

SETTLEMENT AGREEMENT AND RELEASE

This settlement agreement (“Agreement”) is made as of this 8th day of April, 2016, between and among Federal Home Loan Bank of Des Moines (“FHLB Des Moines”), acting as the successor-in-interest to Plaintiff Federal Home Loan Bank of Seattle (“FHLB Seattle”), and Defendants Goldman, Sachs & Co., GS Mortgage Securities Corp. and Goldman Sachs Mortgage Co. (collectively, “Defendants”) (each of FHLB Des Moines or Defendants may be referred to herein as a “Party” or “Settling Signatory,” and collectively as the “Parties” or “Settling Signatories”).

WHEREAS, FHLB Seattle asserted claims against Defendants in the action pending in the Superior Court of the State of Washington, King County, styled *Federal Home Loan Bank of Seattle v. Goldman, Sachs & Co., et al.*, No. 09-2-46349-2 SEA (Wa. Super. Ct., filed Sept. 28, 2010) (the “Goldman Lawsuit”)¹;

WHEREAS, the Goldman Lawsuit alleges claims in connection with the offering and sale of certain United States mortgage-related securities issued, underwritten, and/or sold by Defendants as listed in Exhibit A attached hereto (the “RMBS”)²;

WHEREAS, Defendants deny the allegations in the Goldman Lawsuit and all claims of wrongdoing, damages, and any liability whatsoever to FHLB Seattle;

WHEREAS, without conceding the merit or lack of merit of any claim or defense or the existence of any liability whatsoever, the Settling Signatories wish to settle, compromise, and finally and forever resolve all matters, controversies, disputes, and claims that may exist between FHLB Seattle and Defendants Parties relating to the subject matter of the Goldman Lawsuit, including without limitation any claims in respect of the RMBS that were or could have been asserted in the Goldman Lawsuit by FHLB Seattle, including the released claims described herein;

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth in this Agreement, and for other good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, the Settling Signatories agree as follows:

¹ The following actions, together with the Goldman Lawsuit, are referred to in this Agreement as the “Lawsuits”: FHLB Seattle v. Banc of America Securities LLC, No. 09-2-46319-1 SEA; FHLB Seattle v. Barclays Capital, Inc., No. 09-2-46320-4 SEA; FHLB Seattle v. Countrywide Securities Corp., No. 09-2-46321-2 SEA; FHLB Seattle v. RBS Securities, Inc., No. 09-2-46347-6 SEA; FHLB Seattle v. Morgan Stanley & Co., No. 09-2-46348-4 SEA; FHLB Seattle v. UBS Securities, LLC, No. 09-2-46350-6 SEA; FHLB Seattle v. Merrill Lynch, Pierce, Fenner & Smith, Inc., No. 09-2-46352-2 SEA; and FHLB Seattle v. Credit Suisse Securities (USA) LLC, No. 09-2-46353-1 SEA.

² By order dated July 31, 2015, the Court dismissed with prejudice FHLB Seattle’s Third Claim for Relief (pertaining to WaMu Mortgage Pass-Through Certificates, Series 2005-AR9) and Fifth Claim for Relief (pertaining to GSR Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004-8F).

1. EXECUTION DATE. As used in this Agreement, the “Execution Date” shall mean the date as of which the Agreement is fully executed.

2. SETTLEMENT AMOUNT. In consideration of the release and dismissal of FHLB Seattle’s claims against the Defendants’ Released Parties as set forth herein, within ten (10) business days after the Execution Date, Defendants shall make or cause to be made a one-time, lump sum payment of thirty-seven million, five hundred thousand dollars (\$37,500,000.00) (the “Settlement Amount”), payable to FHLB Des Moines, in accordance with FHLB Des Moines’ written instructions.

3. DISMISSAL OF THE GOLDMAN LAWSUIT. Within two (2) business days after the receipt of the payment by Defendants of the Settlement Amount, counsel for FHLB Des Moines will file in the Superior Court of the State of Washington, King County, a stipulation and proposed order of voluntary dismissal with prejudice—substantially in the form attached hereto as Exhibit B. The documents described in this Paragraph 3 shall be referred to collectively herein as the “Dismissal Documents.” Each Party shall take such further actions as may be necessary to obtain immediate dismissal of the Goldman Lawsuit with prejudice, with each side to bear its own costs and disbursements.

