

SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY

-----X
JOSEPH SICILIANO, :
on Behalf of Himself and all Others :
Similarly Situated, : Index No. 602453/08
Plaintiff, :
v. :
JPMORGAN CHASE & CO. and :
JPMORGAN CHASE BANK, N.A., :
Defendants. :
-----X

CLASS SETTLEMENT AGREEMENT

August 13,

This Settlement Agreement (hereinafter "Agreement") is made on July 13, 2009 by and between Joseph Siciliano (hereinafter the "Class Representative" or "Plaintiff"), individually and as representative of the Settlement Class defined in paragraph 2, and defendant JPMorgan Chase Bank, N.A. ("Chase"), subject to preliminary and final approval of the Court pursuant to New York Civil Practice Law and Rules ("CPLR") § 908. Plaintiff and Chase are sometimes collectively referred to herein as the "Parties."

Defined Terms

A. The "Litigation" means the case entitled *Joseph Siciliano, on behalf of himself and all others similarly situated v. JPMorgan Chase & Co. and JPMorgan Chase Bank, N.A.*, Case No. 602453/08, pending in the Supreme Court of the State of New York, New York County. The "Complaint" means the Complaint filed by Plaintiff in the Litigation on or about August 22, 2008.

B. "Class Counsel" means Jeffrey A. Klafter, Klafter Olsen & Lesser LLP, Two International Drive, Suite 350, Rye Brook, New York 10573.

C. "Counsel for Defendant" means Stephen R. Meinertzhagen, Burke, Warren, MacKay & Serritella, P.C., 330 North Wabash Avenue, 22nd Floor, Chicago, Illinois 60611-3607.

D. "The Court" means the Supreme Court of New York, New York County.

E. "Settlement," "Agreement," or "Settlement Agreement" means the terms and conditions set forth in this Settlement Agreement, providing for settlement of the Litigation.

F. "Settlement Class" or "Class" means all persons who had an outstanding balance on their EQUITYLINK home equity loan that was serviced by Chase at any time during the period October 1, 2007 through and including June 15, 2008, and paid interest on that balance.

G. "Preliminary Approval" means the entry of an Order as described in Paragraph 5 below.

H. "Final Approval Hearing" means the hearing held by the Court to consider final approval of the Settlement and all related matters.

I. "Final Approval Date" means the date the Judgment Order described in Paragraph 8 below becomes final according to paragraph 10 below.

J. The "Effective Date" means the date ten days after the Judgment has become final as provided in Paragraph 10 below.

K. "Affiliated Companies" shall mean and include: (i) JPMorgan Chase & Co. and all its direct or indirect subsidiaries and affiliates (collectively referred to as "JPM Chase"), including but not limited to Chase, Chase Home Finance, Inc. ("CHF, Inc."), and Chase Home Finance LLC, as successor by merger to Chase Manhattan Mortgage Corporation ("CHF LLC"), and Chase Bank USA, N.A.; (ii) any employee, agent, officer or director of the Affiliated Companies; (iii) any trust of which any such Affiliated Company or individual is a grantor,

trustee, or beneficiary; (iv) any corporation of which any such Affiliated Company is a shareholder; or (v) any partnership or any other unincorporated form of business, or limited liability company in the Affiliated Companies own an interest. Affiliated Companies also means any corporations, business entities, partnerships or the unincorporated forms of business, or limited liability companies which are controlled directly or indirectly by JPM Chase.

Recitals

WHEREAS, Plaintiff filed this proposed class action alleging defendants improperly calculated the interest due on his "EQUITYLINK" home equity loan and asserting a claim for breach of contract.

WHEREAS, the interest rate on Plaintiff's home equity loan is subject to change on a monthly basis. The annual percentage rate from which interest is computed each month is determined by subtracting 0.50% from the highest prime rate published in the column labeled "Money Rates" in the Wall Street Journal (the "Index") on the last Monday of the prior calendar month.

WHEREAS, Plaintiff alleges defendants violated the terms of his loan agreement by failing to use the Index from "the last Monday of the prior calendar month" when calculating interest in his monthly payments. Instead, Plaintiff alleges that Chase used the Index from the last Monday two months prior to the month being billed, rather than the last Monday of the prior month, thereby charging him additional interest.

