair value (e.g., Level 1 representing quoted prices for identical assets or liabilities in an active market and Level 3 representing estimated values based on significant unobservable inputs). Under SFAS 157,

Note 12—Mortgage Servicing Rights, at Estimated Fair Value

The activity in MSRs was as follows:

	Six Months Ended June 30,	
	2008	2007
	(in thousands)	
Balance at beginning of period	$ 18,958,180	$ 16,172,064
Additions:		
Servicing resulting from transfers of financial assets	1,730,344	4,156,287
Purchases	7,420	184,511
Total additions	1,737,764	4,340,798
Less sales	(1,307,571)	—
Change in fair value:		
Due to changes in valuation inputs or assumptions used in valuation model(1)	435,295	1,231,513
Other changes in fair value(2)	(1,421,278)	(1,657,007)
Balance at end of period	$ 18,402,390	$ 20,087,368

(1) Principally reflects changes in discount rates and prepayment speed assumptions, primarily due to changes in interest rates.

(2) Represents changes due to realization of expected cash flows.

As detailed in Note 2—*Subsequent Events—Merger and Subsequent Transactions with Bank of America Corporation*, on July 2, 2008, the Company sold two entities that hold the partnership interests in the Company's primary loan servicing subsidiary, Servicing LP, to NBHC. Servicing LP's assets included $15.3 billion of the Company's MSRs at June 30, 2008.

EXHIBIT F

15-Feb-11 18:33 PIMCO, BlackRock and BofA settlement could bind other CFC RMBS investors -- UPDATE Story

PIMCO, **BlackRock** and **Bank of America** could try to make their settlement of poor servicing allegations binding on other investors in **Countrywide** RMBS, whether the other investors agree to the terms or not, said David Grais, a partner at Grais & Ellsworth.

The parties are attempting to encompass all Countrywide RMBS into the deal - which could be finalized in as little as 30 days - two sources with knowledge of the situation said. Grais said it was too soon to speculate on the quality of the settlement, but that his firm is advising investors about how they can object to it, should the terms be meager.

Grais & Ellsworth, which represented Greenwich Financial Services in an earlier buyback case against Countrywide, is looking into the potential for recourse against the trustee for the affected deals, Bank of New York Mellon, in case it participates in the settlement, Grais said.

The settlement would coincide with BofA's plans to shift its legacy assets into a separate unit and is likely to pay out "pennies on the dollar," to RMBS investors, one of the sources with knowledge said. The agreement could include promises to change servicing practices and a one-time payment to settle representation and warrant breaches, the sources said.

Reaching a settlement will likely hinge on Bank of New York's involvement, the second source said. The trustee could agree to a pre-packaged settlement, for example, that would implicate a wide range of Countrywide trusts, on top of those the investors have standing in, said the source.

"I'm concerned this could be a sell-out," the second source with knowledge of the situation said.

A lawyer for the investors, Kathy Patrick, a partner at Houston, Texas-based firm Gibbs & Bruns, sent a notice of non-compliance to BofA's Countrywide servicing unit on 18 October. Patrick cited USD 47bn in affected RMBS (see the list below). On 2 February, the investor group agreed to extend BofA's time period to respond for a second time.

Patrick declined to comment on the timeline for the settlement, or its terms. "We don't have a deal yet," she said. Bank of America spokesperson Jerry Dubrowski said only that the bank was in ongoing discussions with the investor group.

A Bank of New York spokesperson declined to comment.

Broader implications

The settlement could be used as a roadmap for resolving similar buyback and servicing challenges pending against the nation's largest banks, the sources said. In January, GSEs Fannie Mae and Freddie Mac agreed to settle Countrywide RMBS buyback claims against BofA for under USD 3bn. The figure represents about 70%-75% of the bank's buyback exposure to the GSEs, Barclays analysts estimated at the time.

Georgetown University professor Adam Levitin suggested US banks come to a global settlement

on mortgage issues in November testimony to Congress. Such a deal would involve a restructuring of bank balance sheets, special servicing and a quieting of title on securitized properties.

Last week, BofA announced it would separate its legacy asset servicing from the rest of its operations. Similarly, JPMorgan Chase, embroiled in buyback suits involving its EMC and WaMu portfolios, today told employees that its Chief Administrative Officer Frank Bisignano would be overseeing its servicing unit, according to an internal memo.

"If they have a separate unit, they can put some money in it and hopefully get a court to say 'this is all fair and good,'" the first source with knowledge said.

Double agents

Investors hoping for a greater reimbursement of securities-gone-bad said they are concerned that light settlements for servicing wrongs – including failure to disclose breaches of representations and warranties – could stall the return of a new issue non-agency RMBS market and allow poor servicing practices to continue.

More parties are getting involved in the dispute, said Greenwich Financial Services CEO Bill Frey. A growing number of foreign investors are joining the RMBS Investors Clearing House, a consortium of investors facilitated by Talcott Franklin PC, he said.

The letter sent by the Gibbs & Bruns group was signed by BlackRock, Freddie Mac, Kore Advisors, the Federal Reserve Bank of New York (on behalf of the Maiden Lane funds), Metropolitan Life Insurance Company, Neuberger Berman Europe, PIMCO and Western Asset Management Company. The relationships the entities maintain with BofA and the US Government led some – including BofA – to question the seriousness of the buyback pursuit.

BlackRock holds an estimated USD 3.4bn in BofA equity alone. Moreover, BlackRock, PIMCO and fellow signatory Western Asset Management Co. run PPIP funds, as previously reported.

Patrick denied allegations that the firms' pursuit lacked teeth. "I don't know how anybody could look at the list of institutions that has previously been published … and conclude that they were pursuing discussions in anything other than a good faith effort," Patrick said.

Part of the group represented by Gibbs & Bruns participated in an earlier effort to displace BofA as servicer of the Countrywide RMBS but shifted gears on disagreement over how aggressively to pursue the nation's largest bank. The group is rumored to have proof that places BofA in default of its servicing duties – specifically that it modified first lien mortgages while leaving the associated second lien intact, as previously reported.

The Gibbs & Bruns letter did not prove the impact of alleged servicing wrongs on specific loans. Patrick declined to comment on whether the group had such evidence.

In order to prove a servicer default, specific loan level evidence proving a breach of contractual

duties is typically needed at the onset because it is challenging to obtain even in the course of litigation, as previously reported. Once a servicer is labeled in default, the trustee is obligated to pursue a replacement servicer and/or potential representation and warranty breaches under the "prudent person" clause of the US Trustee Act.

by Allison Pyburn

Source Debtwire

EXHIBIT G

Bank of America

Press Release

Bank of America Issues Statement

CHARLOTTE, N.C., Dec 15, 2010 (BUSINESS WIRE) --

Bank of America today issued the following statement:

Counsel for BAC Home Loans Servicing, LP and Gibbs & Bruns LLP on behalf of certain investors including those who signed the previously reported October 18, 2010 letter with respect to private label residential mortgage-backed securitizations, as well as counsel for The Bank of New York Mellon, as trustee, have agreed to extend any time periods commenced by the October 18 letter. This extension will permit the parties to continue constructive dialogue around the concerns raised. The agreement covers all of the securitizations listed on the attached Exhibit A. The claims and defenses of all parties are preserved.

Exhibit A

CWALT 2004-14T2	CWALT 2005-24	CWALT 2006-OC8	CWALT 2007-HY5R	CWHL 2005-30	CWHL 2007-HYB2	CWL 2005-9	CWL 2006-9
CWALT 2004-29CB	CWALT 2005-32T1	CWALT 2006-14CB	CWALT 2007-J2	CWHL 2005-9	CWHL 2007-J1	CWL 2005-AB2	CWL 2006-BC2
CWALT 2004-35T2	CWALT 2005-35CB	CWALT 2006-20CB	CWALT 2007-17CB	CWHL 2005-HYB3	CWHL 2007-J3	CWL 2005-AB3	CWL 2006-BC3
CWALT 2004-J6	CWALT 2005-36	CWALT 2006-41CB	CWALT 2007-23CB	CWHL 2005-HYB9	CWHL 2007-12	CWL 2005-AB4	CWL 2006-BC4
CWALT 2004-32CB	CWALT 2005-44	CWALT 2006-HY12	CWALT 2007-OA7	CWHL 2005-R3	CWHL 2007-16	CWL 2005-BC5	CWL 2006-BC5
CWALT 2004-6CB	CWALT 2005-45	CWALT 2006-OA11	CWALT 2008-2R	CWHL 2006-14	CWHL 2008-3R	CWL 2005-IM1	CWL 2006-SD1
CWALT 2004-J1	CWALT 2005-56	CWALT 2006-OA16	CWHL 2004-13	CWHL 2006-15	CWL 2004-SD1	CWL 2006-S9	CWL 2006-SD3
CWALT 2005-16	CWALT 2005-57CB	CWALT 2006-OA17	CWHL 2004-HYB2	CWHL 2006-20	CWL 2004-SD2	CWL 2006-10	CWL 2006-SD4

leading wealth management companies and is a global leader in corporate and investment banking and trading across a broad range of asset classes, serving corporations, governments, institutions and individuals around the world. Bank of America offers industry-leading support to approximately 4 million small business owners through a suite of innovative, easy-to-use online products and services. The company serves clients through operations in more than 40 countries. Bank of America Corporation stock (NYSE: BAC) is a component of the Dow Jones Industrial Average and is listed on the New York Stock Exchange.

