

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

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In the Matter of the Rehabilitation of :
FINANCIAL GUARANTY INSURANCE : Index No. 401265/2012
COMPANY. :
: Motion Sequence No. 016
:
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**AFFIRMATION OF PAUL V. SHALHOUB IN
SUPPORT OF OBJECTION OF MONARCH
ALTERNATIVE CAPITAL LP, STONEHILL CAPITAL
MANAGEMENT LLC, BAYVIEW FUND MANAGEMENT
LLC, CQS ABS MASTER FUND LIMITED AND CQS ABS
ALPHA MASTER FUND LIMITED TO REHABILITATOR'S
MOTION FOR ORDER PURSUANT TO SECTION 7428 OF
NEW YORK INSURANCE LAW APPROVING (I) THAT CERTAIN
SETTLEMENT AGREEMENT AMONG THE DEBTORS, FGIC, THE
TRUSTEES AND CERTAIN INSTITUTIONAL INVESTORS, DATED MAY
23, 2013, AND (II) THAT CERTAIN PLAN SUPPORT AGREEMENT AMONG
THE DEBTORS, ALLY FINANCIAL INC., THE CREDITORS' COMMITTEE,
FGIC AND THE OTHER CONSENTING CLAIMANTS, DATED MAY 13, 2013**

I, Paul V. Shalhoub, pursuant to CPLR § 2106, and under the penalty of perjury, hereby affirm as follows:

1. I am a member of the firm of Willkie Farr & Gallagher LLP ("**WF&G**"), which maintains offices for the practice of law at 787 Seventh Avenue, New York, New York 10019, attorneys for Monarch Alternative Capital LP, Stonehill Capital Management LLC and Bayview Fund Management LLC, each in its capacity as investment advisor to certain funds, and to CQS ABS Master Fund Limited and CQS ABS Alpha Master Fund Limited (collectively, the "**Investors**") in the above-captioned action.
2. I respectfully submit this Affirmation in support of the Investors' Objection to Rehabilitator's Motion for Order Pursuant to Section 7428 of New York Insurance Law

Approving (I) that Certain Settlement Agreement Among the Debtors, FGIC, the Trustees and Certain Institutional Investors, Dated May 23, 2013, and (II) that Certain Plan Support Agreement Among the Debtors, Ally Financial Inc., the Creditors' Committee, FGIC and the Other Consenting Claimants, Dated May 31, 2013.

3. Attached as Exhibit A is a true and correct copy of the *Order Granting Debtors' Motion for an Order Under Bankruptcy Code Sections 105(a) and 363(b) Authorizing the Debtors to Enter into a Plan Support Agreement With Ally Financial Inc., the Creditors' Committee, and Certain Consenting Claimants*, Case No. 12-12020 (MG) (Bankr. S.D.N.Y. June 26, 2013) [Docket No. 4098].

4. Attached as Exhibit B is a true and correct copy of the *Declaration of Robert H. Major*, Case No. 12-12020 (MG) (Bankr. S.D.N.Y. July 10, 2013) [Docket. No. 3940-1].

5. Attached as Exhibit C is a true and correct copy of the Quarterly Statement of the Financial Guaranty Insurance Company as of March 31, 2013.

6. Attached as Exhibit D is a true and correct copy of the Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, filed by Bank of America Corporation on May 6, 2013, together with Exhibit 99.1 thereto.

7. Attached as Exhibit E is a true and correct copy of that certain Press Release, Assured Guaranty Ltd., *Assured Guaranty Ltd. Announces Settlement with Bank of America* (April 15, 2011).

8. Attached as Exhibit F is a true and correct copy of that certain Press Release, Syncora Guarantee, *Syncora Guarantee Settles its Countrywide Litigation* (July 17, 2012).

9. Attached as Exhibit G is a true and correct copy of the *Order Concerning Use of Discovery Obtained in Connection with the Rule 9019 FGIC Settlement Hearing*, Case No. 12-12020 (MG) (Bankr. S.D.N.Y. July 10, 2013) [Docket No. 4191].

10. Attached as Exhibit H is a true and correct copy of the form of that certain Indenture Between GMACM Home Equity Loan Trust 2005-HE1, as Issuer, and Wells Fargo Bank, N.A., as Indenture Trustee, Dated as of March 29, 2005, which was filed with the Securities and Exchange Commission (the "SEC").

11. Attached as Exhibit I is a true and correct copy of the form of that certain Indenture Between GMACM Home Equity Loan Trust 2007-HE2, as Issuer, and The Bank of New York Trust Company, N.A., as Indenture Trustee, Dated as of June 28, 2007, which was filed with the SEC.

12. Attached as Exhibit J is a true and correct copy of the form of that certain Indenture Between Home Equity Loan Trust 2006-HSA2, as Issuer, and JPMorgan Chase Bank, N.A., as Indenture Trustee, Dated as of February 24, 2006, which was filed with the SEC.

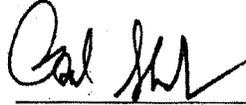
13. Attached as Exhibit K is a true and correct copy of the form of that certain Pooling and Servicing Agreement among Residential Asset Mortgage Products, Inc., as Depositor, Residential Funding Corporation, as Master Servicer, and U.S. Bank National Association, as Trustee, for those certain Mortgage Asset-Backed Pass-Through Certificates, Series 2005-EFC7, Dated as of December 1, 2005, which was filed with the SEC.

14. Attached as Exhibit L is a true and correct copy of the form of that certain Pooling and Servicing Agreement among Residential Funding Mortgage Securities II, Inc., as the Company, Residential Funding Corporation, as Master Servicer, and JPMorgan Chase Bank,

N.A., as Trustee, for those certain Home Equity Loan Pass-Through Certificates, Series 2006-HSA1. Dated as of January 1, 2006, which was filed with the SEC.

15. Attached as Exhibit M is a true and correct copy of the form of that certain Pooling and Servicing Agreement among Residential Asset Securities Corporation, as the Depositor, Residential Funding Corporation, as Master Servicer, and JPMorgan Chase Bank, N.A., as Trustee, for those certain Home Equity Mortgage Asset-Backed Pass-Through Certificates, Series 2004-KS7, Dated as of July 1, 2004, which was filed with the SEC.

Dated: New York, New York
July 16, 2013



Paul V. Shalhoub
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