WHEREAS, Chase denies Plaintiff's claim and continues to deny all allegations of wrongdoing and liability alleged in the Complaint;

WHEREAS, Chase has incurred significant legal fees and expenses in defending against Plaintiff's claims, and would incur substantial additional legal fees and expenses if the litigation

continues. Chase consents to this Settlement Agreement solely to avoid the continued expense, inconvenience, and inherent risk of litigation;

WHEREAS, Plaintiff's Counsel has conducted an investigation of the facts, circumstances and law underlying the issues raised in the Litigation, including confirmatory discovery.

WHEREAS, given the substantial recovery for Plaintiff and the Class under the Settlement in relation to any damages incurred, Plaintiff's counsel considers it to be in the best interests of Plaintiff and the Settlement Class to enter into this Agreement;

WHEREAS, the Settlement Agreement was reached through lengthy and extensive arm's-length negotiations between counsel for the Parties; and

WHEREAS, Plaintiff's Counsel believes that this Settlement Agreement is fair, adequate, reasonable and proper.

IT IS THEREFORE AGREED AS FOLLOWS:

1. **RECITALS.** The recitals set forth above are incorporated by reference and explicitly made a part of this Settlement Agreement.

2. **CERTIFICATION OF SETTLEMENT CLASS.** The Settlement Class consists of 169 borrowers who had an outstanding balance on their EQUITYLINK home equity loan serviced by Chase at any time during the period October 1, 2007 through and including June 15, 2009, and made a payment of interest on that balance. The Class does not include individuals who submit a timely and valid request for exclusion from the Class.

3. **CLASS SETTLEMENT.** Within twenty-one (21) days of the Effective Date, Chase will refund the amount of allegedly excessive interest that was charged to each Class member between October 2007 and the June 15, 2009. Specifically, a credit will be applied to the principal balance of each Class Member's loan in the amounts shown on the chart attached hereto as Exhibit A. In addition, each Class Member will receive a credit of \$8.00 to the

principal balance of their account, representing prejudgment interest. In the event it is determined that a Class Member has closed the EQUITYLINK account at issue or has no principal balance, Chase will mail a check representing the refund amount, as well as the \$8.00 credit, to that Class Member's last known address. However, there shall only be one credit or payment per loan, regardless of the number of persons listed on the loan documents.

4. LEGAL FEES AND COSTS OF PLAINTIFF'S COUNSEL. INCENTIVE AWARDS. Also within twenty one days of the Effective Date, and Subject to Court approval, Chase shall pay Class Counsel \$21,000 in attorneys' fees and costs. Chase will also pay a total of five thousand dollars (\$5,000) to Plaintiff for his effort in pursuing this litigation.

5. PRELIMINARY APPROVAL. The Parties agree to petition the Court as soon as practicable after the date of this Agreement for a Preliminary Approval Order in the form attached hereto as Exhibit B:

(a) Determining that this action may, for settlement purposes, be maintained as a class action pursuant to CPLR § 902, with a Settlement Class as defined in paragraph 2 of this Settlement Agreement and with the appointment of Plaintiff's counsel as counsel for the Class ("Class Counsel");

(b) Finding preliminarily that Plaintiff, as class representative, for settlement purposes, will fairly and adequately represent the interests of the Class;

(c) Finding that the Notice described in paragraph 6 is the only notice required, and that such notice satisfies the requirements of due process, applicable state law, and CPLR § § 902 and 904;

(d) Finding preliminarily that this Settlement Agreement has been negotiated in an arm's-length manner and that the terms of this Settlement Agreement are fair, reasonable and adequate to the Class; and

(e) Approving the retention of Rust Consulting by Chase to assist Chase in the administration of the Settlement, including providing notice of the Settlement to Class Members.

