

At IAS Part 53 of the Supreme Court of the State of New York, held in and for the County of New York, at the Courthouse located at 60 Centre Street, New York, New York on the 28 day of September, 2023

PRESENT: Hon. Andrew S. Borrok, Justice

In the matter of the application of
U.S. BANK NATIONAL ASSOCIATION and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION (each separately as Trustee, Securities Administrator, Paying Agent, and/or Calculation Agent, as applicable, under various Pooling and Servicing Agreements),

Petitioner,

for judicial instructions pursuant to CPLR Art. 77.

Index No. 656028/2021

ORDER TO SHOW CAUSE FOR PARTIAL SEVERANCE ORDER AND PARTIAL FINAL JUDGMENT

Seq. 14

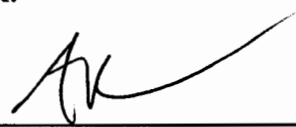
Upon the application of Olifant Fund, Ltd., FFI Fund Ltd., and FYI Ltd. (the “Olifant Funds”) and HBK Master Fund L.P. (“HBK”), through their counsel, and upon reading the annexed Affirmation of Alvin Li, sworn to on September 21, 2023 (the “Li Affirmation”), good cause having been shown, it is hereby:

ORDERED that any interested person show cause before the Hon. Andrew S. Borrok at IAS Part 53, Room 238, of the Supreme Court of the State of New York for the County of New York, at the Courthouse located at 60 Centre Street, New York, New York, on November 3, 2023 at 2 ~~am~~ p.m., or as soon thereafter as counsel can be heard why the Court should not enter the [Proposed] Partial Severance Order and Partial Final Judgment (SACO I 2005-6), attached as Exhibit 1 to the Li Affirmation; and it is further

ORDERED, that a service copy of this Order to Show Cause, and the papers upon which it is based, be made upon all appearing counsel for the parties, no later than ~~October~~ ^{September} 29, 2023, by e-filing and by email, and such service shall be deemed good and sufficient; and it is further,

ORDERED, that opposition papers, if any, are required to be served upon all appearing counsel for the parties, on or before the 23 day of October, 2023.
by NYSCEF

ENTER:



Hon. Andrew S. Borrok

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

<p>In the matter of the application of</p> <p>U.S. BANK NATIONAL ASSOCIATION and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION (each separately as Trustee, Securities Administrator, Paying Agent, and/or Calculation Agent, as applicable, under various Pooling and Servicing Agreements),</p> <p style="text-align: center;">Petitioners,</p> <p>for judicial instructions pursuant to CPLR Art. 77.</p>
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Index No. 656028/2021

**Hon. Andrew S. Borrok
(IAS Part 53)**

**AFFIRMATION OF ALVIN LI IN SUPPORT OF ORDER TO SHOW
CAUSE FOR PARTIAL SEVERANCE ORDER AND PARTIAL FINAL JUDGMENT**

Alvin Li, an attorney duly licensed to practice law before the courts of the State of New York, hereby affirms under penalties of perjury, pursuant to CPLR § 2106, as follows:

1. I am an associate at the law firm of Patterson Belknap Webb & Tyler LLP, and I serve as counsel for respondents Olifant Fund, Ltd., FFI Fund Ltd., and FYI Ltd. (the “Olifant Funds”) in the above-captioned matter. I submit this affirmation in support of the Order to Show Cause for Partial Severance Order and Partial Final Judgment filed contemporaneously herewith, which seeks entry of the [Proposed] Partial Severance Order and Partial Final Judgment for SACO I 2005-6 attached hereto as Exhibit 1 (the “Partial Severance Order and Partial Final Judgment”).

2. I am familiar with the proceedings in this case and make this affirmation based on my personal knowledge of the facts set forth herein.

3. On December 28, 2021, U.S. Bank National Association and U.S. Bank Trust Company, National Association (collectively, “Petitioners”) filed an Amended Petition under CPLR Article 77 at NYSCEF Doc. No. 33 (the “Petition”), seeking judicial instruction concerning

the interpretation and application of certain provisions of the contracts governing seventy-seven residential mortgage-backed securitization trusts identified in Exhibit A to the Petition at NYSCEF Doc. No. 34 (the “Subject Trusts”). On July 27, 2023, Petitioners filed a Second Amended Petition—at NYSCEF Doc. No. 290—that, *inter alia*, reduced the number of trusts involved in this proceeding to sixty-six as a result of the entry of two partial severance orders. Those remaining trusts are identified in Exhibit A to the Second Amended Petition at NYSCEF Doc. No. 291 and include SACO I 2005-6.

