

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

GREENWICH FINANCIAL SERVICES  
DISTRESSED MORTGAGE FUND 3, LLC,  
and QED LLC, on behalf of themselves and all  
other persons similarly situated,

Plaintiffs,

-against-

COUNTRYWIDE FINANCIAL  
CORPORATION, COUNTRYWIDE HOME  
LOANS, INC., and COUNTRYWIDE HOME  
LOANS SERVICING LP,

Defendants.

Index No.

**COMPLAINT**

Plaintiffs allege:

1. To settle allegations of widespread predatory lending made against it by the Attorneys General of at least 15 States, Countrywide Financial Corporation has agreed to reduce payments due on hundreds of thousands of mortgage loans by a total of up to \$8.4 billion. Most of these loans are owned not by Countrywide, but rather by trusts to which Countrywide sold the loans in the process of securitization. To pay Countrywide for the loans, those trusts in turn sold securities (often called “certificates” and sold in different classes or “tranches”) to investors. Countrywide plans not to absorb the \$8.4 billion reduction in mortgage payments itself (even though it was Countrywide’s own conduct of which the Attorneys General complained in the proceedings that Countrywide has now settled), but rather to pass most or all of that reduction on to the trusts that purchased mortgage loans from Countrywide. If the trusts are forced to absorb the

reduction in payments occasioned by Countrywide's settlement of the allegations against it, then the value of the securities that those trusts sold to investors will decline.

2. This action relates to two series of Countrywide securitizations known as the CWL series and the CWALT series.

3. By this action, plaintiffs seek a declaratory judgment that, under the agreements that govern the administration of the loans that Countrywide sold to trusts in these two series of securitizations (including the trust that issued the securities that plaintiffs own), Countrywide is required to purchase every mortgage loan on which it agrees to reduce the payments. **Plaintiffs make no complaint about the settlement between the Attorneys General and Countrywide, nor do plaintiffs take any position about whether the cost of reducing payments on loans other than those that Countrywide sold in the CWL and CWALT securitizations may be passed to the trusts that purchased those loans. The sole object of this action is a declaration that, under the substantially identical agreements that govern the trust that sold the securities owned by plaintiffs and the 373 other trusts in the CWL and CWALT securitizations that sold the securities owned or held by other members of the plaintiff class, Countrywide is required to purchase any loan on which it agrees to reduce the payments.**

#### THE PARTIES

4. Plaintiff Greenwich Financial Services Distressed Mortgage Fund 3, LLC, is a limited liability company organized under the laws of Delaware with its principal place of business in Connecticut.

5. Plaintiff QED LLC is a limited liability company organized under the laws of Delaware with its principal place of business in Connecticut.

6. Each plaintiff owns certificates in the CWALT 2005-36 securitization.

7. Defendant Countrywide Financial Corporation is a corporation organized under the laws of Delaware with its principal place of business in California. This defendant is referred to in this complaint as **Countrywide Financial**. Countrywide Financial and all its subsidiaries and affiliates are referred to together as **Countrywide**.

8. Defendant Countrywide Home Loans, Inc., is a corporation organized under the laws of New York with its principal place of business in California. This defendant is referred to in this complaint as **Countrywide Home Loans**. Countrywide Home Loans is a wholly owned subsidiary of Countrywide Financial.

9. Defendant Countrywide Home Loans Servicing LP is a limited partnership organized under the laws of Texas with its principal place of business in Texas. This defendant is referred to in this complaint as **Countrywide Servicing**. Countrywide Servicing is a wholly owned subsidiary of Countrywide Financial.

#### THE JURISDICTION OF THIS COURT

10. This Court has jurisdiction of this action under CPLR § 301 because Countrywide Home Loans is a New York corporation and has appointed an agent for service of process and has consented to the jurisdiction of courts within the State. In addition, defendants are registered and/or licensed to do business within the State and have agreed to the jurisdiction of the courts within the State over matters arising out of their activities within the State. Defendants have offices and regularly transact business

within the State, and defendants have participated in negotiations and other activities within the State that led to the transactions that give rise to the claims in this complaint.