www.bankofamerica.com

SOURCE: Bank of America

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or
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CWALT 2005-19CB	CWALT 2005-64CB	CWALT 2006-OA6	CWHL 2004-HYB5	CWHL 2006-3	CWL 2004-SD3	CWL 2006-12	CWL 2006-SPS2
CWALT 2005-48T1	CWALT 2005-72	CWALT 2006-OA9	CWHL 2004-HYB6	CWHL 2006-HYB1	CWL 2004-SD4	CWL 2006-15	CWL 2007-10
CWALT 2005-53T2	CWALT 2005-73CB	CWALT 2006-OC10	CWHL 2004-22	CWHL 2006-J4	CWL 2005-12	CWL 2006-16	CWL 2007-4
CWALT 2005-59	CWALT 2005-74T1	CWALT 2006-OC2	CWHL 2004-25	CWHL 2006-OA4	CWL 2005-10	CWL 2006-19	CWL 2007-2
CWALT 2005-65CB	CWALT 2005-81	CWALT 2006-OC4	CWHL 2004-29	CWHL 2006-9	CWL 2005-11	CWL 2006-2	CWL 2007-5
CWALT 2005-6CB	CWALT 2005-AR1	CWALT 2006-OC5	CWHL 2004-HYB9	CWHL 2006-HYB2	CWL 2005-13	CWL 2006-20	CWL 2007-6
CWALT 2005-82	CWALT 2005-J5	CWALT 2006-OC6	CWHL 2005-J1	CWHL 2006-HYB5	CWL 2005-16	CWL 2006-22	CWL 2007-7
CWALT 2005-85CB	CWALT 2005-J9	CWALT 2006-OC7	CWHL 2005-11	CWHL 2006-J2	CWL 2005-2	CWL 2006-24	CWL 2007-9
CWALT 2005-14	CWALT 2006-21CB	CWALT 2007-15CB	CWHL 2005-14	CWHL 2006-OA5	CWL 2005-4	CWL 2006-25	CWL 2007-BC1
CWALT 2005-21CB	CWALT 2006-23CB	CWALT 2007-22	CWHL 2005-18	CWHL 2006-R2	CWL 2005-5	CWL 2006-26	CWL 2007-BC2
	CWALT 2006-39CB	CWALT 2007-5CB	CWHL 2005-19	CWHL 2007-10	CWL 2005-6	CWL 2006-3	CWL 2007-BC3
	CWALT 2006-46	CWALT 2007-7T2	CWHL 2005-2	CWHL 2007-11	CWL 2005-7	CWL 2006-5	CWL 2007-QH1
	CWALT 2006-OA21	CWALT 2007-8CB	CWHL 2005-3	CWHL 2007-14	CWL 2005-8	CWL 2006-7	CWL 2007-S3

Bank of America

Bank of America is one of the world's largest financial institutions, serving individual consumers, small- and middle-market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk management products and services. The company provides unmatched convenience in the United States, serving approximately 57 million consumer and small business relationships with approximately 5,900 retail banking offices and approximately 18,000 ATMs and award-winning online banking with 29 million active users. Bank of America is among the world's

EXHIBIT H

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK: TRIAL TERM PART 39
- X
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 (Intevenor) Maiden Lane II, LLC (Intervenor), Maiden Lane III, 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 Advisers, 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), New York Life 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),

PETITIONERS,

- against -

PROCEEDINGS

WALNUT PLACE LLC, WALNUT PLACE II LLC, WALNUT PLACE III LLC, WALNUT PLACE IV LLC, WALNUT PLACE V LLC, WALNUT PLACE VI LLC, WALNUT PLACE VII LLC, WALNUT PLACE VIII LLC, WALNUT PLACE IX LLC, WALNUT PLACE X LLC, WALNUT PLACE XI LLC, POLICEMEN'S ANNUITY & BENEFIT FUND OF CHICAGO AND THE WESTMORELAND COUNTY EMPLOYEE RETIREMENT SYSTEM, CITY OF GRAND RAPIDS GENERAL RETIREMENT SYSTEM, CITY OF GRAND RAPIDS POLICE AND FIRE RETIREMENT SYSTEM, TM1 INVESTORS, 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, FEDERAL HOME LOAN BANK OF SAN FRANCISCO, FEDERAL HOME LOAN BANK OF SEATTLE, and V RE-REMIC, LLC,

PROPOSED INTERVENOR-RESPONDENTS,

For an Order pursuant to CPLR 7701 seeking judicial instructions and approval of a proposed settlement.

- X

INDEX NO: 651786/11

60 Centre Street
New York, New York
August 5, 2011

BEFORE: BARBARA R. KAPNICK, Justice

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NINA J. KOSS, C.S.R., C.M.
Official Court Reporter

PROCEEDINGS

THE COURT: Good afternoon, everybody. So nice of you to all come and visit us on Friday afternoon in August. That's very nice.

Let me just make a few comments to sort of set the stage of what we have got in front of us, and what we want to address and take care of today. I will not let everybody speak. I will not let everybody speak, but I will certainly listen to you, but we can't be here forever and ever, so we want to deal with the important things we need to deal with.

Now, as you all know, this all started with an Order to Show Cause that I signed about, I think the end of June. One of the things in that original Order to Show Cause was that any parties that wanted to file objections would do so by August 30th.

After that, there were a group of Petitioners, Proposed Intervenors that I allowed to intervene relatively soon thereafter, and that was brought by Mr. Warner.

After that, I started to get a group of motions to intervene by different parties, and there really was no opposition. There was just commentary, I guess, from the Petitioners and I called Mr. Grais, I believe, and said, it's the same motion over and over again. Doesn't seem like there is any opposition, but every time you say here is the new caption, and then you change the caption with each

motion. That's not how we do it here. We have one caption for a case.

So, I suggested that you seek to stipulate to one proposed caption that dealt with all of those proposed, those motions by Proposed Intervenors.

I got the last one of those motions yesterday or the day before. That's the only reason that I didn't sign it, since you are all coming in today, and I just figured if there was any problem -- if not, that's easy. That takes care of motions 3, 4, 5, 6 and 7.

The next motion is what brought you all here, which was the motion on, under motion sequence 008 that was brought by Scott & Scott. And, I got a little bit of a heads up of that Order to Show Cause by phone calls, letters from a lot of people, that before I sign that Order to Show Cause, everybody would like an opportunity to come and be heard before I even sign the Order to Show Cause -- a little dispute about when we would have that.

I finally got the papers and this is the day to really deal with that Order to Show Cause. That, in addition to that Order to Show Cause, I got a lot of letters -- I guess the big problem here is or big issue we want to deal with, one of the big issues we want to deal with is making some modifications in the timeframe of dealing with some of the discovery and when proposed

objectors will be filing their objections and how detailed they have to be now or, what they can do to preserve their rights.

At this point, the Petitioners seem to agree there has to be a little bit of a modification of the Order to Show Cause. The original Order to Show Cause, some of the Movants would like to, Proposed Intervenors would like a little modification, so everybody agrees there has to be a modification.

I am not sure that you have had an opportunity to talk to each other about exactly what the modification should be. We can talk about that a little bit today. I am hoping you will be able to go back and draft something up that, if you can't all agree on it, I will ultimately say this is what I pick over something else.

There also was an Order to Show Cause that came in this morning, which I also haven't signed, which was an Order to Show Cause to modify the original Order to Show Cause.

One of the things in this case, you don't seem to talk to each other, so I get three Orders to Show Cause for the same thing and something else, so I think you might have to figure out a way to improve your communication skills with each other.

So, I got that Order to Show Cause and then, right

before lunchtime, somebody from the Attorney General's office, the Attorney General of the City of New York, State of New York brought in a bunch of papers that seem to suggest that they have also made a motion to intervene, that is first returnable in Room 130, which is where motions are returnable in this courthouse, on August 23rd.

I had a chance to look at it very briefly, but we are not here to argue that motion because you probably just all got served by e-filing of that yesterday.

So, my concern today is what we might be able to do about the discovery, whether there should be some form of a docket repository, whether the dates need to be changed now, some of the format needs to be changed, and what should be available to everybody so that they know if they have some objections to the settlement which, if you read a few of the motions, not to mention the newspapers, there seems to be some objections as to how we can deal with that in a more coordinated fashion and a better time table.

So, does anybody on behalf of the Petitioners want to say anything at this point?

MS. PATRICK: Yes, your Honor. Thank you, first of all, for the privilege of appearing here. I am Kathy Patrick --

THE COURT: When you get up, just state who you are, because although we have a diagram, it's not obvious

who you might be.

MS. PATRICK: Kathy Patrick with Gibbs & Bruns. We represent the 22 Institutional Investors that intervened to support the settlement.

We believe a ready solution is available for the issues that the Court has talked about -- it is the stipulation that has been proffered by the Trustee.

The reason that we advocate that solution is that all of the absent certificate holders have been notified that the date on which they should appear is August 30th.

THE COURT: That they should oppose?

MS. PATRICK: Right, and oppose, whatever. It's August 30th. None of those absent certificate holders have been notified that a handful, albeit a vocal minority, of certificate holders has intervened to seek expedited discovery. None of those certificate holders have had an opportunity to be heard on that issue.

We believe very strongly, that the ready solution for this problem is for the Court to adopt the stipulation proposed by the Trustee.

THE COURT: Has everybody seen that?

MS. PATRICK: Yes, they have. Your Honor, we did a meet and confer with that stipulation. We did proffer that to Scott & Scott and indeed, to all the intervenors and they declined to accept it.

The virtue of that stipulation is that it allows all of the parties who have intervened to express any kind of concern about the settlement, to have that document treated as sufficient as of August 30th, if they will do two things -- say they need more information and set out the discovery that they seek.

The beauty of that solution, your Honor, is that it allows then, all certificate holders who want to be part of discovery, to participate in the formulation of the discovery plan, to appear before the Court for that purpose, to set a schedule for expedited discovery and there are serious reasons why the Court should want to do that.

I know the Court is very familiar with these pooling and servicing agreements, and in particular, with Section 10.08 of the pooling and servicing agreements, but there is a particular --

THE COURT: That's the one I referred to in the decision I wrote?

MS. PATRICK: It is. It is, but the key provision here, your Honor, and I have got it on a board if the Court will allow me to put it up, requires that any, that any action taken by a certificate holder be an action for the common benefit of all certificate holders.

The Court knows that many of the certificate holders who have intervened thus far, are litigating

separate securities claims. In formulating the discovery strategy, the Court needs to consider and set a return date that allows the Court to consider, the views of all certificate holders, not just those who seek to advance their own securities claims.

In considering the return date and what the appropriate discovery schedule is, the Court also needs to consider the requirements of this contract, which require 25 percent voting rights, require indemnities to the Trustee, require other procedural mechanisms including notices of events of default and the like, that have not been proffered by most of the Intervenors.

Most of the Intervenors here are intervenors who have not previously invoked their rights. We do not suggest they should not be heard. Indeed, the Order the Court set intended for all certificate holders to be heard.

The question is, should you grant accelerated discovery to a vocal minority without notice to all certificate holders or should you instead, hold the schedule you have granted, modify the Order to provide that they may appear, and indicate they need more information before they decide to object, specify the discovery they seek, and then in an orderly fashion, after all certificate holders can be heard, set a discovery schedule early in September.

Nobody is here saying that the discovery should not

be expedited.

THE COURT: What do you have on this website, that I think you have now set up? I saw that there is some indication, there is one or more expert reports on this website.

Is there anything else set up there, on this website? Is there more information that can be out there? Because what you are saying, by August 30th, people have to at least say, I intend to object or I plan to object or I think I might want to object or just do something to preserve the right.

I want to preserve my right to object -- is that what you are saying?

MS. PATRICK: Or, as was proposed in the stipulation, state the grounds for their objection, one ground of which may be, that the potentially interested person doesn't have enough information to evaluate the settlement. And then, specify that if they seek discovery, what it is they need.

