

SETTLEMENT AGREEMENT

This settlement agreement ("Agreement" or "Settlement Agreement") is made and entered into by Multnomah County, Oregon (the "County") and Mortgage Electronic Registration Systems, Inc. ("MERS"); MERSCORP Holdings, Inc.; Bank of America, N.A.; Wells Fargo Bank, National Association; CitiMortgage, Inc.; JPMorgan Chase Bank, N.A.; and WMC Mortgage, LLC (collectively, "Certain Defendants"). The County and Certain Defendants are collectively the "Parties," and each individually is a "Party."

WHEREAS, the County filed a lawsuit against Certain Defendants (and others) in the Multnomah County Circuit Court on December 20, 2012 (Case No. 1212-16328), and the case was removed to the United States District Court for the District of Oregon (the "Court"), on July 6, 2015 and assigned case number 3:15-cv-01246-PK (collectively, the "Action"), where it remains pending;

WHEREAS, the County and Certain Defendants participated in a mediation on August 29, 2015 with the Honorable Jeffery Kaplan (Ret.) and as a result agree that it is in their mutual interest to reduce the uncertainty and expense of the Action by reaching a settlement of the Action and accommodation of the certain matters encompassed herein, without any admission of law or fact;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties covenant and mutually agree as follows:

A. Payment to the County.

Certain Defendants shall pay to the County, by wire transfer to an account designated by the County, the sum of \$9,000,000.00 (the "Settlement Amount"), not later than 15 business days after the Effective Date, as defined in Paragraph H below.

B. Recording and Indexing.

Deeds of Trust that designate MERS as the nominee for the lender and beneficiary ("MERS DOTs") may be recorded in the Multnomah County public land records, and the County shall accept for recording and record MERS DOTs in the Multnomah County land records. The County will not index MERS for any of the MERS DOTs pursuant to its policy not to index a party identified or designated as an agent of the beneficiary. The County will inform individuals and entities seeking to record documents among County papers that its policy is not to index parties identified or designated as an agent of the beneficiary, and thus the County does not index such parties, including MERS. Should a recorded MERS DOT mistakenly indicate that MERS is a "beneficiary," "grantee," and/or "grantor," the County will record the MERS deed of trust, but it need not index the identity of MERS. In the event that the County changes its policy and begins to index parties designated as agents/nominees of beneficiaries, the County shall notify MERS in writing of this change of policy and the County shall index the identity of MERS consistent and in accordance with its current policy regarding indexing.

C. Attorneys' Fees and Costs.

The Parties will bear their own costs, expenses, and attorney's fees in connection with the Action and the drafting, approval, execution and implementation of this Agreement.

D. Releases.

(1) The Parties hereby mutually release each other from any claim, cause of action, matter, right or issue related to the use of the MERS® System in Multnomah County that was alleged or could have been alleged in the Action.

(2) For good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the County, for itself and for each of its present and former commissioners, clerks, officers, employees, attorneys, insurers, agents, representatives, predecessors, successors, assigns and all those who claim through any or each of them or could claim through any or each of them (each person and entity covered by the preceding clause a "County Releasor," and collectively, the "County Releasors") unconditionally and irrevocably remise, waive, satisfy, release, acquit, and forever discharge (i) (a) Mortgage Electronic Registration Systems, Inc.; (b) MERSCORP Holdings, Inc.; (c) Bank of America, N.A.; (d) Wells Fargo Bank, National Association; (e) CitiMortgage, Inc.; (f) JPMorgan Chase Bank, N.A.; and (g) WMC Mortgage, LLC; and for each of (a) – (g) their respective present, former and future parents, subsidiaries, acquired entities, merged entities, predecessors, successors, assigns, assignees, affiliates, divisions, departments, subdivisions, owners, partners, principals, trustees, creditors, shareholders, joint ventures, co-venturers, officers and directors (whether acting in such capacity or individually), attorneys, vendors, accountants, members, nominees, agents (direct or indirect or subsidiary, and alleged, apparent or actual), representatives, employees, managers, administrators, and/or each person or entity acting or purporting to act for them or on their behalf or for another for their benefit or account; (ii) all past, present and future members of the MERS® System, and each of the MERS® System members' past, present and future parents, subsidiaries and affiliates; and (iii) all entities and their respective agents and