11. A justiciable controversy exists between plaintiffs and defendants because plaintiffs assert, and defendants deny, that either defendant Countrywide Home Loans or defendant Countrywide Servicing is required to purchase all loans in the CWL and CWALT securitizations that Countrywide modifies. Countrywide has stated that “modified loans [pursuant to the settlement with the State Attorneys General] are not subject to repurchase due to such modification.” The resolution of this controversy by a declaratory judgment will materially affect the value of certificates owned by plaintiffs and members of the class on whose behalf plaintiffs bring this action.

#### CLASS ACTION ALLEGATIONS

12. Plaintiffs bring this action as a class action under CPLR § 901 on behalf of a class consisting of all persons or entities that own or hold certificates in one or more of the following securitizations.

#### 103 CWL Securitizations

CWL 2004-1	CWL 2004-AB2	CWL 2005-6
CWL 2004-10	CWL 2004-ECC1	CWL 2005-7
CWL 2004-11	CWL 2004-ECC2	CWL 2005-8
CWL 2004-12	CWL 2005-1	CWL 2005-9
CWL 2004-13	CWL 2005-10	CWL 2005-AB1
CWL 2004-14	CWL 2005-11	CWL 2005-AB2
CWL 2004-15	CWL 2005-12	CWL 2005-AB3
CWL 2004-2	CWL 2005-13	CWL 2005-AB4
CWL 2004-3	CWL 2005-14	CWL 2005-AB5
CWL 2004-4	CWL 2005-15	CWL 2005-BC4
CWL 2004-5	CWL 2005-16	CWL 2005-BC5
CWL 2004-6	CWL 2005-17	CWL 2005-IM1
CWL 2004-7	CWL 2005-2	CWL 2005-IM2
CWL 2004-8	CWL 2005-3	CWL 2005-IM3
CWL 2004-9	CWL 2005-4	CWL 2005-SD1
CWL 2004-AB1	CWL 2005-5	CWL 2005-SD2

CWL 2005-SD3  
CWL 2006-1  
CWL 2006-10  
CWL 2006-11  
CWL 2006-12  
CWL 2006-13  
CWL 2006-14  
CWL 2006-15  
CWL 2006-16  
CWL 2006-17  
CWL 2006-18  
CWL 2006-19  
CWL 2006-2  
CWL 2006-20  
CWL 2006-21  
CWL 2006-22  
CWL 2006-23  
CWL 2006-24  
CWL 2006-25

CWL 2006-26  
CWL 2006-3  
CWL 2006-4  
CWL 2006-5  
CWL 2006-6  
CWL 2006-8  
CWL 2006-9  
CWL 2006-ABC1  
CWL 2006-BC1  
CWL 2006-BC2  
CWL 2006-BC3  
CWL 2006-BC4  
CWL 2006-BC5  
CWL 2006-IM1  
CWL 2006-QH1  
CWL 2006-QH2  
CWL 2007-1  
CWL 2007-10  
CWL 2007-11

CWL 2007-12  
CWL 2007-13  
CWL 2007-2  
CWL 2007-3  
CWL 2007-4  
CWL 2007-5  
CWL 2007-6  
CWL 2007-7  
CWL 2007-8  
CWL 2007-9  
CWL 2007-BC1  
CWL 2007-BC2  
CWL 2007-BC3  
CWL 2007-QH1  
CWL 2007-QH2  
CWL 2007-QX1  
CWL 2007-S1

#### 271 CWALT Securitizations

CWALT 2004-J1  
CWALT 2004-J10  
CWALT 2004-J11  
CWALT 2004-J12  
CWALT 2004-J13  
CWALT 2004-J2  
CWALT 2004-J3  
CWALT 2004-J4  
CWALT 2004-J5  
CWALT 2004-J6  
CWALT 2004-J7  
CWALT 2004-J8  
CWALT 2004-J9  
CWALT 2004-1T1  
CWALT 2004-2CB  
CWALT 2004-3T1  
CWALT 2004-4CB  
CWALT 2004-5CB  
CWALT 2004-6CB  
CWALT 2004-7T1  
CWALT 2004-8CB  
CWALT 2004-9T1  
CWALT 2004-10CB