4. This Court entered Orders to Show Cause on November 29, 2021 (NYSCEF Doc. No. 30) and on January 10, 2022 (NYSCEF Doc. No. 55) (collectively, the “Orders to Show Cause”) which required Petitioners to conduct notice programs (the “Notice Programs”) to provide notice of the proceeding to holders and any other persons claiming an interest in the Subject Trusts (“Potentially Interested Persons”).

5. The Orders to Show Cause required all Potentially Interested Persons to appear in the proceeding, respectively, by January 18, 2022 and January 24, 2022, so that any Potentially Interested Persons could assert why an order and judgment should not be entered granting the relief sought in the Petition; resolving the questions presented by the Petition and directing Petitioners as the Court may so order; permanently barring litigation outside the context of this proceeding on any question, issue, objection, claim, or concern related to the matters in the Petition; and for such other and further relief as this Court deems just and proper.

6. Following the entry of the Orders to Show Cause, various Potentially Interested Persons appeared in this proceeding (“Appearing Parties”).

7. The Appearing Parties include the Olifant Funds and HBK Master Fund L.P. (“HBK”).

8. Counsel for the Olifant Funds and HBK (collectively, the “Parties”) discussed a possible consensual resolution of the issues raised in this proceeding with respect to SACO I 2005-6, in which the Olifant Funds and HBK assert interests.

9. As a result of the foregoing, the Parties reached agreement on the terms of the proposed Partial Severance Order and Partial Final Judgment, and the Parties informed Petitioners of such agreement. Petitioners consent to the proposed Partial Severance Order and Partial Final Judgment.

10. Prior to this filing, counsel for the Olifant Funds provided notice of the Order to Show Cause for Partial Severance Order and Partial Final Judgment to all counsel of record in this case, and no additional Appearing Parties asserted interests in SACO I 2005-6. Therefore, to my knowledge, the Olifant Funds and HBK are the only Appearing Parties with asserted interests in SACO I 2005-6.

11. If entered by the Court, the proposed Partial Severance Order and Partial Final Judgment would resolve the issues related to SACO I 2005-6 and sever it from this proceeding.

12. For the reasons set forth herein and subject to my understanding that the proposed Partial Severance Order and Partial Final Judgment is consented to by all Appearing Parties with asserted interests in SACO I 2005-6, the Olifant Funds and HBK respectfully request that the Court enter the Order to Show Cause for Partial Severance Order and Partial Final Judgment filed contemporaneously herewith, and, following the time for the filing of any oppositions and the consideration thereof by this Court, enter the Partial Severance Order and Partial Final Judgment.

13. No prior application for the relief herein requested has been made to this Court or to any other Court.

/s/ Alvin Li _____

Alvin Li

WORD COUNT CERTIFICATION

Pursuant to the Rules of the Commercial Division of the Supreme Court, Rule 17, this is to certify that the Affirmation of Alvin Li in Support of Order to Show Cause for Partial Severance Order and Partial Final Judgment contains 785 words, exclusive of the caption, signature blocks, and this certification. This therefore certifies that this document complies with the word-count limit.

Dated: September 21, 2023

New York, New York

/s/Alvin Li

Alvin Li

At IAS Part 53 of the Supreme Court of the State of New York, held in and for the County of New York, at the Courthouse located at 60 Centre Street, New York, New York on the ___ day of _____, 2023

PRESENT: Hon. Andrew S. Borrok, Justice.

<p>In the matter of the application of</p> <p>U.S. BANK NATIONAL ASSOCIATION and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION (each separately as Trustee, Securities Administrator, Paying Agent, and/or Calculation Agent, as applicable, under various Pooling and Servicing Agreements),</p> <p style="text-align: center;">Petitioner,</p> <p>for judicial instructions pursuant to CPLR Art. 77.</p>

Index No. 656028/2021

[PROPOSED] PARTIAL SEVERANCE ORDER AND PARTIAL FINAL JUDGMENT FOR SACO I 2005-6

WHEREAS petitioners U.S. Bank National Association and U.S. Bank Trust Company, National Association (collectively, “Petitioner”) through a petition under CPLR Article 77 (as subsequently amended at NYSCEF Doc. No. 33 and NYSCEF Doc. No. 290, the “Petition”) are seeking judicial instruction concerning the interpretation and application of certain provisions of the contracts governing sixty-six residential mortgage-backed securitization trusts identified in Exhibit A to the Petition at NYSCEF Doc. No. 291 (the “Subject Trusts”); and