representatives which directly or through an agent for have filed or had recorded documents in Multnomah County which designated MERS as beneficiary or otherwise named MERS in any capacity (including without limitation all current and former MERS® System members, Citizens Bancorp d/b/a Citizens Bank and CCO Mortgage Corporation d/b/a Royal Bank of Scotland Limited Company, which were defendants in the Action), and each of the entities' past and present parents, subsidiaries and affiliates (each person or entity named or identified in this Paragraph a "Certain Defendant Releasee," and collectively, the "Certain Defendant Releasees"), from and against any and all past and present claims, counterclaims, actions, defenses, affirmative defenses, suits, rights, causes of action, lawsuits, set-offs, costs, losses, controversies, agreements, promises and demands, or liabilities of whatever kind or character, direct or indirect, whether known or unknown or capable of being known, arising at law or in equity, by right of action or otherwise, including, but not limited to, suits, debts, accounts, bills, damages, judgments, executions, warranties, attorneys' fees, costs of litigation, expenses, claims and demands whatsoever that each, some or all of the County Releasors, or their attorneys, agents, representatives, predecessors, successors and assigns, have or may have against each, some or all of the Certain Defendant Releasees, for, upon, or by reason of any matter, cause or thing, whatsoever, in law or equity, that concerns, relates to or otherwise has any connection with the Action, or with county land records or the land record recording system maintained by the County or the content or effect of any recorded instrument or any matter related in any way to recorded or unrecorded instruments or documents including, but not limited to, (a) any claim, cause of action, matter, right or issue which was alleged or could have been alleged in the Action; (b) any contention, claim, or assertion by the County that Oregon deed of trust forms or other instruments designating MERS as beneficiary, grantee, or in the capacity as nominee or

having any other capacity are false or fraudulent or violate Oregon law, or cannot be recorded or can be refused for recording, including without limitation any claims arising out of deeds of trust or other instruments that indicate MERS to be a "beneficiary" or "grantee" and for which the County accepted and recorded such instruments (*e.g.*, Third Amended Complaint ("TAC") ¶¶ 67a, 86, 91, 98, 108, 117-24, 218-221); (c) any contention, claim, or assertion by the County that MERS DOTs, including without limitation Oregon – Single Family – Fannie Mae/Freddie Mac UNIFORM INSTRUMENT with MERS Rider (Form 3038), and MERS Rider – Single Family – Fannie Mae/Freddie Mac UNIFORM INSTRUMENT (Form 3158), are false or fraudulent or violates Oregon law, cannot be recorded or can be refused for recording (*e.g.*, TAC ¶¶ 67b, 98, 108, 117-24, 155, 166, 222); (d) any contention, claim or assertion by the County that any other recorded instruments, including releases, are fraudulent or erroneous or improperly recorded because the instrument inaccurately described MERS or MERS' interest and rights (*e.g.*, TAC ¶¶ 67b, 76, 117-24, 225); (e) any contention, claim or assertion by the County that assignments of deeds of trust or other instruments must be created and recorded when interests in promissory notes are transferred, or upon the happening of any other event or condition (*e.g.*, TAC ¶¶ 171a, 183, 192, 223); and (f) any claims or rights to recording fees with respect to unprepared or unrecorded instruments (*e.g.*, TAC ¶¶ 113, 115, 183, 193 202) (collectively, the "County Released Matters").

(3) For good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the County's Counsel of Record, for himself, herself or itself and for each of his, her or its present and former owners, predecessors, successors, partners, shareholders, agents (alleged or actual), experts, representatives, employees and affiliates ("Attorney Releasers"), unconditionally and irrevocably remise, waive, satisfy, release, acquit,

and forever discharge each of the Certain Defendant Releasees from any and all right, lien, title or interest in any attorneys' fee or award or any claim for reimbursement of costs in connection with the Action.