CWALT 2004-12CB  
CWALT 2004-13CB  
CWALT 2004-14T2  
CWALT 2004-15  
CWALT 2004-16CB  
CWALT 2004-17CB  
CWALT 2004-18CB  
CWALT 2004-20T1  
CWALT 2004-22CB  
CWALT 2004-24CB  
CWALT 2004-25CB  
CWALT 2004-26T1  
CWALT 2004-27CB  
CWALT 2004-28CB  
CWALT 2004-29CB  
CWALT 2004-30CB  
CWALT 2004-31T1  
CWALT 2004-32CB  
CWALT 2004-33  
CWALT 2004-34T1  
CWALT 2004-35T2  
CWALT 2004-36CB  
CWALT 2005-AR1

CWALT 2005-IM1  
CWALT 2005-J1  
CWALT 2005-J10  
CWALT 2005-J11  
CWALT 2005-J12  
CWALT 2005-J13  
CWALT 2005-J14  
CWALT 2005-J2  
CWALT 2005-J3  
CWALT 2005-J4  
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CWALT 2005-J7  
CWALT 2005-J8  
CWALT 2005-J9  
CWALT 2005-1CB  
CWALT 2005-2  
CWALT 2005-3CB  
CWALT 2005-4  
CWALT 2005-6CB  
CWALT 2005-7CB  
CWALT 2005-9CB  
CWALT 2005-10CB

CWALT 2005-11CB  
CWALT 2005-12R  
CWALT 2005-13CB  
CWALT 2005-14  
CWALT 2005-16  
CWALT 2005-17  
CWALT 2005-18CB  
CWALT 2005-19CB  
CWALT 2005-20CB  
CWALT 2005-21CB  
CWALT 2005-22T1  
CWALT 2005-23CB  
CWALT 2005-24  
CWALT 2005-25T1  
CWALT 2005-26CB  
CWALT 2005-27  
CWALT 2005-28CB  
CWALT 2005-29CB  
CWALT 2005-30CB  
CWALT 2005-31  
CWALT 2005-32T1  
CWALT 2005-33CB  
CWALT 2005-34CB  
CWALT 2005-35CB  
CWALT 2005-36  
CWALT 2005-37T1  
CWALT 2005-38  
CWALT 2005-40CB  
CWALT 2005-41  
CWALT 2005-42CB  
CWALT 2005-43  
CWALT 2005-44  
CWALT 2005-45  
CWALT 2005-46CB  
CWALT 2005-47CB  
CWALT 2005-48T1  
CWALT 2005-49CB  
CWALT 2005-50CB  
CWALT 2005-51  
CWALT 2005-52CB  
CWALT 2005-53T2  
CWALT 2005-54CB  
CWALT 2005-55CB  
CWALT 2005-55CW  
CWALT 2005-56  
CWALT 2005-57CB

CWALT 2005-58  
CWALT 2005-59  
CWALT 2005-59R  
CWALT 2005-60T1  
CWALT 2005-61  
CWALT 2005-62  
CWALT 2005-63  
CWALT 2005-64CB  
CWALT 2005-65CB  
CWALT 2005-66  
CWALT 2005-67CB  
CWALT 2005-69  
CWALT 2005-70CB  
CWALT 2005-71  
CWALT 2005-72  
CWALT 2005-73CB  
CWALT 2005-74T1  
CWALT 2005-75CB  
CWALT 2005-76  
CWALT 2005-77T1  
CWALT 2005-79CB  
CWALT 2005-80CB  
CWALT 2005-81  
CWALT 2005-82  
CWALT 2005-83CB  
CWALT 2005-84  
CWALT 2005-85CB  
CWALT 2005-86CB  
CWALT 2006-HY10  
CWALT 2006-HY11  
CWALT 2006-HY12  
CWALT 2006-HY13  
CWALT 2006-HY3  
CWALT 2006-J1  
CWALT 2006-J2  
CWALT 2006-J3  
CWALT 2006-J4  
CWALT 2006-J5  
CWALT 2006-J6  
CWALT 2006-J7  
CWALT 2006-J8  
CWALT 2006-OA1  
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CWALT 2006-OC9  
CWALT 2006-2CB  
CWALT 2006-4CB  
CWALT 2006-5T2  
CWALT 2006-6CB  
CWALT 2006-7CB  
CWALT 2006-8T1  
CWALT 2006-9T1  
CWALT 2006-11CB  
CWALT 2006-12CB  
CWALT 2006-13T1  
CWALT 2006-14CB  
CWALT 2006-15CB  
CWALT 2006-16CB  
CWALT 2006-17T1  
CWALT 2006-18CB  
CWALT 2006-19CB  
CWALT 2006-20CB  
CWALT 2006-21CB  
CWALT 2006-22R  
CWALT 2006-23CB  
CWALT 2006-24CB  
CWALT 2006-25CB  
CWALT 2006-26CB