WHEREAS, this [proposed] Partial Severance Order and Partial Final Judgment (the “Order”) concerns SACO I 2005-6 (the “Undisputed Subject Trust”); and

WHEREAS, the Undisputed Subject Trust is governed by a pooling and servicing agreement (the “Undisputed Subject PSA”), pursuant to which Petitioner is the trustee; and

WHEREAS, all capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Undisputed Subject PSA; and

WHEREAS, the Undisputed Subject Trust issued classes of Class A, M, and B certificates (the “Primary Classes”) along with various other classes of certificates, entitling the holders thereof to certain distributions derived from mortgage loan collections as provided for under the Undisputed Subject PSA; and

WHEREAS, the Undisputed Subject PSA sets forth payment waterfalls governing the distribution of principal, interest, and Excess Cashflow to the certificateholders; and

WHEREAS, the Undisputed Subject Trust contains a so-called “Retired Class Provision,” which appears in Section 5.04(a) of the Undisputed Subject PSA, and provides as follows: “In addition, notwithstanding the foregoing, on any Distribution Date after the Distribution Date on which the Certificate Principal Balance of a Class of Class A, Class M or Class B Certificates has been reduced to zero, that Class of Certificates will be retired and will no longer be entitled to distributions, including distributions in respect of Prepayment Interest Shortfalls or Basis Risk Shortfall Carry Forward Amounts;” and

WHEREAS, as set forth in the Petition, master servicers and/or servicers periodically authorize loan modification agreements with borrowers under which borrowers may be permitted to defer scheduled payments of principal, interest, or other amounts, and master servicers and/or servicers typically include all amounts that are deferred under modification agreements in a non-interest-bearing component of the mortgage loan’s principal balance (“Deferred Principal Amounts”); and

WHEREAS, as set forth in the Petition, master servicers and/or servicers generally report and treat Deferred Principal Amounts as losses on the mortgage loans; and

WHEREAS, in certain instances, borrowers may eventually pay back Deferred Principal Amounts according to a schedule set forth in the applicable modification agreement, and these

amounts are remitted to Petitioner for distribution to certificateholders (“Deferred Principal Collections”); and

WHEREAS, the Undisputed Subject PSA provides that certain amounts remitted by master servicers and/or servicers to Petitioner constitute Subsequent Recoveries related to mortgage loans and may result in the application of write-ups, or increases, to the certificate principal balances of the Primary Classes as provided for in the Undisputed Subject PSA; and

WHEREAS, as set forth in the Petition, Petitioner’s current practice is to not treat Deferred Principal Collections as Subsequent Recoveries for the Undisputed Subject Trust, and Petitioner does not otherwise apply write-ups, or increases, to the certificate principal balances of the Primary Classes when distributing Deferred Principal Collections; and

WHEREAS, as further explained and described in the Petition, Petitioner is seeking judicial guidance with respect to the Subject Trusts (including the Undisputed Subject Trust) concerning the following: (1) the proper allocation and distribution under the waterfalls of any collections from mortgage loans following the reduction of the certificate principal balances of all Primary Classes to zero dollars (\$0.00) (“Post-Zero Balance Collections”); (2) the manner in which the Retired Class Provision should be applied with respect to any Primary Classes with certificate principal balances of zero dollars (\$0.00); and (3) whether Petitioner should continue its current practice of not treating Deferred Principal Collections as Subsequent Recoveries for certain applicable Subject Trusts (including the Undisputed Subject Trust) and not applying corresponding write-ups in connection with such collections; and

WHEREAS, the Court entered Orders to Show Cause on November 29, 2021 (NYSCEF Doc. No. 30) and on January 10, 2022 (NYSCEF Doc. No. 55) (collectively, the “Orders to Show Cause”) which required Petitioner to conduct notice programs (the “Notice Programs”) to provide

notice of the proceeding to holders and any other persons claiming an interest in the Subject Trusts (“Potentially Interested Persons”); and

WHEREAS, the Orders to Show Cause required all Potentially Interested Persons to appear in the proceeding, respectively, by January 18, 2022 and January 24, 2022, so that any Potentially Interested Persons could assert why an order and judgment should not be entered granting the relief sought in the Petition; resolving the questions presented by the Petition and directing Petitioner as the Court may so order; permanently barring litigation outside the context of this proceeding on any question, issue, objection, claim, or concern related to the matters in the Petition; and for such other and further relief as this Court deems just and proper; and