4. TERMINATION PROVISIONS.

(a) Defendants may terminate or enforce this Agreement in the event that the Dismissal Documents are not filed within the time set forth in Paragraph 3 above.

(b) FHLB Des Moines may terminate or enforce this Agreement in the event that Defendants fail to make payment in accordance with Paragraph 2 above.

(c) In the event of termination by Defendants or FHLB Des Moines pursuant to the foregoing Paragraphs 4(a) or 4(b): (i) the Settlement will become null and void and without force or effect on the Parties; (ii) the Parties shall be restored to their respective positions in the Goldman Lawsuit as of the Execution Date; and (iii) FHLB Des Moines shall be required to return the Settlement Amount, including any interest thereon, to Defendants within two (2) business days of any such termination.

5. DESTRUCTION OF DOCUMENTS. Within 60 days of the Execution Date, the Parties shall comply with paragraph 21 of the Stipulated Protective Order entered in the Lawsuits on December 9, 2011, with respect to all documents produced solely in the Goldman Lawsuit; provided, however, that FHLB Seattle may retain and continue to use in the Lawsuits any document that any expert relied on or considered in connection with offering an opinion in any of the lawsuits other than the Goldman Lawsuit.

6. RELEASE.

(a) In consideration, and upon payment, of the Settlement Amount provided for herein, FHLB Des Moines, on behalf of FHLB Seattle and FHLB Seattle’s parents, subsidiaries, affiliates, officers, directors, agents and employees (the “FHLB Seattle Releasers”), hereby knowingly, voluntarily, fully, finally, and forever releases, relinquishes, settles, and discharges Defendants and their respective parents, subsidiaries, affiliates, successors, and

assigns, in their respective capacities as such, and any of their respective present or former partners, managing directors, shareholders, employees, agents, directors, officers, insurers, and attorneys, in their respective capacities as such (collectively, the “Defendants’ Released Parties”) of and from any and all claims, allegations, rights, covenants, causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, whether known or Unknown (as defined below), whether arising under federal, state, local, statutory, common law, or any other domestic or foreign law, rule, or regulation, that concern, arise out of, refer, or relate in any way to, or are based upon any of the allegations, transactions, facts, matters, or subject matters, occurrences, representations, statements, or omissions alleged, involved, set forth, or referred to in any complaint or amended complaint filed in the Goldman Lawsuit and that are based on, arise from, relate to, or are in connection with the purchase, acquisition, investment in (whether directly or indirectly), holding, sale, or disposition of any United States mortgage-related security (whether a residential mortgage-backed security, collateralized debt obligation, or other mortgage-related investment) by the FHLB Seattle Releasers (including without limitation any claims based on any action, inaction, misstatement or omission by the Defendants’ Released Parties), that: (i) were asserted or could have been asserted by the FHLB Seattle Releasers in the Goldman Lawsuit, (ii) would have been barred by *res judicata* had the Goldman Lawsuit been fully litigated to a final judgment, or (iii) could have been asserted in any forum or proceeding or otherwise by the FHLB Seattle Releasers against the Defendants’ Released Parties (collectively the “FHLB Seattle’s Released Claims”); *provided, however*, that the FHLB Seattle’s Released Claims shall not include claims to enforce the Agreement or claims related to any of the following transactions between the FHLB Seattle Releasers and any of Defendants’ Released Parties: (i) repurchase agreements, (ii) interest rate derivative transactions, (iii) futures transactions, (iv) any transaction where mortgages or mortgage-related investment products are posted as collateral, (v) any unsecured extensions of credit made by the FHLB Seattle Releasers in favor of any of Defendants’ Released Parties, and (vi) federal funds transactions involving any of Defendants’ Released Parties. FHLB Des Moines represents and warrants to Defendants that FHLB Des Moines has the right and authority to release, relinquish, settle and discharge the FHLB Seattle’s Released Claims on behalf the FHLB Seattle Releasers.