So, we contemplate that people like the Federal Home Loan Banks, who have intervened in this case, to say we need more information, comply with the Order by filing a pleading by August 30th that says we need more information. We want discovery. Or, people who have already formulated the view they object to the settlement, such as some of the

Walnut parties, whose claims will be dismissed, can object. There may be certificate holders that want to come in and say, you know what? We like this settlement. There are, as the Court knows, 48 billion dollars worth of certificates in our clients' group that support the settlement and want it to happen.

The issue is simply this: Should the Court allow a vocal minority of certificate holders to leapfrog the vast majority of certificate holders, who have no notice, and commence expedited discovery.

THE COURT: Why do they have no notice?

MS. PATRICK: Because these motions and request to expedite discovery have not been served on all certificate holders by any of these Intervenors. The only notice --

THE COURT: Have all the, have all of the note holders been made aware of this proceeding?

MS. PATRICK: Yes, your Honor.

THE COURT: Because when I signed it, there was requirement for notification a lot of different ways, including newspapers throughout the world. So, I am just wondering, I think August 12th was the date I remember reading.

MS. PATRICK: The notice program ordered by the Court has been implemented by the Trustee. It continues. There are actions that will be taken, pursuant to that

notice period through and including August 12th, but my point is, absent certificate holders, the people who are not here in this courtroom, the only date they know about is August 30th. That's the only date they know about.

If the Court allows this vocal minority to commence discovery, without allowing those absent certificate holders, who have no notice of this request, to be heard, what will happen is it will invariably generate duplicative discovery, it will cause dis coordination and the dragoons of that approach can be solved by the simple remedy of simply allowing these intervenors to appear and say I need more information and that's my appearance and that's sufficient for purpose of the Order.

If the Court does that, then everyone who wants to be heard about what is in the common benefit of all certificate holders, can be before the Court, can participate in scheduling the discovery, and we can move this matter forward in an orderly and coordinated way.

If you don't do that, if you accept the invitation from the intervenors to allow them to jump ahead and pursue their own strategy, without regard to their individual agendas which may not serve the common benefit, on an expedited basis, which does not allow a full elucidation of those issues for the Court, we will rue the day, and this solution is elegant and simple. It prejudices the rights of

no one. It insures that everyone gets access to the discovery. A document depository is a fine idea. Coordinated discovery absolutely has to happen.

This is an enormous problem that has been solved in this settlement. Over 500 trusts, eight and a half billion dollars, massive servicing reforms, 100 percent document cure, all of that is at stake here, and it is at stake not just for the people in this courtroom, but for the 90 plus percent of certificate holders who have no notice that these intervenors are out there.

THE COURT: You keep calling them or have a few times called them the "vocal minority". What type of majority, percentage-wise, if you know?

MS. PATRICK: Less than seven percent of the outstanding certificates, all of them aggregated together. All 93 percent of the certificate holders are out there. Of that, our clients hold 48 billion, nearly 30 percent of the certificates and support the settlement.

THE COURT: Who are your clients?

MS. PATRICK: BlackRock, the New York Federal Pimco, Mr. Warner's clients.

THE COURT: All together, that's 40 percent?

MS. PATRICK: Yes. Scott a Scott, the firm that brings this Order to Show Cause, holds less than three tenths of one percent.

And so, what I am here doing is asking the Court both to vindicate its own Order, which sets, which told all certificate holders August 30th was the date to appear, and the contract which says all certificate holders have to be benefitted, all certificate holders have a right to be heard by saying we will not let anyone jump the gun, we will do this in an orderly way, in a way that allows everybody the opportunity to be heard.

THE COURT: So, are you going to be able to -- assuming I sign this modification that you have proposed, are you going to be able to get that out to everybody so they will know that if they want to object all they have to do is say I will want to object, and the reason is I don't have enough information?

MS. PATRICK: Absolutely, your Honor. The Order will be posted on the website. If the Court wants additional notices placed in newspapers or magazines around the world, we will be happy to do that. That's what's important here.

There are thousands of certificate holders who have a stake in this proceeding, long term certificate holders, and their rights are just as important as this vocal minority.

Thank you, your Honor.

MS. KASWAN: Your Honor, Beth Kaswan from Scott &

Scott.

If it please the Court, I would like to respond to a couple of the comments that were made, and also speak on behalf of our Order to Show Cause.

The reason why we move by Order to Show Cause and why, while we think the proposal that Ms. Patrick just put on the table is better than the existing Order to Show Cause, but is not quite enough, is that it requires people to decide whether or not they are going to not only object, but participate in this proceeding by August 30th and if they don't object, they are barred from being heard.

So, what has happened here is that the papers that have been filed, there is no complaint. All of the negotiations that had occurred were done in secret. The only matters that were filed and directed are the five reports that are so superficial, it's impossible to evaluate whether these claims come anywhere near approximating the proposed settlement.

But, for example, your Honor, and I brought with me an issuance from various, different pension funds, from this company Mortgage Insight, and what basically Mortgage Insight tells the various pension funds, is that we did not render a fairness opinion in this article as the transparency to do so is not available.

In other words, your Honor, people shouldn't be

forced to decide that they will not be heard on the settlement, without having some fundamental ability to --

THE COURT: I think everybody agrees that there has to be some more information out there.

What she is saying is, we agree. We have read everything you say. We agree we have to make some modifications of the original Order. Why don't we just say August 30th is the date by which people have to say I want to reserve, I want to preserve my right to oppose and file. Then, everybody is on notice and everybody can get together in the next week or two after that, meet and confer, make some discovery requests, which you have already started to do in your Order to Show Cause, and one that came in this morning, and they can coordinate the discovery and it can get going and we can have a conference.

I understand there is a November 17th date. I also understand that if I think that's too soon, I can move past it, but we don't really want this to take forever and ever.

It's important to remember that this petition was brought as an Article 77 petition, which I personally have hardly ever seen before, so I had to go into the C.P.L.R., which doesn't have too much about Article 77, and read it. That's what they did. That's the proceeding they brought.

It's not, it's not a Class Action. There aren't

provisions in there to opt out that you are talking about. That's not what this is. If you started it, maybe that's what you would have done, but they started it and that's what they did. I have to work, at least now, within the confines of the proceeding that is before me.

So, I think that there is some sense to do that and when everybody is on notice, then you can get discovery and if by November 17th that doesn't look like that's a reasonable date -- we don't get too much power over here -- but one thing I can say, let's do it the next month.

What's the big deal.

MS. KASWAN: What we had proposed, which I think is a compromise actually between Miss Patrick's position and also the position of certain other Intervenors, and that is, to have certain very limited amounts of discovery that could be produced quickly and inexpensively, that people who might be interested in knowing whether they want to participate could look at, and then first make the preliminary decision.

That, if your Honor will recall, when we moved for an Order to Show Cause we attempted to list very limited categories of information. It was 10 or 11 which basically just asked the Intervenors, the Trustee and Miss Patrick's group who, I might note, does not represent the Trustee. She is -- this is effectively a derivative case being run by Miss Patrick -- not a Trustee's action.

And, what we have asked for is just a small portion of the information she has had to negotiate this settlement. And, your Honor, we may have a small interest in terms of dollar amount compared to many of the people at this table, but we represent public pension funds and by and large, they don't own 25 percent of the offering, but all together, they own billions.

So, what you are talking about, you are talking about policemen's retirement funds, you are talking about firemen's retirement funds across the country, and these people should not be shut out because we are not a bank, because we are not Goldman Sachs --

THE COURT: I don't think anyone is suggesting that anybody's interest is less important. There are certain amounts and whatever -- I am not suggesting are not important. Nobody is suggesting that anybody should be shut out. That's not what we are trying to do here.

We are just trying to have some coordinated -- why isn't it possible to put a little bit more information onto that website? Apparently, everybody knows about this website.

Everybody in this who is interested in the settlement, this proceeding, what would be the down side of putting some more information, other than just these expert reports, because it's not like if you put them out once then

when new people come in again -- when you put them out once they are out.

What is the problem with trying to find a little bit more information that seems to be in everyone's interest, put it on the website sort of as an in between way, so they have a little bit more substance to look at to decide what they want to do?

MS. PATRICK: Your Honor, here is the primary issue with the request for early, piecemeal discovery by a handful of intervenors as opposed --

THE COURT: But, I am not -- I don't think if you put it on the website, it's not piecemeal. It may be some things they want, but it will be out there for everyone to see, so no one else will say Miss Patrick, could you put this on the website, because it's already on the website.

MS. PATRICK: Sure.

THE COURT: It's not like you sent something to a law firm and then send it to another law firm and then send it to somebody else.

MS. PATRICK: Here is an easy example of something we absolutely could put on the website, what I think should be put on the website.

Much of the kerfuffle in this case has concerned the question of the Trustee's purported indemnity.

THE COURT: Kerfuffle --

PROCEEDINGS

MS. PATRICK: I have come up here a lot. Did I do good?

THE COURT: You read an article.

MS. PATRICK: Much of the hoo-ha, as we would say in Texas about this, has to do with the allegation that the Trustee has somehow broadened its indemnity, breached his fiduciary duty, has obtained an indemnity against a breach of fiduciary duty and the like.

It's untrue, absolutely untrue.

I want to put this up because this is the kind of thing, your Honor, we have no difficulty putting up on the website. No difficulty putting this up on the website. You have seen a lot of argument about the nature of the Trustee's indemnity. Allegations that it has obtained an indemnity against a breach of its fiduciary duty, bad faith and negligence.

This is what actually -- this is the indemnity that existed in this contract that all investors bound themselves to follow, all right, Section 8.05 of the pooling and servicing agreement.

What does it say? "The Trustee shall not be indemnified for willful malfeasance, bad faith or negligence in the performance of any of the Trustee's duties." That's what that indemnity says. That is the indemnity that the Trustee obtained. It's the contract indemnity.

We can put this contract up on the website. We can put the side letter up on the website, as far as I am concerned, and the key point is, this is an indemnity by the Master Servicer, which was Countrywide Home Loan Service, whose parent company was Countrywide Financials, now Bank of America Home Loan Service, a wholly owned subsidiary of Bank of America.

There is nothing nefarious about this indemnity. This is certainly information that we could put on the website, but I will note, your Honor, that much of the Intervenors' requests, which is why I think it is enormously important to wait until all certificate holders have been heard from, much of the Intervenors' requests seek information from Bank of America that looks, for all the world, like discovery in aid of separate securities litigation.

This is, as the Court knows, an Article 77 proceeding. The relevant corpus of information is what the Trustee considered in informing itself before it entered into the settlement --

THE COURT: I will let you speak, but give her the courtesy please.