CWALT 2006-27CB	CWALT 2007-HY7C	CWALT 2007-6
CWALT 2006-28CB	CWALT 2007-HY8C	CWALT 2007-7T2
CWALT 2006-29T1	CWALT 2007-HY9	CWALT 2007-8CB
CWALT 2006-30T1	CWALT 2007-J1	CWALT 2007-9T1
CWALT 2006-31CB	CWALT 2007-J2	CWALT 2007-10CB
CWALT 2006-32CB	CWALT 2007-OA10	CWALT 2007-11T1
CWALT 2006-33CB	CWALT 2007-OA11	CWALT 2007-12T1
CWALT 2006-34	CWALT 2007-OA2	CWALT 2007-13
CWALT 2006-35CB	CWALT 2007-OA3	CWALT 2007-14T2
CWALT 2006-36T2	CWALT 2007-OA4	CWALT 2007-15CB
CWALT 2006-39CB	CWALT 2007-OA6	CWALT 2007-16CB
CWALT 2006-40T1	CWALT 2007-OA7	CWALT 2007-17CB
CWALT 2006-41CB	CWALT 2007-OA8	CWALT 2007-18CB
CWALT 2006-42	CWALT 2007-OA9	CWALT 2007-19
CWALT 2006-43CB	CWALT 2007-OH1	CWALT 2007-20
CWALT 2006-45T1	CWALT 2007-OH2	CWALT 2007-21CB
CWALT 2006-46	CWALT 2007-OH3	CWALT 2007-22
CWALT 2007-AL1	CWALT 2007-1T1	CWALT 2007-23CB
CWALT 2007-HY2	CWALT 2007-2CB	CWALT 2007-24
CWALT 2007-HY3	CWALT 2007-3T1	CWALT 2007-25
CWALT 2007-HY4	CWALT 2007-4CB	
CWALT 2007-HY6	CWALT 2007-5CB	

13. The class is so numerous that joinder of all members is impracticable. Although plaintiffs do not know the exact number of members of the proposed class, plaintiffs believe that there are thousands of them, because there are hundreds of securitizations, each of which issued dozens of certificates.

14. There are questions of law or fact common to the class which predominate over any questions affecting only individual members. Among the questions of law or fact common to the class are:

(a) Whether, under the agreements governing the trusts that sold certificates owned or held by members of the plaintiff class, either Countrywide Home Loans or Countrywide Servicing must purchase every loan that Countrywide modifies; and

(b) The price at which Countrywide Home Loans or Countrywide Servicing must purchase loans that Countrywide modifies.

15. Plaintiffs' claims are typical of the claims of the class, because all members of the class would be similarly affected by the declaratory judgment sought in this action.

16. Plaintiffs will fairly and adequately protect the interests of the members of the class and have retained counsel competent and experienced in class litigation.

17. A class action is superior to other available methods for the fair and efficient adjudication of this controversy because joinder of all class members is impracticable. There will be no difficulty in the management of this action as a class action.

#### NOTICE REQUIREMENT INAPPLICABLE

18. In most securitizations (including all that are covered by this action), a contract known as a Pooling and Servicing Agreement (or PSA) governs the rights and duties of the participants in the securitization.