(b) In consideration, and upon the filing, of the Dismissal Documents, Defendants, on their own behalf and on behalf of their respective parents, subsidiaries, affiliates, officers, directors, agents, employees, successors, and assigns, in their respective capacities as such (the “Defendant Releasers”), hereby knowingly, voluntarily, fully, finally, and forever release, relinquish, settle, and discharge the FHLB Seattle Releasers of and from any and all claims, allegations, rights, covenants, causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, whether known or Unknown (as defined below), whether arising under federal, state, local, statutory, common law, or any other domestic or foreign law, rule or regulation, that arise from, relate to or are in connection with the institution, prosecution, assertion, settlement, or resolution of the Goldman Lawsuit or the FHLB Seattle’s Released Claims (“Defendants’ Released Claims”); *provided, however*, that the Defendants’ Released Claims shall not include claims to enforce the Agreement.

(c) The releases contemplated by this Agreement extend to claims that the FHLB Seattle Releasers and Defendant Releasers do not know or suspect to exist at the time of

the release, which, if known, might have affected the decision to enter into the release (“Unknown” claims). After consultation with counsel and upon payment of the Settlement Amount, the Parties shall be deemed to have (a) waived and relinquished any and all rights and benefits conferred by any law of the United States or any state or territory of the United States, or any principle of common law that governs or limits a person’s release of unknown claims; and (b) waived and relinquished, to the fullest extent permitted by law, any and all provisions, rights and benefits conferred by California Civil Code § 1542, which provides as follows, or any similar legislation or rule in any other jurisdiction:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

6. ATTORNEYS’ FEES AND EXPENSES. The Parties agree that the Settlement Amount constitutes the entire payment to be made in settlement of FHLB Seattle’s claims against Defendants in the Goldman Lawsuit; and Defendants, on the one hand, and FHLB Des Moines, on the other, will not seek to recover any additional amounts from each other including for their attorneys’ fees and expenses in connection with all matters related to the Goldman Lawsuit and its settlement. Any fees and expenses to be paid to FHLB Des Moines’s counsel shall be paid from the Settlement Amount after the filing of the Dismissal Documents.

7. NO ADMISSION OF WRONGDOING. This Agreement (whether or not consummated), the settlement reflected herein, and all communications or other actions relating to this settlement shall not be used by any Party for any purpose in the Goldman Lawsuit and shall not, in any way, be offered or construed as, or received against any of the Parties as evidence in the Goldman Lawsuit or in any other civil, criminal, administrative, or other action or proceeding, including, without limitation, as evidence of: (a) an admission by any of the Parties with respect to the truth or falsity of any fact alleged in the Goldman Lawsuit or the deficiency of any allegation or defense that has been or could have been asserted, or of any liability, negligence, fault, misrepresentation, omission, or other wrongdoing or actionable conduct of any of the Parties; or (b) any liability, negligence, fault, misrepresentation, omission, or other wrongdoing or actionable conduct with respect to any statement or written document approved or made by Defendants. Notwithstanding the foregoing, the Settling Signatories may refer to this Agreement to effectuate the release of the FHLB Seattle’s Released Claims, Defendants’ Released Claims and other liability protections granted hereunder.

8. GOOD FAITH PLEADINGS. The Settling Signatories agree not to assert in any forum that: (a) the Goldman Lawsuit was brought or defended in bad faith or without a reasonable basis; or (b) any Settling Signatory or its counsel committed any violation of any provision of the Washington Superior Court Civil Rules or King County Superior Court Local Rules, or any similar law or ethical rule relating to the prosecution or defense of the Goldman Lawsuit.

9. CONSTRUCTION. The terms, provisions, and conditions of this Agreement are the result of negotiations in good faith and at arm’s length between FHLB Des Moines and Defendants, each of which has been represented by legal counsel of its own choosing.

Accordingly, the terms, provisions and conditions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, without application of any rule of interpretation or construction providing that ambiguous or conflicting terms, conditions, or provisions shall be interpreted or construed against the Party whose legal counsel prepared the executed version or any prior drafts of the agreement.

