

# EXHIBIT 9

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

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**In the matter of the SACO I Trust 2006-3**Case Type: Other  
File No. 62-TR-CV-16-56

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

The above matter was heard by the Court on May 22, 2017, 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, SACO I Trust 2006-3 (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, and the dismissal of related claims, on behalf of the Trust. James F. Killian of Maslon LLP and Joseph P. Sconyers of Jones Day appeared on behalf of the Trustee in support of the Petition. Dawn Zanotti, 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 February 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 Sponsor and Master Servicer, and U.S. Bank, as successor to LaSalle Bank National Association, as Trustee. (A true and correct copy of the PSA (exclusive of the exhibits) was admitted into evidence as Exhibit 1.)

2. Pursuant to a Mortgage Loan Purchase Agreement dated as of February 28, 2006 (the “MLPA”), by and among EMC, as a Mortgage Loan Seller and Sponsor, Master Funding LLC, as a Mortgage Loan Seller, 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 represented an undivided interest in said mortgage loans. The MLPA, the PSA, and all other agreements governing or related to the Trust are collectively referred to 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 such mortgage loan. EMC and JPMorgan Chase Bank, N.A. (“JPMC”) have, at times, acted as 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 which includes any customary and usual standards of mortgage loan servicing.

#### The Trust Litigation

4. On November 8, 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 commenced a lawsuit in the Supreme Court of the State of New York, County of New York captioned *SACO I Trust 2006-3, Issuer of the SACO I Trust 2006-3 Mortgage-Backed Certificates, Series 2006-3 v. EMC Mortgage LLC (formerly known as EMC Mortgage Corporation) and JPMorgan Chase & Co.*, No. 653871/2012 and that lawsuit was later consolidated in an action in the Supreme Court of the State of New York, County of New York captioned, *SACO I Trust 2006-5, Issuer of the SACO I Trust 2006-5 Mortgage-Backed Certificates, Series 2006-5, SACO I Trust 2006-6, Issuer of the SACO I Trust 2006-6 Mortgage-Backed Certificates, Series 2006-6, SACO I Trust 2006-3, Issuer of the SACO I Trust 2006-3 Mortgage-Backed Certificates, Series 2006-3, and SACO I Trust 2007-2, Issuer of the SACO I Trust 2007-2 Mortgage-Backed Certificates, Series 2007-2 v. EMC Mortgage LLC (formerly known as EMC Mortgage Corporation), JPMorgan Chase Bank, N.A., and JPMorgan Chase & Co.*, No. 651820/2012 (the “Trust Litigation”).<sup>1</sup> 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.

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<sup>1</sup> The Trust Litigation also concerned claims on behalf of the following residential mortgage-backed securitization trusts: SACO I Trust 2006-5, SACO I Trust 2006-6, and SACO I Trust 2007-2 (collectively, the “Other SACO Trusts”). Wilmington Trust, National Association (“Wilmington Trust”) is the trustee (as successor to Citibank, N.A.) for the Other SACO Trusts and has filed separate petitions with this Court seeking certain authorizations and instructions with respect to the Other SACO Trusts. The Other SACO Trusts are not at issue in this proceeding.

5. The Directing Certificateholders held sufficient Voting Rights (as defined in the PSA) of the Trust required in order to provide a direction to the Trustee under the PSA. The Trust Litigation D&I complied with the terms of the PSA.

#### **The Prior Trust Instruction Petition**

6. The Trustee previously sought instructions from this Court in connection with the administration of the Trust. Specifically, on October 24, 2013, the Trustee and Wilmington Trust, as trustee for the Other SACO Trusts, filed the Joint Petition of U.S. Bank National Association and Wilmington Trust, National Association, in the Corporate Trustee Capacities Set Forth Herein, for Instructions in the Administration of Certain Trusts Pursuant to Minn. Stat. § 501B.16, Case No. 62-TR-CV-13-40 (the "Prior Petition"). In the Prior Petition, the Trustee sought authorization to, among other things, use certain 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 (exclusive of the exhibits) was admitted into evidence as Exhibit 3.)

7. The Court held a hearing on the Prior Petition on December 2, 2013 and, on December 3, 2013, 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**

8. On November 15, 2013, a group of institutional investors submitted a settlement offer from JPMorgan Chase & Co. and its direct and indirect subsidiaries (collectively, "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") covering a total of 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 Chase & Co., and the Trust was one of the RMBS Trusts subject to the Global RMBS Settlement Offer.

9. The RMBS Trustees retained 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.

10. The RMBS Trustees' lead expert estimated the cash amount that each of the RMBS Trusts might be paid pursuant to the terms of the Global RMBS Settlement Offer if accepted for each trust. The estimated payment amount for this Trust was \$27,742,596.

11. 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.

12. With respect to this Trust, a group of Certificateholders opposed the Global RMBS Settlement Offer and requested that the Trustee reject the offer as to this Trust. These Certificateholders held sufficient Voting Rights required in order to provide a direction to the

Trustee under the PSA, and their holdings and Voting Rights exceeded those of Certificateholders that supported the Global RMBS Settlement Offer with respect to the Trust.

13. For these reasons, the RMBS Trustees' lead expert recommended that the Trustee reject the Global RMBS Settlement Offer for the Trust.

14. 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 rejected for six of the RMBS Trusts, including the Trust, and accepted for approximately 300 of the remaining covered RMBS Trusts. 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.

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

16. 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 as to the relevant trusts. The Supreme Court of the State of New York granted such approval through a decision issued August 12, 2016 and a final order and judgment issued August 23, 2016.