WHEREAS, the Orders to Show Cause provide that the Notice Programs were reasonable, adequate, and the best notice practicable, reasonably calculated to put interested parties on notice of this action, and constitute due and sufficient notice of this proceeding in satisfaction of federal and state due process requirements and other applicable law; and

WHEREAS, the Orders to Show Cause provide that any Potentially Interested Person who has failed to answer the Petition in the manner described therein shall be deemed to have waived the right to be heard on the questions presented by the Petition and from appealing any order, resolution, or judgment issued in the proceeding and shall be forever and finally barred from raising the right to be heard on such questions in this or any other action or proceeding, unless ordered otherwise by the Court; and

WHEREAS, the Court issued a Case Management Order (NYSCEF Doc. No. 93) ordering that the deadline for Potentially Interested Persons to appear in this proceeding expired on January 24, 2022; and

WHEREAS, the following certificateholders collectively constitute all Potentially Interested Persons appearing in the proceeding asserting interests in the Undisputed Subject Trust: Olifant Fund, Ltd., FFI Fund Ltd., and FYI Ltd. (the “Olifant Funds”) and HBK Master Fund L.P. (“HBK”); and

WHEREAS, the Orders to Show Cause directed Petitioner to cause Post-Zero Balance Collections, net of any expenses and other fees payable under the applicable governing contracts, to be maintained on deposit, escrowed in a subaccount of the distribution account associated with each Subject Trust on an invested basis, until such time that the Court enters an order concerning the appropriate distribution of such funds and directing such distribution in accordance therewith; and

WHEREAS, the Orders to Show Cause directed that the investment earnings accrued on the escrow funds be treated as principal amount received on the mortgage loans; and

WHEREAS, pursuant to the Orders to Show Cause, funds are currently being held in escrow for the Undisputed Subject Trust (the “Undisputed Escrowed Funds”); and

WHEREAS, the Olifant Funds, HBK, and Petitioner agree and consent to this Order, which resolves the issues for which judicial instructions were sought in the Petition concerning the Undisputed Subject Trust and provides instructions concerning the administration of the payment waterfalls for the Undisputed Subject Trust; and

NOW, THEREFORE, on the motion of the Olifant Funds and HBK, with the consent of Petitioner, it is hereby

1. ORDERED, ADJUDGED, and DECREED that in administering and distributing available funds to certificateholders for the Undisputed Subject Trust, any Deferred Principal Collections derived from Deferred Principal Amounts that master servicers and/or servicers reported and

treated as losses shall be treated by Petitioner as though such amounts are Subsequent Recoveries in accordance with Section 5.04(b) of the Undisputed Subject PSA as well as any other applicable provisions therein; and it is further

2. ORDERED, ADJUDGED, and DECREED that in administering and distributing available funds to certificateholders for the Undisputed Subject Trust, Petitioner shall apply the Retired Class Provision in a manner that: (i) permits the application of increases, or write-ups, to the Certificate Principal Balance of any Primary Class, on an individual class basis, with an aggregate Certificate Principal Balance of zero dollars (\$0.00) at any time (“Zero Balance Primary Class”) *so long as* any portion of the Initial Certificate Principal Balance of such class remains unpaid (including, without limitation, as a result of unreimbursed losses outstanding on such class) or there is any interest due on such class that has not been paid in full (including, without limitation, as a result of any shortfalls), and (ii) permits distributions to any Zero Balance Primary Class *so long as* any portion of the Initial Certificate Principal Balance of such class remains unpaid (including, without limitation, as a result of unreimbursed losses outstanding on such class) or there is any interest due on such class that has not been paid in full (including, without limitation, as a result of any shortfalls); and it is further

3. ORDERED, ADJUDGED, and DECREED that in administering and distributing available funds to certificateholders for the Undisputed Subject Trust, Petitioner shall (i) treat all Post-Zero Balance Collections as Principal Distribution Amounts to be distributed in accordance with the applicable provisions of the Undisputed Subject PSA, and (ii) prior to such distribution, increase, or write up, the Certificate Principal Balances of the Primary Classes in the amount of any Post-Zero Balance Collections as though such amounts are Subsequent Recoveries in accordance with Section 5.04(b) of the Undisputed Subject PSA as well as any other provisions therein concerning

the application of write-ups for Subsequent Recoveries; *provided, however*, that if no portion of the Initial Certificate Principal Balance of any of the Primary Classes remains unpaid (including, without limitation, as a result of unreimbursed losses outstanding on such class), then (x) any remaining Post-Zero Balance Collections shall be treated as though they were Excess Cashflow and distributed in accordance with the applicable provisions in the Undisputed Subject PSAs, and (y) no increases, or write-ups, shall be applied to the certificate principal balances of the Primary Classes for any remaining Post-Zero Balance Collections; and it is further¹

