

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

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In the Matter of : Index No. 401265/2012
 :
the Rehabilitation of : I.A.S. Part 36
 : (Ling-Cohan, J.)
FINANCIAL GUARANTY INSURANCE :
COMPANY : Re: Motion Sequence No. 16
 :
 : **AFFIDAVIT OF GINA HEALY IN**
 : **SUPPORT OF OBJECTION OF**
 : **FEDERAL HOME LOAN**
 : **MORTGAGE CORPORATION TO**
 : **THE COMMUTATION OF**
 : **CERTAIN FGIC POLICIES AND**
 : **CERTAIN FINDINGS OF FACT**
 : **SOUGHT BY REHABILITATOR**
 : **OF FINANCIAL GUARANTY**
 : **INSURANCE COMPANY SET**
 : **FORTH IN AFFIRMATION**
 : **DATED MAY 29, 2013**
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STATE OF VIRGINIA)
) ss.:
FAIRFAX COUNTY)

Gina Healy, being duly sworn, deposes and says:

1. My name is Gina Healy, and I am over 21 years of age. I am of sound mind and, if called to testify, I will attest to the facts described herein.
2. I am Vice President of Credit Risk Management, Mortgage Insurance and Credit Workout/Restructuring at Federal Home Loan Mortgage Corporation in conservatorship (“Freddie Mac”), where I have been employed since 2004. I am responsible for managing credit risk and counterparty eligibility requirements for mortgage insurers and negotiating workouts and restructurings for special assets across the company. I hold the Chartered Financial Analyst designation (CFA) and am a Certified Public Accountant (CPA Inactive).

3. I submit this Affidavit in support of the *Objection of Federal Home Loan Mortgage Corporation to the Commutation of Certain Policies and Certain Findings of Fact Sought by Rehabilitator of Financial Guaranty Insurance Company Set Forth in Affirmation Dated May 29, 2013.*

4. Freddie Mac holds over \$3.055 billion in original face amount of various tranches of residential mortgage-backed securities held in nine of the ResCap trusts (the “FGIC-Insured Trusts”) covered by the policies issued by Federal Guaranty Insurance Company (“FGIC”), the payment of principal and interest due being guaranteed by FGIC. Freddie Mac’s holdings in the FGIC-Insured Trusts are summarized in the chart below:

Freddie Mac Holdings of FGIC-Insured RMBS

<u>CUSIP</u>	<u>Original Face Amount of Holdings</u>	<u>Description of RMBS Instrument</u>	<u>FGIC Trustee</u>
7609854V0	\$175,000,000	RAMP 2004-RZ2 AII	BONY/Mellon
7609857G0	\$346,990,000	RAMP 2004-RS7 A2A	BONY/Mellon
76110WB88	\$337,500,000	RASC 2004-KS7 A2A	BONY/Mellon
76112BL99	\$494,922,000	RAMP 2005-RS9 AII	BONY/Mellon
361856BG1	\$123,222,000	GMACM 2001-HE2 IIA7	BONY/Mellon
38012EAA3	\$646,768,000	GMACM 2006-HE5 1A1	BONY/Mellon
74924XAE5	\$326,812,000	RASC 2007-EMX1 A2	U.S. Bank
76112BR36	\$405,004,000	RAMP 2005-NC1 AII	U.S. Bank
76112BR85	\$199,376,000	RAMP 2005-EFC7 A2	U.S. Bank

5. Freddie Mac has long-outstanding policy claims against FGIC based upon the failure of principal and interest payments under certain of the Trusts. Freddie Mac expects to have significant policy claims against FGIC for principal and interest shortfalls with respect to the Trusts in both the near and long-term future.

6. Despite our attorney's requests to FGIC, I have received no information or data indicating that the terms of the Settlement Agreement, including the FGIC Commutation, are in the best interests of Freddie Mac, a major holder of the of FGIC-insured RMBS.

7. I understand based upon disclosures in the FGIC's rehabilitation proceeding pending in state court in New York (the "Rehabilitation Proceeding") that the above-captioned debtors and debtors-in-possession, FGIC, the trustees of the Trusts (the "FGIC Trustees"), and certain institutional investors have agreed to enter into the a settlement agreement (the "Settlement Agreement"), which I understand effectively terminates the Policies in exchange for a one-time payment of \$253.3 million (the "FGIC Commutation"). The FGIC Trustees neither obtained nor solicited Freddie Mac's consent to enter into the Settlement Agreement, and, upon information and belief, none of the holders of the FGIC-insured RMBS were consulted on the proposed commutation of their claims against FGIC and no vote has been offered.


8. Despite our attorney's requests to FGIC, I have received no information or data indicating that the terms of the Settlement Agreement, including the FGIC Commutation, are in the best interests of Freddie Mac, a major holder of the of FGIC-insured RMBS.

9. The only available evidence I have seen indicates that the Settlement Agreement is not in the Freddie Mac's best interest. FGIC's most recent financial disclosures in the Rehabilitation Proceeding project that policyholders will receive present-value recoveries on FGIC policy claims in the amount of 27-30 cents on the dollar before any litigation recoveries. Under the FGIC Commutation—which contemplates a \$253.3 million payment by FGIC to the insured trusts to cover approximately \$1.2 billion of unpaid present and anticipated future claims against FGIC—I understand that holders of FGIC-insured RMBS will only receive approximately 21 cents on the dollar.

10. I declare under penalty of perjury that the information set forth in this Affidavit is true and correct to the best of my knowledge, information, and belief.

By: *Gina Healy*
Gina Healy

Sworn to before me this 16th day of July, 2013

Maria E. Smith
Notary Public  MARIA ESTHER SMITH
Notary Public
Commonwealth of Virginia
Reg. #291388
My Commission Exps. Dec. 31, 2016