

EXHIBIT 7

Filed in Second Judicial District Court
Ramsey County, MN

Oct 13 2016 11:49 AM

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

In the matter of the Bear Stearns Mortgage
Funding Trust 2006-SL1

Case Type: Other
File No. 62-TR-CV-16-35

**FINDINGS OF FACT, CONCLUSIONS OF LAW, DIRECTIONS
AND ORDER FOR JUDGMENT**

The above matter was heard by the Court on October 10, 2016, on the Petition (the "Petition") of U.S. Bank National Association ("U.S. Bank"), solely in its capacity as trustee (in such capacity, the "Trustee") for the residential mortgage-backed securitization trust, Bear Stearns Mortgage Funding Trust 2006-SL1 (the "Trust"). The Trustee filed the Petition pursuant to Minn. Stat. § 501C.0201 *et seq.* seeking authorization and instruction approving the Trustee's evaluation, acceptance, execution, and implementation of a settlement agreement on behalf of the Trust and the dismissal of a related lawsuit on behalf of the Trust. James F. Killian of Maslon LLP and Keith Kollmeyer of Jones Day appeared on behalf of the Trustee in support of the Petition. James Byrnes, a Vice President in Global Corporate Trust Services of U.S. Bank, testified in support of the relief requested in the Petition.

This Court, being fully advised as to the facts and issues involved herein, and due and timely notice having been given to Trust beneficiaries and other potentially interested parties, makes the following Findings of Fact, Conclusions of Law, Directions and Order for Judgment:

FINDINGS OF FACT

The Governing Documents

1. The Trust was created in 2006 pursuant to a Pooling and Servicing Agreement dated as of July 1, 2006 (the “PSA”), by and among Bear Stearns Asset Backed Securities I LLC, as Depositor (the “Depositor”), EMC Mortgage Corporation (now known as EMC Mortgage LLC, “EMC”), as Seller and Master Servicer, and U.S. Bank, successor to LaSalle Bank National Association, as Trustee. (A true and correct copy of the PSA was admitted into evidence as Exhibit 1).

2. Pursuant to a Mortgage Loan Purchase Agreement dated as of July 28, 2006 (the “MLPA”), by and between EMC, as Mortgage Loan Seller thereunder, and the Depositor, as Purchaser thereunder, EMC sold certain residential mortgage loans to the Depositor. (A true and correct copy of the MLPA was admitted into evidence as Exhibit 2). Under the terms of the PSA, the Depositor conveyed and transferred all of its right, title, and interest in and to the mortgage loans and the MLPA to the Trust. The Trust then issued certificates (the “Certificates,” and holders thereof, the “Certificateholders”) that were primarily secured by the constituent mortgage loans. The MLPA, the PSA, and all other agreements governing or related to the Trust are collectively referred to herein as the “Governing Documents.”

3. Under the terms of the MLPA, EMC made certain representations and warranties concerning the mortgage loans for the benefit of the Trust and Certificateholders. The Governing Documents provide that under certain circumstances, EMC has an obligation to cure or repurchase a mortgage loan for which there has been a breach of a representation or warranty that materially and adversely affects the interests of the Certificateholders in the mortgage loan. EMC and JPMorgan Chase Bank, N.A. (“JPMC”) have, at times, acted as a Servicer or Master

Servicer for the Trust pursuant to the Governing Documents. The Governing Documents impose servicing obligations requiring, among other things, that the mortgage loans be serviced and administered in accordance with the terms of the Governing Documents and the customary and usual standards of prudent practice of mortgage loan servicers.

The Trust Litigation

4. On July 16, 2012, pursuant to a direction and indemnity agreement (the “Trust Litigation D&I”) between the Trustee and certain Certificateholders (each a “Directing Certificateholder” and collectively, the “Directing Certificateholders”), the Trustee filed a complaint on behalf of the Trust against EMC and JPMC in the Court of Chancery of the State of Delaware captioned *Bear Stearns Mortgage Funding Trust 2006-SL1 v. EMC Mortgage LLC, et al.*, C.A. No. 7701 (the “Trust Litigation”). The Trust Litigation sought, among other things, to enforce EMC’s obligation to repurchase mortgage loans that allegedly breached representations and warranties set forth in the Governing Documents.

Prior Trust Instruction Petition

5. The Trustee has previously sought instructions from this Court in connection with the administration of the Trust. Specifically, on October 24, 2013, the Trustee filed the Petition of U.S. Bank National Association, as Trustee, for Instructions in the Administration of the Trust Pursuant to Minn. Stat. § 501B.16, Case No. 62-TR-CV-13-39 (the “Prior Petition”). In the Prior Petition, the Trustee sought authorization to, among other things, use repurchase proceeds received from EMC to reimburse the Directing Certificateholders for expenses related to a mortgage loan file review. (A true and correct copy of the Prior Petition was admitted into evidence as **Exhibit 3**).

6. The Court held a hearing on the Prior Petition on December 2, 2013 and, on December 3, 2013 the Court entered the Findings of Fact, Conclusions of Law and Order for Judgment (the “Prior Order”) granting the relief sought in the Prior Petition. (A true and correct copy of the Prior Order was admitted into evidence as Exhibit 4).

The Global RMBS Settlement Offer

7. On November 15, 2013, a group of institutional investors submitted a settlement offer from JPMorgan Chase & Co. and its direct and indirect subsidiaries (“JPMorgan”) dated November 15, 2013 and modified on July 29, 2014 (the “Global RMBS Settlement Offer”) to the Trustee and seven other trustees (collectively, the “RMBS Trustees”) for 330 residential mortgage-backed securitization trusts (each an “RMBS Trust” and collectively, the “RMBS Trusts”). The Global RMBS Settlement Offer offered approximately \$4.5 billion in cash consideration and certain mortgage loan servicing improvements in exchange for the release of claims against JPMorgan related to alleged breaches of mortgage loan representations and warranties and mortgage loan servicing obligations. EMC and JPMC are both subsidiaries of JPMorgan, and the Trust was one of the RMBS Trusts subject to the Global RMBS Settlement Offer.

8. The RMBS Trustees retained several highly-qualified experts to assist them in evaluating the Global RMBS Settlement Offer. The RMBS Trustees’ lead expert recommended, among other things, that the RMBS Trustees accept the Global RMBS Settlement Offer on behalf of RMBS Trusts in which investors supporting the Global RMBS Settlement Offer had holdings exceeding opposing investors. The lead expert also recommended that the RMBS Trustees not reject the Global RMBS Settlement Offer on behalf of an RMBS Trust unless an investor provided a satisfactory direction and indemnity to investigate and pursue claims against

JPMorgan for such RMBS Trust. The RMBS Trustees provided numerous informational notices to investors concerning the Global RMBS Settlement Offer and invited investors to provide a satisfactory direction and indemnity to either accept or reject the Global RMBS Settlement Offer.

9. The Directing Certificateholders opposed the Global RMBS Settlement Offer with respect to the Trust and, pursuant to the Trust Litigation D&I, the Trust Litigation continued during the evaluation of the Global RMBS Settlement Offer. As a result of this and other factors, the RMBS Trustees' lead expert recommended that the Trustee reject the Global RMBS Settlement Offer for the Trust.

10. On August 1, 2014, following an evaluation process that included the RMBS Trustees' consideration of the opinions of the RMBS Trustees' experts, the Global RMBS Settlement Offer was accepted for approximately 300 of the RMBS Trusts and rejected for six of the RMBS Trusts, including the Trust. On the same day, the RMBS Trustees provided a notice to investors, including the Certificateholders, of their respective decisions concerning the Global RMBS Settlement Offer.¹

11. The Trust Litigation continued pursuant to the Trust Litigation D&I after the Trustee rejected the Global RMBS Settlement Offer for the Trust.

12. On August 3, 2014, the RMBS Trustees commenced a judicial instruction proceeding in the Supreme Court of the State of New York seeking approval of their respective decisions to accept the Global RMBS Settlement Offer. The Supreme Court of the State of New

¹ For a small group of RMBS Trusts, additional time was provided for the RMBS Trustees to evaluate the Global RMBS Settlement Offer. The RMBS Trustees made settlement decisions concerning these RMBS Trusts on October 1, 2014, and provided a notice to investors of their respective decisions at the same time.

York granted such approval through a decision issued August 12, 2016 and a final order and judgment issued August 23, 2016.