#### **The Trust Settlement**

17. On August 23, 2016, the Trustee received a new settlement offer from EMC and JPMC concerning the Trust in the form of an RMBS Trust Settlement Agreement (the "Trust Settlement Offer" or "Trust Settlement Agreement"). The terms of the Trust Settlement Agreement provided for (a) a cash payment from EMC to the Trust of \$35,950,000 (the "Settlement Payment"), and (b) certain servicing remedies to be performed and/or implemented by JPMC as set forth in Exhibit A to the 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 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 Trust Settlement Agreement provided that the Trustee could accept the Trust Settlement Offer on or before October 28, 2016 (the “Acceptance Date”), and that the Trustee could accept the Trust Settlement Offer subject to Final Court Approval (as defined in the Trust Settlement Agreement), in which case the parties would dismiss the Trust Litigation without prejudice. Other than the increased payment amount provided under the Trust Settlement Offer, the terms of the Trust Settlement Offer and the Global RMBS Settlement Offer are substantially similar. (A true and correct copy of the Trust Settlement Agreement was admitted into evidence as Exhibit 6.)<sup>2</sup>

18. Under Section 3.05 of the Trust Settlement Offer, the Settlement Payment would be distributed in accordance with the relevant provisions of the PSA as though the Settlement Payment constitutes 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

<sup>2</sup> Wilmington Trust received a separate settlement offer from EMC and JPMC concerning the Other SACO Trusts and has filed separate Petitions with this Court seeking relevant authorizations and approvals with respect to the Other SACO Trusts.



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 Trust Settlement Agreement fully describes the terms of the Trust Settlement Offer, the Settlement Payment, the Servicing Improvements, the Released Claims, and all other aspects of the Trust Settlement Offer.

19. On September 1, 2016, the Trustee provided a notice to Certificateholders regarding its receipt of the Trust Settlement Offer and attaching a copy of the Trust Settlement Offer. Thereafter, the initial Acceptance Date was extended to and including November 11, 2016, pursuant to a letter agreement by and among the Trustee, EMC, and JPMC, and the Trustee provided a notice to Certificateholders concerning the extension of the Acceptance Date at the same time. (True and correct copies of the foregoing notices were admitted into evidence as Exhibit 7.) In this second notice, the Trustee informed Certificateholders that the Trustee was continuing to review the Trust Settlement Offer and had not made any determination concerning the reasonableness or the advisability of accepting the Trust Settlement Offer and/or dismissing the Trust Litigation as it relates to the Trust.

20. The Trustee retained a qualified financial expert to assist it in evaluating the Trust Settlement Offer. (A true and correct copy of that expert’s public biography was entered into evidence as Exhibit 5.)

21. During the Trustee’s evaluation, the Directing Certificateholders informed the Trustee that they supported the Trust Settlement Offer. The Trustee also was contacted by a Class-M2 Certificateholder (the “Opposing Certificateholder”) that indicated opposition to the Trust Settlement Offer. The Opposing Certificateholder held Certificates representing approximately \$1.5 million in original principal balance, which had been written down to zero prior to the Trustee’s receipt of the Trust Settlement Offer. The Directing Certificateholders

continued to hold sufficient Voting Rights required in order to provide a direction under the PSA, and their holdings and Voting Rights exceeded those of the Opposing Certificateholder. The Trustee communicated to its expert the views expressed by the Directing Certificateholders and the Opposing Certificateholder, and information concerning these Certificateholders' respective holdings.

22. Following its evaluation, the expert recommended, among other things, that the Trustee accept the Trust Settlement Offer on behalf of the Trust.

23. On November 11, 2016, the Trustee accepted the 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, JPMC, and JPMorgan Chase & Co., concerning tolling of the statute of limitations applicable to the Released Claims. The Trustee provided a notice concerning the same to Certificateholders on November 11, 2016. (A true and correct copy of the November 11, 2016 notice was admitted into evidence as Exhibit 8.)

24. On November 28, 2016, the Trustee (as to the Trust), Wilmington Trust (as to the Other SACO Trusts), EMC, JPMC, and JP Morgan Chase & Co. filed a stipulation and proposed order to discontinue the Trust Litigation without prejudice pursuant to the Trust Settlement Agreement. The stipulation and proposed order was granted on November 30, 2016 (the "Dismissal Order"). (A true and correct copy of the Dismissal Order was admitted into evidence as Exhibit 9.)

25. On December 9, 2016, the Trustee filed the Petition to seek authorization and instruction from this Court approving the Trustee's evaluation, acceptance, execution, and

implementation of the Trust Settlement Agreement and approving the dismissal of the Trust Litigation pursuant to the Trust Settlement Agreement and the Dismissal Order.

26. One Certificate holder, holding less than one percent of the original principal balance of the outstanding certificates filed an objection. That Certificateholder subsequently withdrew that objection. (*See Exhibits 12 through 19.*)

**CONCLUSIONS OF LAW**

1. This Court has *in rem* jurisdiction over the 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 its principal corporate trust office is located in St. Paul, Minnesota.

2. The 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 10 and 11* 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 all persons or entities claiming a beneficial or ownership interest in 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 Trust Settlement Agreement and dismissal of the Trust Litigation pursuant to the Trust Settlement Agreement and the 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's acceptance and execution of the Trust Settlement Agreement is hereby approved, and the Trustee is authorized to implement the 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 Trust Settlement Agreement, and the Trustee's dismissal of the Trust Litigation pursuant to the Trust Settlement Agreement and the Dismissal Order is hereby approved;

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 Trust Settlement Agreement and the dismissal of the Trust Litigation pursuant to the Trust Settlement Agreement and the 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 for purposes of this Trust Instruction Petition (Court File No. 62-TR-CV-16-56) 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 for purposes of this Trust Instruction Petition.

**LET JUDGMENT BE ENTERED ACCORDINGLY.**

Dated: 5-22, 2016 7

BY THE COURT:

  
The Honorable Jennifer Futsel  
Judge of the District Court