19. Section 10.08 of the PSAs that govern the CWL and CWALT certificates states:

No Certificateholder shall have any right by virtue or by availing itself of any provisions of this Agreement to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Agreement, unless such Holder previously shall have given to the Trustee a written notice of an Event of Default and of the continuance thereof, as hereinbefore provided, the Holders of Certificates evidencing not less than 25% of the Voting Rights shall also have made written request to the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder . . . ; it being understood and intended, and being expressly covenanted by each Certificateholder with every other Certificateholder and the Trustee, that no one or more Holders of Certificates shall have any right in any manner whatever by virtue or by availing itself or themselves of any provisions of this Agreement to affect, disturb or prejudice the



rights of the Holders of any other of the Certificates, or to obtain or seek to obtain priority over or preference to any other such Holder or to enforce any right under this Agreement, except in the manner herein provided and for the common benefit of all Certificateholders.

20. Plaintiffs bring this action as a class action for the common benefit of all certificateholders in the plaintiff class.

21. The declaratory judgment sought in this action will apply equally to all certificateholders in the plaintiff class, and, therefore, will not affect, disturb, or prejudice the rights of any individual certificateholder or permit any certificateholder to gain priority or preference over any other certificateholder.

22. For these reasons, the requirements of Section 10.08 do not apply to this action.

FIRST CAUSE OF ACTION  
(DECLARATORY JUDGMENT)

23. Countrywide makes mortgage loans. To raise money to lend, Countrywide securitized some of its loans. When loans are securitized, they are sold to a trust. When borrowers then pay interest and principal on their mortgage loans, those payments go to the trust, rather than to the lender that made the mortgage loans initially but then sold them to the trust.

24. To raise the money to pay for the loans, the trust sells certificates to investors. (These certificates are securities, hence the term “securitization.”) Each certificate entitles its owner to payment of the principal, or face, amount of the certificate, plus interest at an agreed rate until the principal is paid.

25. Certificates are divided into classes, or tranches. The certificates in different classes give their owners different claims on the cash that is flowing into the trust from payments of interest and principal on the mortgage loans that the trust owns.

26. In addition to the mortgage lender, the trust, and the investors in the certificates, there are other participants in a securitization. One is the master servicer, which administers the mortgage loans on behalf of the certificateholders.

27. This action relates to 374 securitizations in the two series known as CWL and CWALT. In all of these securitizations, Countrywide Servicing is the master servicer. Representative examples of the PSAs that govern the CWL and CWALT securitizations are attached as Exhibits A and B.

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28. Beginning in the summer of 2008, the Attorneys General of California, Illinois, and at least five other States filed lawsuits accusing Countrywide of violating laws against predatory lending. Their complaints allege that Countrywide engaged in many deceptive sales practices, charged unlawful fees and interest rates, and made mortgage loans that Countrywide had no reasonable basis to think that the borrowers could afford, all in violation of the predatory lending laws of the United States and those five States. The complaints against Countrywide filed by the States of California and Illinois are attached as Exhibits C and D. The Attorneys General of at least eight States in addition to the five that sued Countrywide were also investigating Countrywide's lending practices based upon allegations of similar misconduct.

29. To settle the accusations of the Attorneys General, on October 6, 2008, Countrywide agreed to a Multistate Settlement Term Sheet, a copy of which is attached

as Exhibit E. Final judgments embodying the Term Sheet have been entered against Countrywide by the courts of California, Illinois, and several other States. Copies of the California and Illinois judgments are attached as Exhibits F and G.

30. Under the Term Sheet and the judgments that embody it, Countrywide is required to modify numerous mortgage loans (at least 50,000 by March 31, 2009, and potentially as many as 400,000) that (i) Countrywide services and (ii) meet agreed financial criteria. Countrywide services all loans in the CWL and CWALT securitizations, in which plaintiffs and members of the plaintiff class own or hold certificates. Thus, under the Term Sheet and judgments, Countrywide may well be modifying the loans in those securitizations that meet the criteria agreed to in the Term Sheet.

31. For example, the Term Sheet and the judgments require Countrywide to restore low introductory interest rates (so-called “teaser” rates) on certain categories of loans that are currently subject to substantially higher interest rates and to write down the principal of certain other categories of loans.

32. Modifying a mortgage loan almost always means reducing or delaying payments due on that loan. Reducing or delaying those payments in turn entails a reduced or delayed flow of funds into the trusts to which those loans were sold in securitizations. A reduced or delayed flow of funds into those trusts reduces the value of the certificates that those trusts sold to investors. Plaintiffs believe and allege that, depending on the resolution of the questions on which they seek a declaratory judgment, the value of all certificates held by members of the plaintiff class will be affected by billions of dollars.