6. SETTLEMENT NOTICE TO CLASS MEMBERS. Within thirty (30) days after the entry of a Preliminary Approval Order, Chase will provide a notice substantially similar to the proposed notice attached as Exhibit C ("Class Notice" or "Notice") to each Class Member by United States Mail, at the class member's last known address. In the event a Class Notice is returned as undeliverable, Chase shall make at least one attempt to locate that class member's current address and resend the Class Notice to that current address. The Class Notice shall apprise class members of the material terms of the Settlement; the date by which any objections to the proposed Settlement must be served upon Plaintiff's Counsel; that all persons who seek to exclude themselves from the Class or to opt-out under CPLR §§ 904 and 907 must do so by the date set forth in the Notice; the date of the Final Approval Hearing; and that any questions concerning the Settlement or the Litigation shall be directed to Class Counsel or the Settlement Administrator.

7. COSTS OF NOTICE AND SETTLEMENT ADMINISTRATION. All costs of the Class Notice described in paragraph 6 above, as well as the costs of settlement administration, shall be paid by Chase.

8. FINAL APPROVAL HEARING/JUDGMENT. The Parties shall petition the Court to hold a Final Approval Hearing and enter a Judgment on a date not less than sixty (60) days after issuance of the Notice described in paragraph 6. The Judgment shall:

(a) Determining that this action may, for settlement purposes, be maintained as a class action pursuant to CPLR § 902, with a Settlement Class as defined in paragraph 2 of this Settlement Agreement.

(b) Find that Plaintiff, as the Class Representative, and Plaintiff's Counsel, as Class Counsel, fairly and adequately represents the interests of the Class;

(c) Find that the Notice provided in this action satisfies the requirements of due process and CPLR § 904;

(d) Find that the Settlement Agreement is fair, reasonable and adequate to the Class, find that each member of the Class (except those who submit a timely and valid request for exclusion from the Class pursuant to CPLR § 904) shall be bound by this Settlement Agreement, including the release contained in paragraph 12 hereof, and conclude that this Settlement Agreement should be and is approved;

(e) Dismiss on the merits and with prejudice all claims asserted in the Litigation against Chase and JPMorgan Chase & Co., permanently enjoin each and every class member (excluding those class members that submit a timely and valid request for exclusion) from bringing, joining, or continuing to prosecute against Chase or JPMorgan Chase & Co. any claim that was, could have been, or may be brought in the Litigation or otherwise for which a release is being given under paragraph 12 hereof; and

(f) Retain jurisdiction of all matters relating to the interpretation, administration, implementation, effectuation and enforcement of this Settlement.

9. OPT-OUTS. At least ten (10) business days prior to the Final Approval Hearing described in paragraph 8, Class Counsel shall prepare a list of the persons who, pursuant to the Notice described in paragraph 6, have submitted timely and valid requests for exclusion from the

Class (the "Settlement Opt-Outs"), and shall provide the list to Chase's Counsel. If the Settlement Opt-Outs equal or exceed fifty (50) class members, then Chase, in its sole discretion, may, at any time prior to the three (3) business days before Final Approval Hearing, notify Plaintiff's Counsel that it believes the Settlement cannot achieve its purposes. In that event, this Settlement Agreement shall become null and void; the Litigation may continue; and the Parties shall jointly move that any and all orders entered pursuant to this Settlement Agreement be vacated, including, without limitation, any order certifying or approving certification of the Settlement Class.

10. FINAL JUDGMENT. The Judgment entered at the Final Approval Hearing shall be deemed final:

(a) Thirty (30) days after entry of the Final Judgment approving the Settlement if no document is filed within that time seeking appeal, review or rehearing of the Judgment; or

(b) If any such document is filed, then fourteen (14) days after the date upon which all appellate and/or other proceedings resulting from such document have been finally terminated in such a manner as to permit the Judgment to take effect in substantially the form described in paragraph 8.

11. PARTIES' RIGHT TO WITHDRAW FROM SETTLEMENT. In the event any court disapproves or sets aside this Settlement Agreement, or any material part hereof, for any reason, or holds that it will not enter or give effect to the Final Judgment in substantially the form described in paragraph 8, or holds that the entry of the Final Judgment, or any material part thereof, should be overturned or modified in any material way, then:

