

EXECUTION COPY

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

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PEOPLE OF THE STATE OF NEW YORK,
by ERIC T. SCHNEIDERMAN, Attorney General of the
State of New York,

Plaintiff,

Index No. 451556/2012

Hon. Marcy S. Friedman

- against -

J.P. MORGAN SECURITIES LLC, (f/k/a "Bear, Stearns &
Co. Inc."), JPMORGAN CHASE BANK, N.A., EMC
MORTGAGE LLC (f/k/a "EMC Mortgage Corporation"),

Defendants.

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SETTLEMENT AGREEMENT

Pursuant to the provisions of Article 23-A of the General Business Law and § 63(12) of the Executive Law, the State of New York, by Eric T. Schneiderman, Attorney General of the State of New York ("Plaintiff"), asserted claims against J.P. Morgan Securities LLC (f/k/a "Bear, Stearns & Co. Inc."), JPMorgan Chase Bank, N.A., and EMC Mortgage LLC (f/k/a "EMC Mortgage Corporation") (collectively, "Defendants") in a complaint filed in the Supreme Court of the State of New York, New York County, Index No. 451556/2012 (the "Complaint").

WHEREAS, Plaintiff and Defendants (collectively, the "Settling Parties") have agreed to enter into a settlement of the above-captioned action (the "Action"); and

WHEREAS, this Settlement Agreement is being entered into in conjunction with and is incorporated by reference into the agreement (the "Global Agreement") entered into among JPMorgan Chase & Co. ("JPMorgan"), the United States, and certain other states that

have not brought separate civil claims, which also incorporates by reference separate settlement agreements with certain other government entities; and

WHEREAS pursuant to the Global Agreement, JPMorgan shall pay a total amount of \$9,000,000,000 (“Total Settlement Amount”) and also provide \$4,000,000,000 worth of consumer relief under the terms set forth in that Global Agreement (the “Consumer Relief”); and;

WHEREAS, a significant number of JPMorgan mortgage customers reside in the State of New York, and the Settling Parties project that the value of the Consumer Relief for the State of New York and its residents will reach or exceed three hundred eighty-seven million dollars (\$387,000,000.00); and

WHEREAS, the Settling Parties stipulate and agree as follows:

IT IS AGREED that JPMorgan shall pay six hundred thirteen million, two hundred thirty-four dollars and forty-eight cents (\$613,000,234.48) of the Total Settlement Amount, in consideration for the settlement and discontinuance of the Action pursuant to the terms of this settlement agreement (“Settlement Agreement”) and the terms, conditions and releases set forth in the Global Agreement as compensation to the State of New York and its communities for harms purportedly caused by the allegedly unlawful conduct of Defendants. No portion of the funds in this paragraph will be designated or otherwise classified by the State of New York as a civil penalty, fine, or similar payment. Payment shall be made by electronic funds transfer within fifteen business days of receiving written payment processing instructions and all documents reasonably required by JPMorgan to process payment from the State of New York, Office of the Attorney General; and

IT IS FURTHER AGREED that Plaintiff shall benefit from Consumer Relief, as provided for under the terms of the Global Agreement, as agreed to by the Settling Parties; and

IT IS FURTHER AGREED that the New York Attorney General, in his sole discretion and in a manner consistent with the terms of this Settlement Agreement, shall direct the use of the \$613,000,234.48 sum described above. The New York Attorney General shall use at least 85% of such funds for purposes intended to avoid preventable foreclosures, to ameliorate the effects of the foreclosure crisis, to enhance law enforcement efforts to prevent and prosecute financial fraud or unfair or deceptive acts or practices, and to otherwise promote the interests of the investing public. Such permissible purposes for allocation of the funds include, but are not limited to, providing funding for housing counselors, state and local foreclosure assistance hotlines, state and local foreclosure mediation programs, legal assistance, housing remediation and anti-bligh projects, and for the training and staffing of, and capital expenditures required by, financial fraud and consumer protection efforts. The remaining funds described in this paragraph may be paid by the New York Attorney General to the state treasury as compensation to the State of New York for harms to the State of New York, and its agencies and political subdivisions, purportedly caused by the allegedly unlawful conduct of Defendants. No portion of the funds paid hereunder will be designated as a civil penalty, fine or similar payment; and

IT IS FURTHER AGREED that the \$613,000,234.48 shall be deposited into an escrow account to be identified by the New York Attorney General. The New York Attorney General will have sole discretion to draw up to one hundred sixty-three million dollars (\$163,000,000.00) after November 1, 2013, and up to one hundred fifty million dollars (\$150,000,000.00) after November 1st of each year thereafter; and

IT IS FURTHER AGREED that Plaintiff releases and discharges Defendants from any and all actions, claims, suits, prosecutions, damages, and demands relating to or concerning the Covered Conduct, as that term is defined in the Global Agreement.

Notwithstanding this release, any claims related to compliance with the National Mortgage Settlement (“NMS”), or to compliance with the related agreements, are specifically reserved and not released by this Agreement. Further, nothing contained herein shall be construed so as to create any third party rights or private rights of action nor deprive any third party individual or entity of any private right under law; and

IT IS FURTHER AGREED that Defendants fully and finally release Plaintiff from any claims (including attorney’s fees, costs, and expenses of every kind and however denominated) that Defendants have asserted, could have asserted, or may assert in the future against Plaintiff related to the Covered Conduct and the investigation and civil prosecution to date thereof; and

IT IS FURTHER AGREED that the NYAG Settlement Amount and the other terms of this Settlement Agreement were negotiated in good faith by the Settling Parties, and reflect a settlement that was reached voluntarily after full investigation, consultation with experienced legal counsel and arms’-length negotiation; and

IT IS FURTHER AGREED that this Agreement is made without any trial or adjudication or court finding on any issue of fact or law, and is not a final order of any court or governmental authority. Defendants acknowledge the facts set out in the Statement of Facts attached as Annex 1 to the Global Agreement; and

IT IS FURTHER AGREED that this Settlement Agreement shall be construed and interpreted in accordance with the laws of the State of New York; and

IT IS FURTHER AGREED that, concurrent with delivery by counsel for Plaintiff to counsel for Defendants of an executed copy of this Settlement Agreement, counsel for Plaintiff shall deliver to counsel for Defendants an executed Stipulation of Discontinuance with Prejudice in the form attached hereto as Exhibit A and that Defendants shall file said Stipulation of Discontinuance with Prejudice with the Clerk of the Court and need not give any further notice thereof to the Plaintiff; and

IT IS FURTHER AGREED that this Settlement Agreement, including the Exhibit hereto, and the Global Agreement, including all attachments thereto, constitute the entire agreement between the Settling Parties concerning the Action and supersedes any prior communication, understanding, or agreement, whether written or oral, concerning said subject matter; and


IT IS FURTHER AGREED that this Settlement Agreement shall not be amended, changed, or modified except by a writing signed by the Settling Parties; and

IT IS FURTHER AGREED that this Settlement Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall be deemed to constitute one instrument.

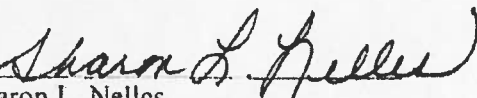
Dated: November 19, 2013
New York, New York


J.P. MORGAN SECURITIES LLC, (f/k/a "Bear, Stearns & Co. Inc."), JPMORGAN CHASE BANK, N.A., EMC MORTGAGE LLC (f/k/a "EMC Mortgage Corporation")

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By: 
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By: 
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