

Determinations Committee Decision

Date:	May 26, 2010
Determinations Committee:	Americas
Meeting Date:	May 26, 2010

DC Issue 2010032501:	Has a Bankruptcy Credit Event occurred with respect to Ambac Assurance Corporation?	
1st Question for vote:	In respect of each obligation from the Supplemental List that is included in the list provided, do you agree to challenge the inclusion of such obligation on the Final List? (Please see attachment.)	
Vote result:	Yes	
Votes:	15 'Yes' votes and 0 'No' votes	
	Bank of America / Merrill Lynch	Yes
	Barclays	Yes
	Citibank	Yes
	Credit Suisse	Yes
	Deutsche Bank AG	Yes
	Elliott Management Corporation	Yes
	Goldman Sachs	Yes
	JPMorgan Chase Bank, N.A.	Yes
	Legal & General Investment Management Limited	Yes
	Morgan Stanley	Yes
	Pacific Investment Management Company LLC	Yes
	Primus Asset Management, Inc.	Yes
	Rabobank International	Yes
	The Royal Bank of Scotland	Yes
	UBS	Yes

2nd Question for vote:	Do you agree to the publication by the DC Secretary on its Website of the statement provided on behalf of the Convened DC for this DC question? (Please see attachment)	
Vote result:	Yes	
Votes:	15 'Yes' votes and 0 'No' votes	
	Bank of America / Merrill Lynch	Yes
	Barclays	Yes
	Citibank	Yes
	Credit Suisse	Yes
	Deutsche Bank AG	Yes
	Elliott Management Corporation	Yes
	Goldman Sachs	Yes

	JPMorgan Chase Bank, N.A.	Yes
	Legal & General Investment Management Limited	Yes
	Morgan Stanley	Yes
	Pacific Investment Management Company LLC	Yes
	Primus Asset Management, Inc.	Yes
	Rabobank International	Yes
	The Royal Bank of Scotland	Yes
	UBS	Yes

CUSIP	ISIN	Deal Name	Tranche	Maturity	Currency
07401WAP4	US07401WAP41	Bear Stearns Second Lien Trust 2007-1	II-A	8/25/2037	USD
07401WBA6	US07401WBA62	Bear Stearns Second Lien Trust 2007-1	III-A	8/25/2037	USD
12668BBQ5	US12668BBQ59	CWALT, Inc. Mortgage Pass-Through Certificates, Series 2005-81	A-3	2/25/2037	USD
41161VAE0		Harborview Mortgage Loan Trust 2006-7	2A1C	9/19/2046	USD
86361WAK7	US86361WAK71	Structured Asset Mortgage Investments II Trust 2006-AR8	A-6B	10/25/2037	USD

Statement from the Americas Credit Derivatives Determinations Committee – Information regarding certain Obligations submitted for purposes of the Ambac Supplemental List

Following the publication of the Initial List by the Americas Credit Derivatives Determinations Committee (the **Americas DC**) in connection with the Auction that is to be held to settle Credit Derivative Transactions referencing Ambac Assurance Corporation, several additional obligations were submitted by Eligible Market Participants for inclusion on the Supplemental List in accordance with Section 3.3(c) of the Credit Derivatives Determinations Committees Rules (December 18, 2009 version) (the **DC Rules**). As the Americas DC had previously Resolved that certain of these obligations did not constitute a Deliverable Obligation for purposes of the Initial List, the Americas DC considered it useful to provide the following information with respect to these specific obligations pursuant to Section 3.3(d)(B) of the DC Rules following the challenge by the Americas DC to the inclusion of such obligations on the Supplemental List in accordance with Section 3.3(d) of the DC Rules. Capitalized terms used but not defined in this paragraph have the meaning given to those terms in the DC Rules.

(a) Structured Asset Mortgage Investments II Trust 2006-AR8 (CUSIP 86361WAK7)

The Policy covers the "Current Principal Amount" on the Final Distribution Date, but this term is not defined in the Policy, Pooling and Servicing Agreement or the Prospectus Supplement. Without this material definition, the Americas DC was unable to assess the obligations of the insurer under the terms of the Policy with respect to Instrument Payments and consequently was unable to conclude that this Policy was a Qualifying Policy for purposes of the Initial List.

(b) Bear Stearns Second Lien Trust 2007-1 (CUSIPs 07401WAP4 and 07401WBA6)

The Note Principal Balance of the Class II-A Notes and Class III-A Notes may be reduced by "Realized Losses" pursuant to the Indenture. In relation to principal reductions, the Policy only explicitly covers (i) with respect to the Class II-A Notes, the reduction in Note Principal Balance attributable to Group II Charge-Off Amounts and (ii) with respect to the Class III-A Notes, the reduction in Note Principal Balance attributable to Group III Charge-Off Amounts. However, the terms "Group II Charge-Off Amounts" and "Group III Charge-Off Amounts" are not defined in the Policy or the Indenture. Without these material definitions, the Americas DC was unable to assess whether "Realized Losses" are included within the coverage of the Policy and consequently was unable to conclude that this Policy was a Qualifying Policy with respect to these classes of Notes for purposes of the Initial List.

(c) Harborview Mortgage Loan Trust 2006-7 (CUSIP 41161VAE0)

The Policy specifies a Final Distribution Date in October 2037, while the Pooling and Servicing Agreement refers to a Final Distribution Date in September 2046. As the mortgage portfolio for this series of certificates included 40-year mortgage loans, it is possible that there would still be principal amounts outstanding on some of the underlying mortgage loans as of October 2037 and, therefore, although the outstanding Certificate Principal Balance is expressed to be covered by the Policy on the Final Distribution Date, all of such outstanding Certificate Principal Balance might not be due and payable under the Pooling and Servicing Agreement on such date. If principal amounts of the insured certificates were outstanding but were not due and payable under the Pooling and Servicing Agreement on the Policy's Final Distribution Date, such amounts would not be covered by the Policy and, therefore, the Americas DC did not consider this Policy to be a Qualifying Policy for purposes of the Initial List.

(d) CWALT Mortgage Pass-Through Certificates, Series 2005-81 (CUSIP 12668BBQ5)

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The Policy covers "realized losses allocable to the Insured Certificates" but has an exclusion for Debt Service Reductions. Since the defined term "Realized Losses" under the Pooling and Servicing Agreement includes the principal portion of any Debt Service Reduction, the Policy may not in fact cover all "realized losses" because of the exclusion in the Policy for Debt Service Reductions. As a result, the Americas DC did not consider this obligation to satisfy the Not Contingent Deliverable Obligation Characteristic for purposes of the Initial List, as the Policy may fail to insure all Instrument Payments that would have been required to be made absent any such reduction to the certificate principal balance due to Debt Service Reductions.