MS. PATRICK: -- before it entered into the settlement. That's what Article 77 says is relevant. The Trustee has put its affidavits up there.

But, here is the point, your Honor. There is nothing, if the Court adopts this stipulation that allows people to appear and say I need more information, then the Court can gather up the universe of requests for information, we can deal with that in an orderly fashion and put it up there.

THE COURT: I agree, to a large extent.

What I am trying to do is find a little bit of a place in the center here, where maybe there are some things that you could put up to make it a little bit easier for this group that's out there in making their determination.

I am not saying it should be a full blown, 25 page discovery request of all kinds of information, but maybe there are certain things that you can go back and say, you know, what some of this, why don't we put some of this up there. I am sure everyone will want this at some time.

What is the down side? I am trying to move it along a little bit at this point, because there is still another four weeks before everyone has to decide to object or not.

MS. PATRICK: Here is the key issue, from my perspective. I think this is something that the Court will have to grapple with, which is why I think it's important to have it in an orderly way.

In connection with our clients' involvement in this

transaction, in connection with our effort to find a solution that our clients would be willing to support publicly, to advocate for in this Court, we received a lot of material, non public information from Bank of America. It's information that is not disclosed by the Bank of America. It's highly confidential.

It has to do with the rates at which they repurchase mortgage loans, and the grounds on which they do it. We have an abundance of information about that.

It's understandable that Bank of America is highly sensitive to having that out there. Why? Because the private label repurchase issues, are not the only issues they face. They face claims by nonaligned insurers, security claims. They face claims by the Attorneys General.

So, when these folks come in and say oh, Judge, it's just little bits of discovery, can't they make it available? You should know we offered many of these Intervenors the opportunity to look at that data on the same basis that we looked at it. Namely, sign the same confidentiality agreement, use it solely for purposes of evaluating this settlement, and they refused.

So I don't -- while I recognize the temptation associated with well, it's a little bit, can't we give people a little bit more? There are rights of the Third-Party, Bank of America, who is no friend to my

clients. We are not here because we think Bank of America has done a fabulous job of servicing these loans. That's why we want to have a servicing remedy.

We don't think they have done a fabulous job of maintaining documents to collateral files. That's why we want the 100 percent loss indemnity.

We have gone after them for a year to get this deal done, but before the Court concludes it's just a little bit of data, a lot of this data belongs to a party that is not before the Court.

So, if you ask us to produce the data that we looked at, relied on, can't you make that available, I don't know what the Trustee looked at. They went through their entire, their process separately. We didn't see their expert affidavits until they posted them on the website.

So, the Trustee has done its own diligence here. And, I really believe that the way to do this, is to hold the date, let people appear and move it forward.

We want to move as rapidly as possible, but with material, non public information and things like that, it's difficult to just say well, throw it up there on the website.

MS. KASWAN: If I could just respond to your Honor's suggestion, because I think I do have a solution.

In fact, we have brought a proposed Order that

would permit your Honor to do it easily. That is, when we filed our Order to Show Cause, what we did is, we listed eleven categories of information that we thought would be a fundamental amount of information that would permit people to decide whether they want to participate in this proceeding.

It can actually be narrowed down to three categories and will address the key issues with respect to this settlement. The key issues to address in determining whether there is a good settlement, apart from conflicts of interest is, number one, how much are the losses on the loans, and how much, and from a percentage standpoint, how much is attributable to Countrywide's wrongdoing. Issue number one.

Issue number two is how much of that is collectible and that goes to whether or not Bank of America is on the hook for Countrywide's wrongdoing.

Then, the third issue is the allocation plan that basically tells the various, different certificate holders what they most want to know, which is well, how much am I actually going to get under this settlement.

Now, there are three very simple groups of documents that would permit certificate holders to get an idea of each of those issues.

The first is the second category on our initial

list of documents with the Order to Show Cause, which was simply all documents provided to the five experts. That's something that is produced easily, usually a disk gets sent over to the experts, and you always have to produce that in a lawsuit to the other side.

The second, and for example, that information would permit my expert to get an idea of what the losses are because he does this type of calculation all the time.

The second group of documents that would really be key is our category number six. What that is, is that there is another lawsuit going on in this Court in front of Judge Bransten, in which the key witnesses have already testified on the successor liability issue. Judge Bransten has already issued a decision saying that the pleading that BOA is liable as a successor is at least a question of fact. It can't be resolved.

THE COURT: That's a plenary action. That's not this kind of --

MS. KASWAN: That's right, your Honor, but what I am saying is that's very simple information that could be easily put on the website because the depositions are already taken and the exhibits are already -- that would take a couple of hours to produce that on to a website.

THE COURT: How do you know there is not confidentiality agreements that are signed in that case,

which there are in almost every case we have here?

MS. KASWAN: Your Honor, certainly one of the alternatives that your Honor may execute is that there are limited uses of the information that's deposited or, if there is particular sensitive information that there are limited uses.

The third, for example, the transaction documents. They are not even disclosed, the agreements by which Countrywide was sold to BOA. Nobody could begin to evaluate this settlement without looking at those agreements.

In other words, the agreements are the first place you would look to see whether or not BOA assumed the liabilities of Countrywide. They are not public and nobody could evaluate this settlement without the transaction agreements. That would be absolutely impossible. So, something like transaction agreements should clearly be on the website.

Then, the third thing that I mention is the allocation plan, and simply we want the information to know what are they going to do in terms of allocating the money when they came up with this plan.

There is a two page statement by an expert as to what he might do, but these types of settlement and your Honor, I know this is a different process in this Court, but

this case is releasing hundreds of claims, hundreds of billions of dollars of losses, and it's not just a trust action. It is, in effect, releasing claims in the nature of contract actions, class actions and derivative claims.

This release goes far beyond simply the Trustee is asking for permission to do what he should do in the ordinary course. This is an entirely different animal and people may lose billions of dollars, without having any idea of what the merits of the claim are.

THE COURT: I think we have kind of made it clear you are going to get discovery.

Are you Mr. Grais?

MR. GRAIS: I am, your Honor.

THE COURT: You seem to be anxious to say something.

MR. GRAIS: I am, your Honor.

I am here on behalf of the Federal Home Loan Banks of San Francisco and Seattle. I believe I have authority to speak for my colleagues, who are representing the other four Federal Banks. I also represent the Walnut entities and three other families of Intervenors.

Our clients hold ten billion dollars of these bonds, which is well over 99 percent of the bonds held by all --

THE COURT: Take the microphone.

PROCEEDINGS

MR. GRAIS: Your Honor, I think that the fallacy of Ms. Patrick's suggestion is that it combines two different concepts, both of which are very valuable.

One is an ordering of the discovery process, although actually counsel and the Court are perfectly capable of keeping order in the discovery process. But, if what that Trustee was proposing was a cut off by which time the investors had to notify them of their intention to participate in the discovery process, I don't think they have, would have an objection.

But, that would be a practical way of insuring that there is no duplication of discovery, which Ms. Patrick, I think, correctly emphasized.

But, there is a second goal here, your Honor, which I think is even more important to the Court. That is, the goal that before investors are called upon to make a decision whether to object, and recall that the notice the Trustee is sending out is very draconian, it tells investors they must not only object by the end of this month, they must also file a statement.

THE COURT: We understand. We are past that now because they agreed that has got to be modified. They submitted an Order that says that should we modified. We are past that. That was two days ago, and now today, we are not there any more.

PROCEEDINGS

MR. GRAIS: Your Honor, they are still proposing that if people don't object by the end of August, they will be foreclosed from objecting.

Our proposal, having now heard Ms. Patrick's suggestion, is that if people don't notify the Court by the end of August that they want to participate in the discovery process, that by all means they should be precluded from the discovery process.

THE COURT: Instead of saying they should object, you are saying if they notify the Court of their intention to participate in the discovery by August 30th, you can live with that?

MR. GRAIS: Indeed, I think the Court should too, your Honor, because all the dangers of discovery in the discovery process are resolved and the Trustee's concern for order and having to trouble the Court with unnecessary duplication of discovery, all that is solved. Yet, it does not interfere with the more important goal of providing investors with complete, and at least reasonably balanced information about the settlement.

Let me just give you a couple of examples, your Honor. On the website are the five expert reports. One of them says that 8.5 billion dollars is a reasonable settlement. We took that report to the same statistician who Justice Bransten has recognized as a well qualified

expert statistician in mortgages, and we asked him to look at the numbers that expert used, and compare them to numbers that are valid in his own experience. His estimate is 112 billion dollars. So, perhaps his report should go on there as well.

But, why should an investor be required to decide whether he objects or not, when there is not only a smattering, but a one sided smattering of information on that website?

Moreover, your Honor, I think, although I think Miss Patrick's comments about indemnity and the like are somewhat beyond the issues of the Court, I think the Court should appreciate, as no one has pointed out to you yet, just how far the Trustee has gone to sacrifice the interests of the investors.

When the Trustee came to your Honor ex parte, there were a lot of things that the Trustee did not tell the Court. They did not tell the Court that there was actually an adverse party to this proceeding. It was the Walnut Place entities that had already filed an action pending before your Honor, the express purpose of which was to stop the settlement which was to extinguish their claims.

In candor, they should have pointed out to the Court there was an adverse party, and had our clients been notified, I could have said to the Court then what I am only

able to say now.

Another thing the Trustee did not point out to the your Honor that the Court should be keeping in mind, the Trustee does not actual consider itself to be a Trustee in the sense of which your Honor understands it.

May I hand something up to your Honor's Clerk?

THE COURT: First you have to show -- what are you handing up to me?

MR. GRAIS: Of course. It's an article in Bloomberg.

THE COURT: Do you have any problems taking a look at that?

MR. INGBER: No, your Honor.

(Handed)

MR. GRAIS: Your Honor, reading the Trustee papers that had been submitted to your Honor, one would get the impression this Trustee thinks it's a Trustee, like all of us understand a Trustee to be. If, for example, it refers to investors, trust beneficiaries and it says that it is exercising independent, good faith, judgement, and it says and I quote, the Court should defer to the Trustee's judgement." But, at the same time that it's telling that to the Court, the Bank of America Mellon is telling quite something else to the public.

For example, the first thing that I handed up is

an article about Ms. Patrick and her correspondence to the Bank of New York about their failure to handle delinquent mortgages. If your Honor will look to the highlighted passage on the fourth page, you will see in the second --

THE COURT: Did you give her a copy of this?

MR. GRAIS: I just did.

You will see, and I will tie this all together in a moment, that when Bank of New York says to Miss Patrick we play no role in managing individual loans other than the trust that is Countrywide's responsibility. In their annual report for last year, your Honor, which was published early this year in the midst of these negotiations, what they told the public, on page 25, was that their duties as a Trustee are limited to clerical duties, to receiving money and making sure it's paid correctly to the proper certificate holders.