The Trust Settlement

13. On November 30, 2015, the Trustee received a new settlement offer from EMC and JPMC concerning the Trust in the form of an RMBS Trust Settlement Agreement (the “Initial Trust Settlement Offer” or “Initial Trust Settlement Agreement”). The terms of the Initial Trust Settlement Agreement provided for (a) a cash payment from EMC to the Trust of \$22,952,000.00 (the “Settlement Payment”), and (b) certain servicing remedies to be performed and/or implemented by JPMC as set forth in Exhibit A to the Initial Trust Settlement Agreement with respect to the mortgage loans in the Trust (the “Servicing Improvements”), in exchange for a full release by the Trustee, on behalf of the Trust and all persons claiming by, through, or on behalf of the Trust, including, without limitation, the Certificateholders, of all claims against JPMorgan Releasees (as defined in the Initial Trust Settlement Agreement) that arise under the Governing Documents and relate to the origination, sale, delivery, or servicing of the mortgage loans, including all claims relating to alleged breaches of representations and warranties and servicing obligations with respect to the mortgage loans in the Trust (the “Released Claims”). The Initial Trust Settlement Agreement provided that the Trustee could accept the Initial Trust Settlement Offer (the “Acceptance Date”) on or before February 29, 2016, and that the Trustee could accept the Initial Trust Settlement Offer subject to Final Court Approval (as defined in the Initial Trust Settlement Agreement), in which case the Trustee, EMC, and JPMC would dismiss the Trust Litigation without prejudice. The terms of the Initial Trust Settlement Offer and the Global RMBS Settlement Offer were substantially similar. (A true and correct copy of the Initial Trust Settlement Agreement was admitted into evidence as **Exhibit 5**).

14. On December 11, 2015, the Trustee provided a notice to Certificateholders regarding its receipt of the Initial Trust Settlement Offer. Shortly thereafter, a Directing Certificateholder informed the Trustee that it supported the Initial Trust Settlement Offer and the dismissal of the Trust Litigation. The Trustee was also contacted by two other Certificateholders who initially indicated potential opposition to the Initial Trust Settlement Offer (the “Initially Opposed Certificateholders”).

15. The initial Acceptance Date of February 29, 2016 was extended to and including July 22, 2016 through four successive letter agreements. During this time, the Trustee provided five separate notices to Certificateholders. Among other things, the notices concerned the extensions of the Acceptance Date and views that had been expressed by Certificateholders concerning the Initial Trust Settlement Offer, and advised Certificateholders to contact the Trustee if they were interested in providing a direction and indemnity to the Trustee concerning whether the Trustee should accept or reject the Initial Trust Settlement Offer.

16. On July 21, 2016, the Trustee received a modified form of the Initial Trust Settlement Offer (the “Modified Trust Settlement Offer” or “Modified Trust Settlement Agreement”) and, at the same time, the Acceptance Date was further extended to and including July 27, 2016. The Modified Trust Settlement Offer increased the Settlement Payment to \$32,927,000.00. Under Section 3.05 of the Modified Trust Settlement Offer, the Settlement Payment would be distributed in accordance with the distribution provisions of the PSA as though the Settlement Payment was a “Subsequent Recovery” (as defined in the PSA), and, “[o]n the Distribution Date immediately following [the deposit of the Settlement Payment in the Trust], the amount of the Subsequent Recoveries represented by the Settlement Payment [would] be applied to increase the Certificate Principal Balance of the Class of Certificates with highest

payment priority to which Realized Losses have been allocated (i.e. the Class A Certificates) in accordance with Section 5.04(b) of the PSA and as contemplated by the definition of ‘Certificate Principal Balance’” and the “Trustee [would] next distribute the Settlement Payment on that Distribution Date as provided in Section 5.04(a) of the PSA.” The Modified Trust Settlement Offer did not modify the Released Claims or Servicing Improvements in the Initial Trust Settlement Offer. The Modified Trust Settlement Agreement fully describes the terms of the Modified Trust Settlement Offer, the Settlement Payment, the Servicing Improvements, the Released Claims, and all other aspects of the Modified Trust Settlement Offer. (A true and correct copy of the Modified Trust Settlement Agreement was admitted into evidence as Exhibit 6).

17. On July 22, 2016, the Trustee provided a notice to Certificateholders concerning the Modified Trust Settlement Offer and the extension of the Acceptance Date to and including July 27, 2016.

18. Shortly thereafter, the Initially Opposed Certificateholders informed the Trustee that they supported acceptance of the Modified Trust Settlement Offer. The Trustee also understood that the aforementioned Directing Certificateholder continued to support acceptance of the Modified Trust Settlement Offer. Taken together, the holdings of the Initially Opposed Certificateholders and the Directing Certificateholder (collectively, the “Supporting Certificateholders”) constitute at least 86% of the Voting Rights of the Trust. Separately, the Trustee confirmed that accepting the Modified Trust Settlement Offer would be consistent with the opinion of the aforescribed lead expert retained in connection with the Global RMBS Settlement Offer. Therefore, on July 27, 2016, the Trustee accepted the Modified Trust Settlement Offer subject to Final Court Approval by delivering an executed signature page

thereof to EMC and JPMC, and, at the same time, the Trustee entered into an agreement with EMC and JPMC concerning tolling of the statute of limitations applicable to the Released Claims. The Trustee provided a notice concerning the same to Certificateholders on July 28, 2016.