(4) For good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, Mortgage Electronic Registration Systems, Inc.; MERSCORP Holdings, Inc.; Bank of America, N.A.; Wells Fargo Bank, National Association; CitiMortgage, Inc.; JPMorgan Chase Bank, N.A.; and WMC Mortgage, LLC, each for itself and for its respective present, former and future parents, predecessors, successors, assigns, assignees, affiliates, divisions, departments, subdivisions, owners, partners, principals, trustees, creditors, shareholders, joint venturers, co-venturers, officers and directors (whether acting in such capacity or individually), attorneys, vendors, accountants, nominees, agents (alleged, apparent or actual), representatives, employees, managers, administrators, and/or each person or entity acting or purporting to act for them or on their behalf (collectively "Certain Defendant Releasers") unconditionally and irrevocably remise, waive, satisfy, release, acquit, and forever discharge the County and each of its present and former commissioners, clerks, officers, attorneys, insurers, agents, representatives, predecessors, successors, assigns and all those who act through any or each of them or could act through any or each of them (collectively "County Releasees"), from and against any and all past and present claims (including any claims arising out of the County recording deeds of trust or other instruments where MERS is indentified as a "beneficiary" or "grantee," but where the County did not index MERS as an indirect party), counterclaims, actions, defenses, or liabilities of whatever kind or character, direct or indirect, arising at law or in equity, by right of action or otherwise, including, but not limited to, suits, debts, accounts, bills, damages, judgments, executions, warranties, attorneys' fees, costs of litigation, expenses,

claims and demands whatsoever that each, some, or all of the Certain Defendant Releasors, or their attorneys, agents, representatives, predecessors, successors and assigns, have or may have against each, some or all of the County Releasees, concerning, relating to, or arising out of the allegations made the Action (collectively, the "Certain Defendant Released Matters").

(5) Neither the County Released Matters nor the Certain Defendant Released Matters shall be construed to encompass any dispute, claim, or right (unrelated to the matters being released in this Agreement) about an individual instrument or document that a Certain Defendant Releasor previously tendered for recording or tenders for recording in the future.

(6) The Releases set forth in Paragraphs D(1)-(4) shall be effective as of the Effective Date.

E. Dismissal of Claims and Counterclaims.

(1) All claims asserted by Plaintiff against Certain Defendants in the Action shall be dismissed with prejudice (the "Dismissal"), including without limitation all causes of action, claims, and theories of liability asserted in the TAC or any other complaint filed in this Action. To effectuate that disposition, within five (5) days of its receipt of the Settlement Amount, the County shall cause its counsel to file the Stipulation of Dismissal With Prejudice ("Stipulation") in the form attached as Exhibit A hereto. Pursuant to Fed. R. Civ. Proc. 41(a)(1)(A)(ii), the Parties understand and agree that the Stipulation is effective upon filing. In the event that the Stipulation is not effective upon filing, the Parties will cooperate in filing any motions, pleadings, or other documents necessary to effectuate the Dismissal separate and apart from any other proceedings, such that the dismissal is legally effective immediately.

(2) All counterclaims asserted by MERS against Plaintiff, Federal National Mortgage Corporation, and Federal National Mortgage Association shall be dismissed with prejudice. To effectuate the dismissal, within five (5) days of the Effective Date, MERS shall cause its counsel

to file a stipulation in the form attached as Exhibit A hereto. Pursuant to Fed. R. Civ. Proc. 41(a)(1)(A)(ii), the Parties understand and agree that the stipulation is effective upon filing. In the event that the stipulation is not effective upon filing, the Parties will cooperate in filing any motions, pleadings, or other documents necessary to effectuate the dismissal of MERS' counterclaims separate and apart from any other proceedings, such that the dismissal is legally effective immediately.

F. Agreement to Mediate.

In the event a dispute arises involving this Agreement, including an alleged breach of the Agreement, the parties agree to participate in mediation with retired Magistrate Judge Jeffrey Kaplan, if available, before initiating litigation or any other legal proceeding with respect to such dispute.

G. No Third Party Beneficiaries or Rights.

This Agreement does not confer any direct or indirect benefit, right, or cause of action upon any person not a Party, creates no obligations of Certain Defendants in favor of any person not a Party, and is not intended to constitute a third party beneficiary contract, except that this Agreement is intended to benefit all Releasees (whether or not a Party). In particular, and without limitation, this Agreement (i) confers no direct or indirect benefit, right, or cause of action upon any person who is a party to any recorded or unrecorded deed of trust, assignment, release or other instrument to which a Party is a party or in which a Party is otherwise interested unless such person is a Releasee, and (ii) confers no direct or indirect benefit, right, or cause of action on any county or county official in Oregon or in any other state.

H. Effective Date.

As soon as practicable, an appropriate representative of the County and an appropriate representative of each of Certain Defendants shall execute the Agreement. The date on which

the last of all such signatures is obtained shall be the Effective Date.

I. Disclosure of Settlement Information.

(1) The Defendants understand and acknowledge that Multnomah County is a public entity subject to Oregon's statutory public records and meetings laws. The Settlement Agreement reached in this case is a public record and it will be disclosed upon request. Except for disclosures required by Oregon law, the County will disclose the Settlement Agreement and the information in the Settlement Agreement only as provided in Paragraph I(3) below.

(2) The Defendants understand and acknowledge that Multnomah County may discuss the litigation and the terms of the settlement agreement in public meetings in accordance with Oregon's public records and meetings laws. Multnomah County will provide notice of any such public meetings as required by Oregon public meetings laws. The amount of the settlement will be omitted from the information contained in the notice of agenda for the meeting.

(3) The Parties, their employees, and their Counsel will not issue a press release, convene a press conference, or otherwise discuss or comment on the Settlement Agreement or the Settlement Amount except as detailed in paragraphs I(1) and I(2) above. Otherwise the Parties, their employees and their Counsel may say only that the matter has been settled informally, that he, she or it is pleased with terms of the settlement, and that he, she, or it is not permitted to comment further about the Agreement or the settlement. No Party, their officials or their employees will be held liable, either personally or, in the case of the County, in their official capacities from an inadvertent or unintentional disclosure of the Settlement Amount. It is understood and acknowledged by Defendants that the County is unable to prevent dissemination of published newspaper articles. Nothing herein shall prohibit Defendants, their employees or counsel from disclosing the Settlement Agreement or Settlement Amount to any

regulator or as otherwise required by law or regulation.

(4) Paragraph I(3) is limited to third party disclosures only, and would not prohibit a Party from disclosing information about the Agreement internally to its own employees, including without limitation, for budgetary or taxation purposes. In the future event that the County is served with a subpoena or a Court Order requesting the Settlement Agreement, the County will inform Robert M. Brochin Esq., in writing at Morgan Lewis & Bockius, LLP, 200 South Biscayne Boulevard, Suite 5300, Miami FL 33131, and by e-mail at rbrochin@morganlewis.com.

J. Materials Subject to Protective Order.

(1) All discovery materials from the Action which have been designated by Certain Defendants as "CONFIDENTIAL" shall continue to be treated as confidential pursuant to the terms and conditions of the Agreed Protective Order, dated November 7, 2014. Pursuant to Paragraph 13 of the Agreed Protective Order, the Parties may request the return or destruction of the documents designated as "CONFIDENTIAL" that they produced during the course of this Action, and the Party to whom the request is made shall comply.

K. Representations and Warranties.

(1) Each Party represents and warrants that the execution of the Agreement is its free act and deed with intent that it be bound thereby, and that it is fully authorized to enter into this Agreement, and that the Agreement is binding on it under Oregon law. Each signatory, by signing the Agreement, represents and warrants that he or she has due authorization to sign on behalf of the Party.