So, when your Honor considers proposals put forward by the Trustee, I would ask the Court to receive them with a fair measure of skepticism, because this is not a Trustee that thinks of itself as a Trustee.

THE COURT: Aren't you going a little bit -- now you are explaining to me why you don't like the Trustee and why you are objecting, but I am not there yet.

I understand they came in with an Order to Show Cause in the proceedings. They were Petitioners and I

signed it and whatever. Now you are all participating and we are not preventing anyone from intervening or participating without intervening.

MR. GRAIS: Indeed, the Trustee tried, until the Attorney General and others objected.

So, here is the punch line, your Honor -- I understand the hour is late. The goal that Ms. Patrick would like the Court to serve, which we completely endorse, a good Order and discovery is well met by an Order that says either you announce your interest in participating in discovery by the end of August or you are bystander. No problem.

But, that does not answer the question whether certificate holders who were not here should be required to make their decision whether to object or not, until they have the information that is gotten from you, from discovery and made available to them, subject to necessary confidentiality provisions, but the idea that investors should have to decide yeah or nay on the basis of five so-called expert reports on that website, is not something --

THE COURT: I agree. The thing is, we could change that to say if they know, that note holders would have to indicate their intention to participate in discovery or reserve their right to object by August 30th. So then,

if anybody has even a thought that maybe they are not too happy about that, they are in, and then we have the universe of note holders, and then on August 31st, I will be on vacation but you can sit down and you can start working on it. When I come back, you will tell me what we should do and go ahead with discovery.

MR. GRAIS: There is no purpose to be adding "reserve their right to object". I think every certificate holder should be deemed to reserve its right to object until it has more information. That adds nothing to the protection of the Court processes.

All the Court needs to protect its processes, if they are not signed up to participate in discovery by the end of the month, you are a bystander. Later, the Court will determine by when you have to object. There is nothing in the Court's interest to require people to reserve until they have semblance --

THE COURT: Why?

MR. GRAIS: Because you are asking them to do so when they have not been notified of the reasons why they might want to.

THE COURT: If I was in that position and they said do you want to object and I said well, I want to reserve my rights -- insurance companies do all the time. I reserve my right to disclaim for any reason under the sun, so at least

they are in there. We know there is a reservation of rights.

MR. GRAIS: Your Honor, considering the plight of the investor who is trying to decide what to do, looks up the website and sees nothing but expert reports, information extolling the expert reports.

Why, on the other hand, if the --

THE COURT: If they read anything that, anything in the past few weeks, I can see why they want might want to get in touch with someone who might want to do --

MR. GRAIS: They are all over the world. I don't think we can assume investors all over the world read the New York Times. I think the Court's purposes would be well served by having people state by the end of month whether they want to participate in discovery, and leave the rest after that. Miss Patrick's way of discovery will be --

MR. INGBER: Good afternoon, ma'am. Matthew Ingber. I represent the Trustee of the Bank of New York. I am here with Mr. McGuire and Mr. Gonzalez.

I want to give you the Trustee's perspective. We heard from the intervenor Petitioners, we have heard from the Proposed Intervenor Respondents, but I would like to briefly, mindful it's Friday afternoon in the summer, let me give you briefly, the Trustee's perspective.

THE COURT: We work hard here in Supreme Court.

PROCEEDINGS

MR. INGBER: First of all, the Trustee filed this Article 77 proceeding, in part, because we wanted to give objectors and supporters an opportunity to be heard, and to be heard in a meaningful way.

The Trustee is not looking to thwart discovery. The Trustee has never said no to putting a discovery schedule in place. But, we want to make sure that discovery proceeds at the right time and in the right way.

The question, as your Honor has noted and Ms. Patrick noted, is not whether there should be discovery, but when there should be discovery.

In thinking about the right way of going forward, the Trustee has tried to take into account the interests of all certificate holders. We tried to take into account the interests of Mr. Grais' clients, tried to take into account the interests of Ms. Kaswan's clients, tried to take into account the 22 Institutional Investors, who support this settlement, and tried to take into account the certificate holders who aren't sitting in this courtroom today, who may not have received notice of this settlement yet because we haven't reached the August 12th deadline, who may have decided that they are going to sit on the sidelines or may have decided they will object on August 30th because they think that there is enough information in the public domain.

In fact, there are the expert reports, there is

the petition, the very detailed petition that the Trustee filed. There is the settlement agreement. There is the attachments to the settlement agreement, which include the side letter regarding the indemnity Miss Patrick referred to. There are all of the contracts, all of the PSAs that were referred to that govern the trust at issue. These are all in the public domain. They are all on the website.

All of the objections that Mr. Grais and Ms. Kaswan have filed that we have of their clients, as soon as they hit the docket, we put them on the website. This is a website that the Trustee created and maintained for purposes of, for the purpose of giving notice to every interested party about what's going on in this proceeding.

There is an abundance of information out there that would allow objectors to make a decision about whether they should file a one page document that says we intend to object and we need more information.

So, in trying to take into account the interests of all certificate holders, we came up with a solution that we believe, in our judgement, is a very elegant solution. Ms. Patrick has walked you through the stipulation. I will hand it up to your Honor.

THE COURT: Have I got that? It was the one I got yesterday twice.

MR. INGBER: They are concerned about not having

enough information. We said in the stipulation you can say you don't have enough information and that is your objection.

They are concerned that there is not an opportunity to supplement their objections. We said by just saying there that you intend to object, and that you need more information, you are preserving your right to supplement your objections.

They said that there isn't a discovery schedule in place. So, we tried to address their concern, and what we said was, let's just take a deep breath. Let's wait until August 30th. Let's wait until we see who comes forward and says they intend to object. Let's get everybody in a room and let's sit down and have a conversation, like litigants do all the time, about what discovery should look like, what should be the scope of discovery.

Our view is the scope of discovery should be consistent with the standard of review that applies in this case. The standard of review is whether the Trustee acted, in exercising its judgement, acted in good faith and within the bounds of reasonableness.

Discovery should be focused on that issue. We should talk about the timing of discovery, how long will discovery take, when should document requests be served, and should they be served in a consolidated or coordinated

fashion. When should our responses to these requests be served? How do we deal with non-parties?

Miss Kaswan talked about getting discovery about other lawsuits. We don't have those documents. Those documents would belong to non-parties. So, it's not as easy as Ms. Kaswan suggests to say okay, we are going to post on this public website, documents that may well be confidential, but documents that aren't in the possession, as far as I know, of any of the parties sitting in this room.

We can have a discussion the week after August 30th about what we do if there is discovery disputes, and how we come to your Honor to resolve those disputes when we file motions, if necessary.

But, what we need to do is to start that process with everyone at the table. Everybody who says we are interested in participating in the process, we have an intention to object, they may well not object down the road, but they may decide after some discovery they want to. We don't think they will. We think this is a settlement in the best interests of all the trusts.

But, give them that opportunity to be at the table and let us know, and let us know for case management purposes, who is in the game, who wants to a sit at the table for this proceeding.

The only way to do that is to wait until August 30th, and to figure out who it is that files a notice of intention to object, and let them participate in the process if that's what they would like to. As Trustee, as I said, we tried to account for the interests of all of these certificate holders, and that, we think, is the most elegant way to do so.

There is no need right now, in the next few weeks, to populate a publicly accessible website with documents that may well be extraordinarily confidential.

As a practical matter, it's going to be very difficult to decide what those documents should be. I think we disagree that those are the documents that obviously should be produced, the one that Ms. Kaswan identifies, so there is going to have to be a discussion about that. We should do that when everybody, when everyone is at the table and in the context of a discussion about what the overall scope of discovery should be.

We ask, on behalf of the Trustee, that your Honor enter an Order along the lines of a stipulation that we presented last week to the Intervenor Respondents, and that was submitted to your Honor for consideration.

Thank you.

THE COURT: How are you going to make this Order available?

PROCEEDINGS

MR. INGBER: As soon as it's entered, we will post it to the website, as we have every other document that's been filed in this case. As soon as it hits, the document goes on the website. As soon as Orders are issued by your Honor, it goes to the website. That's the purpose of having this website and, in fact, in the notice that went out in 17 different publications across the world, the notice through the depository trust company, the banner advertisements that we have placed on various websites, there is a link to the CWRNBS settlement website.

If you go to a Bank of New York investor reporting website, there is a link to website. There is no secret that there is websites that contain all the information and the notice itself was published in full page ads in newspapers around the world, said these filings, anything filed in this Article 77 proceeding will be made available on that website.

MS. PATRICK: Your Honor, so, your Honor --

THE COURT: You are?

MR. GOTTO: Gary Gotto. I represent Federal Home Loan Banks of Chicago --

THE COURT: Are you a Proposed Intervenor?

MR. GOTTO: Yes, your Honor.

Your Honor, I just want to comment very briefly that we do support Mr. Grais' suggestion, and I think it's a

reasonable one, that the modifications in the existing Order should be parties, in order to participate in the process, must give notice of their intention to do so by the end of August.

I think it's very important, your Honor, that we not add to that this concept that a party must reserve its rights or somehow or another, give some indication of intention to object by that point, in order to, in fact --

THE COURT: They have all been told August 30th is the date they have to object by. If it's modified to say one of the -- you no longer have to give a detailed statement, you just have to say you want to object and one of the reasons you want to object is because you don't have enough information, what's the difference? It's all the same thing.

MR. GOTTO: It makes no sense. If no one out there has enough information, why in the world are we saying to people if you realize you don't have enough information, you will be able to object. If you haven't realized that, it becomes a completely meaningless action requiring people to take. We don't know they don't have enough information. They should be deemed to know. We all know that to be the case.

That's why the fair thing and appropriate thing is simply to require them to state their intention to

participate in the discovery process.

The other potential hindrance we may create, your Honor, is that there is a suggestion to the people that in order to object they must participate in the discovery process, and that would not be fair either. There is no reason a party needs to go through the discovery process in order to object.

What they are entitled to is fair, balanced and reasonably complete information at the time when they make their decision, whether or not they object to the settlement and no one has and no one will have it by August 30th.

MS. KASWAN: Your Honor, if I can just cut to the chase on this? Is that the 8.5 billion, in all of the disclosures that Ms. Patrick pointed to, nowhere does it say how much the losses are.

So, somebody making the decision as to whether or not 8.5 billion is enough, doesn't know if 8.5 billion represents two percent of the losses or 80 percent of the losses, and there is not enough detail, data in the expert reports, even if I want to go to my expert and say, is this a two percent settlement or an 85 percent settlement, you don't know, because you don't have the estimate of the total losses. It's really that type of critical information that has not been disclosed.