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33. Under the PSAs that govern the CWL securitizations, any mortgage loan that is modified must be purchased from the trust. Section 3.12(a) of most of these PSAs states: “The Master Servicer may agree to a modification of any Mortgage Loan (the ‘Modified Mortgage Loan’) if ... CHL [Countrywide Home Loans] purchases the Modified Mortgage Loan from the Trust Fund immediately following the modification ... .” The PSAs that govern certain of the CWL certificates contain an alternate form of Section 3.12(a) that requires modified loans to be purchased by the Master Servicer (Countrywide Servicing) rather than Countrywide Home Loans. In these PSAs, Section 3.12(a) states: “The Master Servicer may agree to a modification of any Mortgage Loan (the ‘Modified Mortgage Loan’) if ... the Master Servicer [Countrywide Servicing] purchases the Modified Mortgage Loan from the Trust Fund ... .” No provision of any of the PSAs permits Countrywide Servicing or Countrywide Home Loans to modify any loan without triggering the requirement that either Countrywide Home Loans or Countrywide Servicing purchase the loan.

34. Under the PSAs that govern the CWALT securitizations, any mortgage loan that is modified must be purchased from the trust. Section 3.11(b) of most of these PSAs states: “Countrywide may agree to a modification of any Mortgage Loan (the ‘Modified Mortgage Loan’) if ... Countrywide purchases the Modified Mortgage Loan from the Trust Fund ... .” The PSAs that govern certain of the CWALT certificates contain an alternate form of Section 3.11(b) that requires modified loans to be purchased by the Master Servicer (Countrywide Servicing) rather than Countrywide Home Loans. In these PSAs, Section 3.11(b) states: “The Master Servicer may agree to a modification

of any Mortgage Loan (the ‘Modified Mortgage Loan’) if ... the Master Servicer purchases the Modified Mortgage Loan from the Trust Fund ... .” No provision of any of the PSAs permits Countrywide Servicing or Countrywide Home Loans to modify any loan without triggering the requirement that either Countywide Home Loans or Countrywide Servicing purchase the loan.

35. Plaintiffs and all other members of the plaintiff class are entitled to a judgment pursuant to CPLR § 3001 declaring that, under the PSA governing each of plaintiffs’ certificates and each other trust that sold certificates owned or held by any member of the plaintiff class, Countrywide Home Loans or Countrywide Servicing must purchase every loan that Countrywide Servicing or Countrywide Home Loans modifies.

SECOND CAUSE OF ACTION  
(DECLARATORY JUDGMENT)

36. Plaintiffs repeat paragraphs 1 through 35.

37. The PSAs that govern the CWL and CWALT certificates define the “Purchase Price” at which modified mortgage loans must be repurchased from the trusts as “an amount equal to the sum of (i) 100% of the unpaid principal balance ... of the Mortgage Loan as of the date of such purchase, [plus] (ii) accrued interest thereon ... .”

38. Plaintiffs and all other members of the class are entitled to a judgment pursuant to CPLR § 3001 declaring that the price at which Countrywide Home Loans or Countrywide Servicing must purchase every modified loan is not less than 100% of the unpaid principal balance of, and any accrued interest on, that loan immediately before modification.

WHEREFORE, on behalf of themselves and the other members of the class, plaintiffs respectfully demand judgment:

(a) declaring that under the PSAs governing the trusts that sold certificates owned or held by members of the plaintiff class, either Countrywide Home Loans or Countrywide Servicing must purchase every loan that Countrywide Home Loans or Countrywide Servicing modifies;

(b) declaring that the price at which Countrywide Home Loans or Countrywide Servicing must purchase every modified loan is not less than 100% of the unpaid principal balance of, and any accrued interest on, that loan immediately before modification;

(c) allowing recovery of attorneys' fees from the opponents of the class pursuant to CPLR § 909; and

(d) granting such other and further relief as the Court may deem just and proper.

Dated: New York, New York  
December 1, 2008

GRAIS & ELLSWORTH LLP



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\* Admitted only in Connecticut.