(2) The County represents and warrants that it has not sold, transferred, conveyed, assigned, or otherwise disposed of any right or interest in any of the Released Matters herein, and

that it is not aware of any other person or entity who may have or who has asserted or can assert a right, title, or interest in any of the Released Matters.

(3) The County represents and warrants that to its knowledge the following lawyers and law firms are the only lawyers and law firms that may have or assert any right, lien, title or interest in any attorney's fee or award or any claim for reimbursement of costs in connection with the Action or the Released Matters:

- a. Craig L. Lowell and any attorneys associated with the firm of Wiggins Childs Pantazis Fisher & Goldfarb, LLC;
- b. Thomas D'Amore, Nicholas A. Kahl, and any attorneys associated with the D'Amore Law Group, PC;
- c. Brent L. Crumpton and any attorneys associated with Brent L. Crumpton, P.C.

(4) Each of the County's Counsel of Record represents and warrants that he, she or it knows of no lawyers or law firms, other than the County's Counsel of Record, that may have or assert any right, lien, title or interest, or claim of right, lien, title or interest, in any attorney's fee or award or any claim for reimbursement of costs in connection with the Action or the Released Matters.

L. Additional Terms.

(1) The term "Court" in this Agreement shall mean the court in which the Action is currently pending.

(2) Each of the Parties understands and agrees that this Agreement and the settlement provided for herein, are intended to compromise disputed claims and defenses, to avoid litigation expense and uncertainty, and to buy peace, and that this Agreement and the settlement provided for herein shall not be construed or viewed as an admission by any Party of liability or wrongdoing. Each of the Certain Defendants denies any and all liability, responsibility or fault to the County or anyone. This Agreement, the settlement provided for herein, the fact of

settlement, and each and every term of the Agreement, shall not be admissible against any Party in any lawsuit, administrative action, or any judicial or administrative proceeding and shall not be offered by any Party in any lawsuit, administrative action, or any judicial or administrative proceeding except it may be used in the Action as may be necessary.

(3) This Agreement shall be construed in accordance with, and all disputes hereunder shall be controlled by, the laws of the State of Oregon without regard to Oregon's choice of law rules.

(4) The Parties shall be deemed to have cooperated in the drafting and preparation of this Agreement. Hence, any construction to be made of this Agreement shall not be construed against any Party. This Agreement may be executed in counterparts and each executed counterpart shall be effective as the original. All faxed, emailed, or electronic signatures affirming this Agreement constitute an original signature.

(5) This Agreement constitutes a single, integrated, written contract expressing the entire understanding and agreement between the Parties, and the terms of the Agreement are contractual and not merely recitals. There is no other agreement, written or oral, expressed or implied between the Parties with respect to the subject matter of this Agreement and the Parties declare and represent that no promise, inducement or other agreement not expressly contained in this Agreement has been made conferring any benefit upon them or upon which they have relied in any way.

(6) All amendments or changes of any kind to this Agreement must be in writing, executed by all Parties, or be made hereafter by oral stipulation in Court in the course of the Action. Any notifications required under this Agreement shall be given in writing to undersigned counsel to the Party to be notified.

(7) All capitalized terms shall have the meaning given to them as defined in this Agreement, regardless of where in the Agreement such definition appears.

IN WITNESS WHEREOF, the Parties hereto evidence their agreement as a sealed instrument and have executed this Agreement as of the day and year first below written.

[SIGNATURE PAGES BELOW]

Plaintiff Multnomah County, Oregon

By: [name]

Title: _____

Date: _____

On this, the ____ day of _____, 2015, sworn to and subscribed before me a notary public, [name], [title], of Multnomah County, Oregon, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity to act on behalf of Multnomah County, Oregon, and that by his signature on the instrument Multnomah County, Oregon, executed the instrument.

Notary Public, State of _____
My Commission Expires: _____