Your Honor, if I could perhaps just get back to

your Honor's initial inquiry as to whether or not there is some way to frame this to get some easily produced information that people can make an informed decision as to whether they want to be here or not? If I could just distribute this and hand one up.

I think I do know how to do it.

THE COURT: I am sure you think you know how to do it. She thinks she knows how to do. But, if you want to give me a copy of that, if you have given one to everyone else?

MS. KASWAN: Yes, your Honor.

(Handed)

MS. KASWAN: Your Honor, what I will propose is that we incorporate what the Trustee and Ms. Patrick suggested, which is to change the language in the Order to Show Cause along the lines that they suggested, perhaps not make the date August 30th, because people are on vacation, all right, and giving them a week or two in August to find out about this proceeding and object and look at documents really is not fair.

And then, if you look at the list of 10 or 11 items that I have put, and offered up to your Honor, you just attach to this Order however many of those items you, the Court feels would be appropriate to have as a preliminary fund of information. For the couple of items I suggested to

your Honor, would permit an expert to get some sense of how much the losses are. It would also, if you had the transaction documents, then the lawyers could determine whether or not it's likely, under these agreements, that Bank of America would be held liable.

If we just had some of the information behind the allocation plan, then people would have some idea of whether or not they go out, hire a lawyer and have them appear in this proceeding. But, to tell people you are going to get notice August 12th, when people are likely on vacation between August 12th and August 30th, and if you don't show up, and if you didn't figure this out, you are barred from being heard in this Court, that really is not appropriate.

Your Honor, I would note that Mr. Ingber made a big point that the reason why he gave notice to everybody was to be fair and give people an opportunity, opportunities to object. That's not why there is notice.

There is notice because if he didn't give notice, he couldn't get the type of release he is handing up to the Court. In other words, if there were no release -- if there was no notice, all of the different certificate holders couldn't be bound to a release, would be a violation of due process. So that is why you have this notice process that we have here. It's not to be fair. It's to preclude people's rights.

PROCEEDINGS

MS. PATRICK: Your Honor, it is, at the end of the day, the intent of the Article 77 proceeding to confirm a final judgement of proving the settlement if what our clients have in mind or what the Trustee has sought occurs.

What we have devolved down to is a juridical argument that has real teeth. It's a juridical argument where Mr. Grais' people don't have to object, they should just say they want to participate in discovery. There is no consequence to that? There is real consequence to that.

We have cited to the Court the authority that says the Court should consider the size of the holdings of the objectors and what they indicate about the silent majority's desire for this settlement to proceed. There is real consequence to the requirement that people object.

Now, we are not doing anything other than saying a sufficient objection is saying I need more information, but you need to show up. If this is so all fired important to these people, if this is so critically significant to them and their losses and their investment, they have had 60 days worth of notice that they should appear on August 30th and let the Court know their views.

What you are now going to say if you sign this stipulation is, it's sufficient for you to show up and say I am objecting because I need more information. But, the Court needs to know that, because otherwise, you don't know

who is on the side lines. You don't know the universe of what's before you. You can't weigh the gravity of the objections that have been filed, as opposed to the 93 percent of certificate holders who are here, either not opposing the settlement because they haven't shown up yet or supporting it with their nearly 50 billion dollars worth of bonds. So, the object portion of the Order matters.

People have had adequate notice. Everything you heard today, everything you heard today, devolves down to we think the Trustee should have made a different deal. If we think the Trustee should have made a different deal rises to the level of a breach of the Trustee's obligations under the indenture, then you will deny approval of the Article 77 proceeding, and there will be discovery about that.

We are not talking about whether there is going to be discovery. We are not talking about whether people will be able to test the Trustee's bona fides entering into the settlement.

What we are talking about, does the Court get to know who is here, who objects and set an orderly schedule. We believe the stipulation does that. And, the stipulation, without a requirement of objection, just does not do that, because it leaves unknown to the Court who objects and we need to know that.

MR. GRAIS: May I respond very briefly --

PROCEEDINGS

THE COURT: Very briefly.

MR. GRAIS: First, to Mr. Ingber's point, we think the standard of review here is plenary, because the Trustee is entitled to no deference for its decision because it has conflicts of interests and it is disclaimed in the future.

So, I know that issue will come up on the scope of discovery, but I would like to note it.

Secondly, your Honor, I think I disagree with Ms. Patrick that anything can be inferred about the silent certificate holders. The 22 Institutional Investors, for the reasons we argued, your Honor, all labor under intense conflicts of interest. This is money managers -- this is not their money. They are money managers whose fate is tied to favorable treatment of the Bank of America.

So, the fact that 22 conflicted money managers are in favor of the settlement, says nothing about the silent majority. There is no more reason to infer they are for it or against it. All the Court knows, they are silent.

Lastly, whatever the Court does, I think everyone would agree that it's in the interest of certificate holders around the world to have more information, rather than less. So, if your Honor, particularly, if your Honor does require people actually to note their intention to object rather than participate in discovery by the end of August, we think the certificate holders and Intervenor Respondents should

have the ability to post items on that website as well, and not only the proponents of the settlement.

For example, Dr. Kallen (ph), Justice Bransten's expert, has furnished a report saying a fair number is 112 billion dollars. Why shouldn't the investors have that in making a decision?

MS. PATRICK: Your Honor, last, last, last point here.

It is not conventional, in most cases, to throw canards around in a courtroom about people's conflicts of interest and to accuse 22 of the largest and most reputable financial institutions in the world of selling out their clients to help Bank of America.

We have made the point in our papers, that when our clients get public notice of these claims, Bank of America's stock price tanked and it has never recovered. We have worked for a year to get, what is undoubtedly the second largest settlement in history, in any case, anywhere.

Now, Mr. Grais is disappointed he wasn't the person that did that. I get it. But, that is not an excuse for making allegations and stating falsely that our clients did this for their own benefit. This money is not going to them. It's going to their clients.

Now, I don't know how that works out to a conflict of interest when you put yourself out there publicly for

your clients saying your name, as opposed to hiding behind an anonymous LLC. I don't know how that works out to be a conflict of interest. I consider the source of that. I presume other people do too.

The issue is that this settlement is here on an Article 77 proceeding. If people care about their investment, and they don't like this settlement, it is not too much for the Court to say you have had 60-day's notice, show up and tell me you don't like it, object. Say you need more discovery and I will deal with you.

But, if you don't show up on the date I told you to show up, then I am not going to hear from you because presumably you care about your money as much as the 22 investors that have shown up and as much as this minority of shareholders.

THE COURT: Thank you.

Does the Attorney General have anything to say?

MR. ALTER: Yes.

THE COURT: Your motion is not even returnable for weeks.

MR. ALTER: I understand. At this point, I don't have anything to add to the arguments that we have heard.

THE COURT: All right. What about the other District Attorney General?

MR. McCONNEL: Nothing on this matter.

PROCEEDINGS

I just would like to make the Court aware, we have every intention to file a motion at the earliest opportunity on Monday. My apologies for not getting it in.

THE COURT: You might talk to the other people and you might be able to do it by stipulation. Because so far, there has not been any opposition. That's why I have a motion, an Order that's stipulated to on five motions.

I don't think they are trying to stop people, at this point, from intervening, because they are not opposing the motion. So, instead of making so many motions, you might want to see if you can get some kind of stipulation. That was, that had been my suggestion.

Every time you new people come in, there is a new caption. It just has to be a little bit more organized. If you would try to keep in touch with everybody, maybe you could get some of the things that aren't opposed done in a more streamlined manner. That's my suggestion.

MR. McCONNEL: Understood, your Honor.

THE COURT: I will look at the various different Corders that people have submitted, and I will sign something and we will e-file it. You will get it e-filed and you can post it on the website.

If you want, we can look at a date in September to come back, because I think sometime in September we will want to come back. I am sure it won't --

PROCEEDINGS

MS. PATRICK: What we had proposed --

THE COURT: Might be difficult for some of you. There is nothing I can do about that.

MS. PATRICK: What we proposed when we tried to work this out before we got here, everybody who had appeared and objected would be directed, in the Court's Order to meet and confer at a mutually agreeable date during the week of September 5th, because our clients are eager to move that forward, and on the basis of that meet and confer, the parties would appear the following week in September, the week of September 12th, to advise the Court of any disagreements with the schedule and off we go.

MR. GRAIS: That is fine with us, your Honor.

MR. INGBER: Fine with the Trustee, your Honor.

MS. PATRICK: We will do that at the Court's discretion, your Honor, but that seemed to us once we had everybody at the table, we ought to just get moving.

THE COURT: I will probably, I will try to do it at the end of that week if I can and I will just move something else around.

MR. INGBER: The following week is fine. My hope and expectation is that we could reach resolution on all of the issues. It may take more than one meet and confer. May take two or three, but we don't want to come to the Court until we really know how we will proceed.

PROCEEDINGS

THE COURT: It would be good if you could try to work out some of this on your own, so when you come in here we can do some of the other issues.

So, I think that to the extent there could be a little bit of open lines of communication, that would be helpful.

Anything else?

MS. PATRICK: No, your Honor.

MR. INGBER: Not from the Trustee.

THE COURT: Thank you for coming in. We will sign an Order. Honestly, I don't think I actually have to sign the Orders to Show Cause and make them returnable.

This was really a hearing on both your motions, your Order to Show Cause from last week, and your Order to Show Cause that you brought in this morning that is for the same relief.

So, this is really a hearing, and the decision will be -- it's granted to the extent of modifying the Order as indicated herein, and we will e-file it.

MS. KASWAN: Yes, your Honor.

MS. PATRICK: Thank you, your Honor.

MR. GRAIS: Would the Court like to us to submit a new Order, including the Delaware intervention so your Honor has --

THE COURT: You mean to allow him, rather than me

signing the one I have and --

MS. PATRICK: We need to see the intervention before we --

THE COURT: Let me understand. I am not saying today. I will not submit an Order today. But, I am saying that maybe what I ought to do is hold off on signing the Order, the five motions that everyone stipulated to, and maybe you won't have a problem with him coming in, instead of changing the decision all the time.

If you don't get it done by the end of next week, let me know. Maybe I should go ahead and sign this one. I can always sign another one afterward. It seemed very piecemeal. Every day the case would have a new name. That didn't make much sense. All right.

Thank you all for coming in.

XXX

THE FOREGOING IS CERTIFIED TO BE A TRUE AND ACCURATE TRANSCRIPTION OF THE ORIGINAL STENOGRAPHIC NOTES.