4. ORDERED, ADJUDGED, and DECREED that any aspects of the administration and distribution of available funds not expressly addressed in this Order shall be performed as provided for in the Undisputed Subject PSA; and it is further

5. ORDERED, ADJUDGED, and DECREED that with respect to the Undisputed Subject Trust, Petitioner is hereby exculpated and protected from liability for placing, receiving, holding, investing, and/or reinvesting any Undisputed Escrowed Funds held in escrow in accordance with the Orders to Show Cause; and it is further

6. ORDERED, ADJUDGED, and DECREED that nothing herein shall rescind, annul, limit, modify, or alter the Ex Parte Order and Partial Final Judgment entered on August 22, 2022 (NYSCEF Doc. No. 151); and it is further

7. ORDERED, ADJUDGED, and DECREED that certificateholders and any other parties claiming rights or interests (whether past, present, or future, or known or unknown) in the Undisputed Subject Trust are forever barred from asserting claims against Petitioner with respect

¹ As required under this Paragraph 3 of the Order, the treatment of Post-Zero Balance Collections as deemed Subsequent Recoveries may result in non-payment of interest shortfalls or carry-forward amounts for the Primary Classes of the Undisputed Subject Trust.

to any conduct taken by Petitioner to comply with the terms of this Order, so long as such conduct is performed in accordance with the terms of this Order; and it is further

8. ORDERED, ADJUDGED, and DECREED that on the first distribution date in the month immediately following the month in which this Order is entered and appears on the New York State Court Electronic Filing System (the “Effective Distribution Date”) and all distribution dates thereafter, Petitioner shall comply with the terms of this Order in administering and distributing any available funds to certificateholders for the Undisputed Subject Trust; and

9. ORDERED, ADJUDGED, and DECREED that the escrow instructions in the Orders to Show Cause are hereby terminated with respect to the Undisputed Subject Trust as of the Effective Distribution Date (provided, for avoidance of doubt, that Petitioner shall continue to comply with the escrow instructions on any distribution date preceding the Effective Distribution Date regardless of whether such distribution date occurs after this Order is entered and appears on the New York State Court Electronic Filing System), and Petitioner shall distribute any Undisputed Escrowed Funds for the Undisputed Subject Trust on the Effective Distribution Date in accordance with the terms of this Order; and it is further

10. ORDERED, ADJUDGED and DECREED that this Order is not applicable to, and shall be without prejudice to and shall have no precedential effect, in this proceeding or in any other proceeding, on (i) any trust, indenture, or other securitization other than the Undisputed Subject Trust, including any argument of any party concerning the appropriate administration and distribution of any proceeds for any trust other than the Undisputed Subject Trust; and (ii) any argument of any party concerning the appropriate administration and distribution of any proceeds for the Undisputed Subject Trust other than those expressly addressed by this Order; and it is further

11. ORDERED, ADJUDGED, and DECREED that this Order is prospective such that it shall not have any application to the Undisputed Subject Trust prior to the Effective Distribution Date; and

12. ORDER, ADJUDGED, and DECREED that Petitioner’s consent to this Order does not constitute an admission or agreement concerning the legally proper or valid meaning or interpretation of any aspects of the Undisputed Subject PSA, and Petitioner does not waive or forfeit any arguments concerning the same with respect to Petitioner’s historical application of the terms of the Undisputed Subject PSA; and it is further

13. ORDERED, ADJUDGED, and DECREED that following the date on which this Order is entered and appears on the New York State Court Electronic Filing System, Petitioner shall promptly post a copy of this Order at <http://www.usbbearsacoarticle77.com>; and it is further

14. ORDERED that the Clerk of New York County be, and hereby is, directed to enter this Order forthwith and without delay.

Dated: New York, New York

_____, 2023

Hon. Andrew Borrok, J.S.C.

Judgment signed and entered this _____ day of _____ 2023.

Clerk of New York County