19. On August 3, 2016, the Trustee, EMC, and JPMC filed a stipulation and proposed order dismissing the Trust Litigation without prejudice pursuant to the Modified Trust Settlement Agreement. The stipulation and proposed order was granted on August 4, 2016 (the “Delaware Dismissal Order”). (A true and correct copy of the Delaware Dismissal Order was admitted into evidence as Exhibit 7.)

20. No Certificateholder or any other party has filed an objection to the Modified Trust Settlement Agreement or the Petition or informed the Trustee that it opposes the Modified Trust Settlement Agreement or the Petition.

CONCLUSIONS OF LAW

1. This Court has *in rem* jurisdiction over this Petition pursuant to Minn. Stat. § 501C.0202(1) and (24) in that the Trustee is seeking an instruction from the Court confirming the actions taken by the Trustee and instructing the Trustee regarding the discharge of the Trustee’s duties under the PSA. The Trustee is a national banking association and maintains a corporate trust office in St. Paul, Minnesota.

2. This Petition is properly venued in this Court pursuant to Minn. Stat. § 501C.0207(a)(2)(i) because the Trustee has a corporate trust office in St. Paul, Minnesota.

3. The Trustee has fully complied with all of the notice and publication requirements set forth in Minn. Stat. § 501C.0203 subd. 1. (See Exhibits 8, 9 and 10 admitted into evidence).

4. Pursuant to Minn. Stat. § 501C.0204 subd. 1, this Order is final as to all matters determined by it and binding *in rem* upon the Trustee, the Trust, the servicers, the master servicers, and all other parties involved in the administration of the Trust, and upon the interests of all beneficiaries of the Trust, vested or contingent, even though unascertained or not in being, including, but not limited to, all Certificateholders and their successors-in-interest and assigns, and other parties-in-interest, if any.

5. The Trustee's actions taken in accordance with this Order including, without limitation, any actions taken by the Trustee in connection with the Trustee's evaluation, acceptance, execution, and implementation of the Modified Trust Settlement Agreement and the dismissal of the Trust Litigation pursuant to the Modified Trust Settlement Agreement and the Delaware Dismissal Order, comply with all applicable duties under, and are fully authorized and protected by, the Governing Documents and shall not subject U.S. Bank, individually or as Trustee, to liability..

DIRECTIONS AND ORDER FOR JUDGMENT

1. The Petition of U.S. Bank National Association, as Trustee, for Instructions in the Administration of Trust Pursuant to Minn. Stat. § 501C.0201 *et seq.*, is hereby granted.

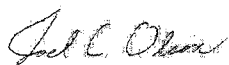
2. The Court further specifically hereby directs and orders as follows:

i. The Trustee is authorized to accept, execute, and implement the Modified Trust Settlement Agreement, including the application and distribution of the Settlement Payment as a "Subsequent Recovery" under the PSA subject to the terms and conditions set forth in the Modified Trust Settlement Agreement, and the Trustee is authorized to cause the Trust Litigation to be dismissed pursuant to the Modified Trust Settlement Agreement and the Delaware Dismissal Order;

- ii. the Trustee's actions taken in accordance with the order of this Court including, without limitation, any actions taken by the Trustee in connection with the Trustee's evaluation, acceptance, execution, and implementation of the Modified Trust Settlement Agreement and the dismissal of the Trust Litigation pursuant to the Modified Trust Settlement Agreement and the Delaware Dismissal Order, comply with all applicable duties under, and are fully authorized and protected by, the Governing Documents and shall not subject U.S. Bank, individually or as Trustee, to liability;
- iii. this order is binding upon the Trustee, the Trust, the servicers, the master servicers, and all other parties involved in the administration of the Trust and all persons or entities claiming a beneficial or ownership interest in the Trust, vested or contingent, even though unascertained or not in being, including, without limitation, all Certificateholders and their successors or assigns;
- iv. On and after the date hereof, the Trust shall be terminated from this Court's jurisdiction and the Trust and the Trustee shall not be subject to the continuing supervision of the Court for the purposes of Minn. Stat. §§ 501C.0201 (c)(2), 501C.0205 or General Rule of Practice 417.02.

LET JUDGMENT BE ENTERED ACCORDINGLY.

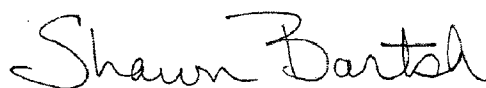
BY THE COURT:



REFEREE, DISTRICT COURT
APPOINTED, RECALLED, AND REASSIGNED BY THE COURT

Oct 12 2016 12:18 PM

Referee of the District Court



Oct 13 2016 11:47 AM

Judge of the District Court