NINA J. KOSS, C.S.R., C.M.
OFFICIAL COURT REPORTER

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E

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Y

EXHIBIT I

FT.com FINANCIAL TIMES MERGERMARKET

Legacy Countrywide mortgage investors rally against potential settlement with Bank of America

Print

By Allison Pyburn, Edited by Adelene Lee

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A growing faction of mortgage bond investors are rallying to fight a potential "sweetheart" deal between Bank of America and a handful of friendly funds related to Countrywide Financial's mortgage buyback saga, Debtwire reports.

The investors fear talks led by some of the nation's largest fund managers, including PIMCO and BlackRock, along with Freddie Mac and the New York Federal Reserve, could bind them to pennies-on-the-dollar payouts even though contractually Countrywide's owner is required to repurchase all flawed mortgages at par, said two sources involved in the negotiations. A deal could materialise in as little as 30 days, they said.

Investors looking to be refunded for loans that don't meet the criteria they were promised accuse the bank of selling them Pintos instead of Ferraris. In Countrywide deals, the number of mortgages that differ substantially from their descriptions is estimated between 40%-45% to as high as 70% of the balance, according to one of the sources involved and a source familiar with the lender's collateral.

Attempts to reach a side-deal with BofA reflect underlying fears the US retail and investment bank could be forced to re-absorb billions of the non-conforming loans at par to settle a mounting chorus of buyback challenges, the sources said.

The US government extended the bank a multi-billion dollar lifeline in 2008 as it tee-tolled from heavy losses at Merrill Lynch. Countrywide was taken over in a USD 4.1bn stock deal in 2008, making BofA the largest US mortgage lender. Shortly after, BofA infused Countrywide with billions as it struggled against mortgage losses, securities investor lawsuits and the largest predatory lending settlement in the nation's history.

An agreement struck between the big boys could bind all non-agency mortgage backed securities issued by Countrywide, BofA and potentially Merrill Lynch, should trustees for the deals participate, said David Grais, a partner in New York law firm Grais & Ellsworth, which represented Greenwich Financial in a buyback case against Countrywide in 2007. Such a deal would likely prevent mortgage bond investors from pursuing a higher payout in the future, Grais said. Between 2004 and 2007 Merrill Lynch and Countrywide issued at least 491 deals totaling USD 414bn.

The agreement would mirror the USD 3bn deal BofA arranged with Freddie and Fannie Mae in January. Opponents say it would allow poor servicing practices to continue and hamper investor confidence in the mortgage bond market at a time when government lending is beginning to contract.

'Double agents'

All of the mortgage bond investors, including PIMCO and BlackRock, initially banded together to pursue full reimbursements for bad mortgages sold into the Countrywide mortgage deals they bought, the second source involved said. The investors compiled evidence that Countrywide was granting first lien mortgage modifications to consumers, but denying them a second lien modification when BofA stood to take a loss from the work-out, the source said. The first mortgages Countrywide services were already sold to RMBS investors, but BofA holds more than USD 100bn in second lien mortgages on its balance sheet and it would be forced to write them down following a modification, the sources said. The investors found evidence of the so-called servicer self-dealing in 200 RMBS deals holding USD 200bn in mortgages, the sources said.

The evidence would have armed bond investors with the arsenal to declare BofA in default of its Countrywide servicing contracts, stripping it of its servicing rights, while revealing information that would have resulted in untold amounts of repurchase requests, the source said. BlackRock and PIMCO, however, switched course.

The BlackRock and PIMCO-led faction turned to Kathy Patrick, a partner in Houston, Texas-based law firm Gibbs and Bruns, and employed several tactics to recover their losses – but balked at using the evidence, according to the source.

The funds eventually sent Countrywide a non-compliance notice on 18 October, demanding it cure a number of

servicing breaches, but did not provide specific evidence, according to a copy of the letter obtained by Debtwire. The funds agreed to extend the 60-day cure window twice, most recently on 2 February, according to Patrick.

In order to prove a servicer has breached its contractual duties, specific evidence is required at the onset because it becomes challenging to obtain it during litigation. Once a servicer defaults, the trustee is obligated to pursue a replacement servicer and/or potential representation and warranty breaches under the "prudent person" clause of the US Trustee Act.

Because it declined to use the allegedly damming evidence, the PIMCO group's attempts to negotiate with BofA has been labeled as "unleashing a dog with no teeth"- - partly to fulfill their fiduciary duties to their own investors while also ensuring BofA's financial strength, the two sources, a third with knowledge of the situation and a lawyer following the dispute said.

The letter dispatched by Patrick was signed by BlackRock, Freddie, Kore Advisors, the New York Fed (on behalf of the Maiden Lane funds), Metropolitan Life Insurance Company, Neuberger Berman Europe, PIMCO and Western Asset Management Company.

BlackRock holds an estimated USD 3.4bn of BofA equity, and BlackRock, PIMCO and fellow signatory Western Asset Management Co. maintain significant government ties through the Public-Private Investment Program (PPIP) funds they run.

Patrick denies allegations that the firms' pursuit was for show. "I don't know how anybody could look at the list of institutions that has previously been published ... and conclude that they were pursuing discussions in anything other than a good faith effort," she said.

Bank of America spokesperson Jerry Dubrowski said the bank is still in talks with the investor group. Representatives from Bank of New York and BlackRock declined to comment. A PIMCO representative did not return a request for comment.

Majority rule

The original bond investor group, organized through the Dallas, Texas-based RMBS Investors Clearing House, now encompasses a number of anonymous investors with holdings amounting to one-third of the USD 1.5 trillion RMBS market – including foreign banks representing USD 100bn in RMBS, said Greenwich Financial CEO Bill Frey, who belongs to the Clearing House and opposes the settlement.

Winning the conflict depends on which group can accumulate like-minded investors fast enough. When it comes to exercising contractual rights to oppose servicing practices or put back a bad mortgage to the originator, at least 25% of investors of a given mortgage pool must approve.

The faction led by PIMCO and BlackRock purport to have at least that much standing in USD 47bn of Countrywide mortgage bonds. The opposition, meanwhile, is gaining momentum by soliciting more foreign banks to join the movement, Frey said.

The settlement could be used as a roadmap for resolving similar buyback and servicing challenges pending against the nation's largest banks, the sources said.

Georgetown University professor Adam Levitin suggested US banks should come to a global settlement on mortgage issues in November testimony to Congress. This would involve restructuring bank balance sheets, special servicing and perfecting titles on securitized properties.

Last week, BofA announced it would separate its legacy asset servicing from the rest of its operations. Similarly, JPMorgan Chase, embroiled in buyback law suits involving its EMC and WaMu portfolios, recently told employees that its Chief Administrative Officer Frank Bisignano would be overseeing its servicing unit, according to an internal memo. "If they have a separate unit, they can put some money in it and hopefully get a court to say 'this is all fair and good,'" the first source said.

EXHIBIT J

GIBBS & BRUNS LLP ISSUES STATEMENT

Countrywide RMBS Initiative
01.28.2011

Houston, January 28, 2011 – Counsel for BAC Home Loans Servicing, LP and Gibbs & Bruns LLP on behalf of certain investors including those who signed the previously-reported October 18, 2010 letter with respect to private label residential mortgage-backed securitizations, as well as counsel for The Bank of New York Mellon, as trustee, have agreed to renew their extension of any time periods commenced by the October 18 letter. The agreement covers all of the securitizations listed on the attached Exhibit A. The claims and defenses of all parties are preserved.

Contact
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Exhibit A

CWALT 2004-14T2	CWALT 2005-24	CWALT 2006-OC8	CWALT 2007-HY5R	CWHL 2005-30	CWHL 2007-HYB2	CWL 2005-9	CWL 2006-9
CWALT 2004-29CB	CWALT 2005-32T1	CWALT 2006-14CB	CWALT 2007-J2	CWHL 2005-9	CWHL 2007-J1	CWL 2005-AB2	CWL 2006-BC2
CWALT 2004-35T2	CWALT 2005-35CB	CWALT 2006-20CB	CWALT 2007-17CB	CWHL 2005-HYB3	CWHL 2007-J3	CWL 2005-AB3	CWL 2006-BC3
CWALT 2004-J6	CWALT 2005-36	CWALT 2006-41CB	CWALT 2007-23CB	CWHL 2005-HYB9	CWHL 2007-12	CWL 2005-AB4	CWL 2006-BC4
CWALT 2004-32CB	CWALT 2005-44	CWALT 2006-HY12	CWALT 2007-OA7	CWHL 2005-R3	CWHL 2007-16	CWL 2005-BC5	CWL 2006-BC5
CWALT 2004-	CWALT 2005-	CWALT	CWALT 2008-	CWHL 2006-	CWHL 2008-	CWL 2005-	CWL

6CB	45	2006-OA11	2R	14	3R	IM1	2006-SD1
CWALT 2004-J1	CWALT 2005-56	CWALT 2006-OA16	CWHL 2004-13	CWHL 2006-15	CWL 2004-SD1	CWL 2006-S9	CWL 2006-SD3
CWALT 2005-16	CWALT 2005-57CB	CWALT 2006-OA17	CWHL 2004-HYB2	CWHL 2006-20	CWL 2004-SD2	CWL 2006-10	CWL 2006-SD4
CWALT 2005-19CB	CWALT 2005-64CB	CWALT 2006-OA6	CWHL 2004-HYB5	CWHL 2006-3	CWL 2004-SD3	CWL 2006-12	CWL 2006-SPS2
CWALT 2005-48T1	CWALT 2005-72	CWALT 2006-OA9	CWHL 2004-HYB6	CWHL 2006-HYB1	CWL 2004-SD4	CWL 2006-15	CWL 2007-10
CWALT 2005-53T2	CWALT 2005-73CB	CWALT 2006-OC10	CWHL 2004-22	CWHL 2006-J4	CWL 2005-12	CWL 2006-16	CWL 2007-4
CWALT 2005-59	CWALT 2005-74T1	CWALT 2006-OC2	CWHL 2004-25	CWHL 2006-OA4	CWL 2005-10	CWL 2006-19	CWL 2007-2
CWALT 2005-65CB	CWALT 2005-81	CWALT 2006-OC4	CWHL 2004-29	CWHL 2006-9	CWL 2005-11	CWL 2006-2	CWL 2007-5
CWALT 2005-6CB	CWALT 2005-AR1	CWALT 2006-OC5	CWHL 2004-HYB9	CWHL 2006-HYB2	CWL 2005-13	CWL 2006-20	CWL 2007-6
CWALT 2005-82	CWALT 2005-J5	CWALT 2006-OC6	CWHL 2005-J1	CWHL 2006-HYB5	CWL 2005-16	CWL 2006-22	CWL 2007-7
CWALT 2005-85CB	CWALT 2005-J9	CWALT 2006-OC7	CWHL 2005-11	CWHL 2006-J2	CWL 2005-2	CWL 2006-24	CWL 2007-9

CWALT 2005-14	CWALT 2006-21CB	CWALT 2007-15CB	CWHL 2005-14	CWHL 2006-OA5	CWL 2005-4	CWL 2006-25	CWL 2007-BC1
CWALT 2005-21CB	CWALT 2006-23CB	CWALT 2007-22	CWHL 2005-18	CWHL 2006-R2	CWL 2005-5	CWL 2006-26	CWL 2007-BC2
CWALT 2004-12CB	CWALT 2006-39CB	CWALT 2007-5CB	CWHL 2005-19	CWHL 2007-10	CWL 2005-6	CWL 2006-3	CWL 2007-BC3
CWALT 2004-15	CWALT 2006-46	CWALT 2007-7T2	CWHL 2005-2	CWHL 2007-11	CWL 2005-7	CWL 2006-5	CWL 2007-QH1
CWALT 2004-9T1	CWALT 2006-OA21	CWALT 2007-8CB	CWHL 2005-3	CWHL 2007-14	CWL 2005-8	CWL 2006-7	CWL 2007-S3
CWALT 2004-J5	CWALT 2005-30CB	CWALT 2006-40T1	CWALT 2006-OC11	CWHL 2004-15	CWHL 2005-15	CWHL 2005-J2	CWL 2007-1
CWALT 2005-11CB	CWALT 2005-58	CWALT 2006-42	CWALT 2007-12T1	CWHL 2004-20	CWHL 2005-27	CWHL 2006-10	
CWALT 2005-12R	CWALT 2005-70CB	CWALT 2006-5T2	CWALT 2007-OA3	CWHL 2004-23	CWHL 2005-28	CWHL 2006-6	
CWALT 2005-17	CWALT 2005-77T1	CWALT 2006-9T1	CWALT 2007-OA4	CWHL 2004-24	CWHL 2005-31	CWHL 2006-HYB3	
CWALT 2005-23CB	CWALT 2006-12CB	CWALT 2006-HY13	CWALT 2007-OA8	CWHL 2004-7	CWHL 2005-6	CWHL 2007-HY1	

CWALT 2005-25T1	CWALT 2006-27CB	CWALT 2006-OA1	CWALT 2007-OH1	CWHL 2004-HYB8	CWHL 2005-HYB2	CWHL 2007-HY6	
CWALT 2005-26CB	CWALT 2006-34	CWALT 2006-OA14	CWHL 2004-11	CWHL 2004-J4	CWHL 2005-HYB5	CWHL 2007-HY7	
CWALT 2005-27	CWALT 2006-36T2	CWALT 2006-OA19	CWHL 2004-14	CWHL 2005-13	CWHL 2005-HYB6	CWL 2005-14	

EXHIBIT K

COUNTRYWIDE RMBS EFFORT: GIBBS & BRUNS LLP ISSUES STATEMENT

03.31.2011

HOUSTON, March 31, 2011–Counsel for BAC Home Loans Servicing, LP and Gibbs & Bruns LLP on behalf of certain investors including those who signed the previously-reported October 18, 2010 letter with respect to private label residential mortgage-backed securitizations, as well as counsel for The Bank of New York Mellon, as trustee, have agreed to renew their extension of any time periods commenced by the October 18 letter. The agreement covers all of the securitizations listed on the attached Exhibit A. The claims and defenses of all parties are preserved.

Click here for list of trusts covered by the forbearance agreement.

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EXHIBIT L

Bloomberg

Bank of America Among Worst for Loan Modifications (Update3)

By Dawn Kopecki - Aug 04, 2009

Aug. 4 (Bloomberg) -- Bank of America Corp. and Wells Fargo & Co. were the worst performers among the biggest U.S. banks in modifying loans for struggling homeowners, according to a Treasury Department report.

Bank of America began 27,985 trial loan modifications, or 4 percent of its eligible loans, under the government's Making Home Affordable Program started this year, the report today shows. Wells Fargo had a 6 percent rate, trailing JPMorgan Chase & Co.'s 20 percent and Citigroup Inc.'s 15 percent. Wachovia Corp., which Wells Fargo acquired, had a rate of 2 percent.

"Some of the servicers could have ramped up better, faster, more consistently," Michael Barr, the assistant Treasury secretary for financial institutions, told reporters in a conference call today. "We expect them to do more."

The government is trying squeeze better results out of its main anti-foreclosure program, which has put about 235,000 borrowers on the path to loan modifications out of the 4 million targeted for help. National Economic Council Director Lawrence Summers has said the Treasury report is an effort to create transparency about which mortgage servicers are helping most.

"The biggest servicers certainly have the biggest ships to turn," Seth Wheeler, a deputy assistant Treasury secretary for federal finance, said in an interview yesterday before the report was released. "Some of the strongest performers are smaller servicers, but it's not a uniform correlation."

'A Little Nimbler'

The report shows the levels of homeowner assistance for the 38 companies participating in President Barack Obama's $75 billion loan modification program, commonly referred to as HAMP. The Obama administration said last month that it's setting a goal of starting at least 500,000 trial modifications by Nov. 1.

Overall, 15 percent of borrowers eligible for the program have been offered changes to their mortgage terms and 9 percent have entered into a trial modification, the report shows.

Many banks don't yet have the capacity to process the volume of loan modifications being demanded, said David Sisko, the head of default management services for Deloitte & Touche LLP. He said modification specialists have gone from processing an average of 50 to 100 loans a month to 200 to 300.

"The smaller banks and servicers are probably a little nimbler," Sisko said.

'Woefully Understaffed'

Pasadena, California-based Wescom Central Credit Union had a 28 percent rate for its 136 eligible loans, the best performer among servicers on the list that had at least 100 qualifying mortgages. Morgan Stanley's Saxon Mortgage Services had begun trials on 25 percent of 84,130 eligible loans. Aurora Loan Services, a former unit of Lehman Brothers Holdings Inc., had started modifications for 21 percent of 72,838 eligible loans. GMAC Mortgage Inc. was at 20 percent.

"Unless key challenges are addressed, this program will never get to full scale," said Brenda Muniz, the legislative director for the Association of Community Organizations for Reform Now, or ACORN. "Servicers remain woefully understaffed, they are overwhelmed by the large volume of borrowers seeking loan mods and they are violating" program terms, she said.

Some banks are requiring borrowers to make up-front payments to receive modifications and foreclosing on loans without reviewing their eligibility for modification, she said.

Eligible Loans

Eligible loans under HAMP are those that are at least 60 days past due, in foreclosure or bankruptcy, and originated prior to 2009. The underlying property must be owner occupied and conform to Fannie Mae and Freddie Mac loan limits, which can be as high as $729,750 in some areas. The data excludes Federal Housing Administration and Veterans Affairs loans.

The program requires banks that received federal aid from the Treasury's Troubled Asset Relief Program, or TARP, as well as mortgage-finance companies Fannie Mae and Freddie Mac to lower monthly payments for borrowers at "imminent risk" of default. Banks can lengthen repayment terms, lower interest rates to as low as 2 percent and forbear outstanding principal, among other methods.

"A lot of these modifications are very hard to do, it takes time and you can't rush it," said Paul Miller, a bank analyst for FBR Capital Markets in Arlington, Virginia.

Bank of America, Wells Fargo

Bank of America modified 150,000 loans through other programs in the first half "as we ramped up to make" Obama's program operational, Dan Frahm, a spokesman for the Charlotte, North Carolina-based company, said yesterday.

"Just as you can't judge a student's performance for the semester by looking at their grade for one class, Making Home Affordable is one component of a comprehensive program Bank of America has in place to support homeowners," Frahm said.

Wells Fargo modified more than 240,000 mortgages in the first seven months of the year, including 20,219 through Obama's program, the San Francisco-based company said in a statement.

"HAMP was just a piece of the overall loan modification story," said Mike Heid, co-president of Wells Fargo Home Mortgage. The delay in ramping up capacity at Wells Fargo is "just a function of program availability, when the guidelines and specific requirements became known," he said.

Obama announced the programs in February, and final criteria for administering the modifications on loans owned by Fannie Mae and Freddie Mac were released in April. Specific program guidelines for loans owned by other investors were provided in June, and the Treasury just last week gave new details for loans backed by the Federal Housing Administration.

Less Restrictive

Heid said Wells Fargo is also speeding up the way it processes loans for the program, requiring income verification and other paperwork during the trial modification period instead of beforehand.

"We waited for the actual documents to be in hand before starting the trial modification," Heid said in an interview. "Now that we have some operating experience with the HAMP program, we think we can be less restrictive on that point."

Citigroup is "pleased with our numbers and with what we have been able to accomplish in the past two months," Mark Rodgers, a spokesman for the New York-based bank, said. "But we can, and want to, do more. We look forward to continuing to work with the government, industry participants, non-profits and others to help keep more distressed American borrowers out of foreclosure and in their homes."

Citigroup and Bank of America each received about $45 billion from TARP, while Wells Fargo took $25 billion.

'Demand Is Great'

Loan servicers send out bills, collect debts and keep records for mortgage lenders. A group of servicers met with Obama administration officials on July 28 and pledged to step up the pace of loan modifications to keep more homeowners from sliding into foreclosure, according to the Treasury.

JPMorgan Chase is happy with its progress so far, said Christine Holevas, a spokeswoman for the New York-based company.

"That always has to be tempered with the fact that the demand is great; we know that we have more to do," Holevas said. "We believe we've made significant progress. We've ramped up, we've hired people, we've added office space, we've invested in technology."

JPMorgan Chase said June 30 that it approved 87,100 loans for modification under the administration's plan since April 6.

Under Pressure

Senate Banking Committee Chairman Christopher Dodd, a Connecticut Democrat, assailed the administration at a hearing last month for the sluggish results from anti-foreclosure programs, while industry executives spoke of "confusion and delay" from how the government sets rules for the programs.

"The government is under a lot of pressure to react and they announce these programs where the infrastructure is not in place to service the program," Miller said.

More than 1.5 million properties received a default or auction notice or were seized by banks in the six months through June, Irvine, California-based RealtyTrac Inc. said July 16 in a statement. That's a 15 percent increase from a year earlier.

Barr said officials are seeing some "encouraging signs" that "our mortgage markets may be beginning to reach a point of stabilization."

"It's obviously still early to tell the nature of the mortgage markets what direction they may be headed," Barr said on the conference call. "These encouraging signs are helpful, but it took a long time to create the financial crisis we are in and it will take a long time to get out of it."

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