10. ENTIRE AGREEMENT. The Parties acknowledge and agree that: (a) no promises, representations, or agreements have been made in connection with this Agreement other than those set forth herein, and that they intend this to be a final and binding settlement and release of all of FHLB Seattle's Released Claims against the Defendants' Released Parties, and of all of Defendants' Released Claims against the FHLB Seattle Releasers, on the terms set forth herein, whether or not they have been previously asserted or articulated; and (b) except as expressly stated in this Agreement, none of the Parties has made any promise, statement, or representation of fact or law that has been relied upon by any of the other such signatories in entering into this Agreement.

11. AUTHORITY.

(a) FHLB Des Moines, as well as its counsel signing this Agreement, represents, warrants, and agrees that FHLB Des Moines: (i) has made such investigation of the facts pertaining to this settlement and this Agreement and of all the matters pertaining thereto as it deems necessary; (ii) has had the opportunity to have counsel of its choosing review this Agreement; (iii) has read this Agreement, understands its contents, and has executed it voluntarily and without duress or undue influence from any person or entity; (iv) has duly and validly authorized the execution and delivery of this Agreement by its counsel; and (v) has full power and authority to enter into and perform all actions or transactions contemplated by this Agreement. Without limiting the generality of the foregoing in any way, FHLB Des Moines represents and warrants that it (i) is the sole legal owner of, and has full right, title and interest in, the claims upon which it sued in the Goldman Lawsuit; and (ii) has full right, power, and legal authority to release FHLB Seattle's Released Claims (including without limitation the claims upon which it sued in the Goldman Lawsuit) on behalf of the FHLB Seattle Releasers.

(b) Defendants, as well as their counsel signing this Agreement, represent, warrant, and agree that Defendants: (i) have made such investigation of the facts pertaining to this settlement and this Agreement and of all the matters pertaining thereto as they deem necessary; (ii) have had the opportunity to have counsel of their choosing review this Agreement; (iii) have read this Agreement, understand its contents, and have executed it voluntarily and without duress or undue influence from any person or entity; (iv) have duly and validly authorized the execution and delivery of this Agreement by their counsel; and (v) have full power and authority to enter into and perform all actions or transactions contemplated by this Agreement. Without limiting the generality of the foregoing in any way, Defendants represent and warrant that they have the full right, power and legal authority to release Defendants' Released Claims on behalf of the Defendant Releasers.

12. BINDING AGREEMENT. This Agreement is binding upon and inures to the benefit of the Parties, their successors, and assigns. Each person signing this Agreement or any portion thereof on behalf of any entity hereby warrants and represents that such person expressly

has been authorized to execute this Agreement on behalf of such entity as a document legally binding on such entity, and that such person has full authority to take all such reasonable, necessary and appropriate actions that may be required or permitted to be taken pursuant to the Agreement to effectuate its terms.

13. MODIFICATION. This Agreement shall not be altered, amended, modified, or rescinded except by an instrument in writing signed by each of the Parties, and specifically referencing this Agreement.

14. NO CONTINUING WAIVER. A waiver of any breach of this Agreement by any Party shall not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision of this Agreement.

15. SIGNATURES IN COUNTERPART. This Agreement may be executed simultaneously in counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. Signatures by facsimile or other electronic imaging shall be deemed to constitute original signatures.

16. APPLICABLE LAW/JURISDICTION. This Agreement, and any disputes related thereto, shall be governed by the law of the State of Washington, and the Parties expressly submit any claim arising therefrom to the exclusive jurisdiction of the King County Superior Court for the State of Washington, and any courts from which appeals from that court may be heard for all purposes related to this Agreement, and agree that any order, process, notice of motion, or other application to or by such court or a judge thereof may be served within or without such court's jurisdiction by overnight delivery or by hand, with copies thereof sent by email.

17. NOTICES. All notices, requests, demands, or other communications required or contemplated hereunder or relating hereto shall be in writing and forwarded by overnight delivery or by hand, with a copy by email, and addressed as follows:

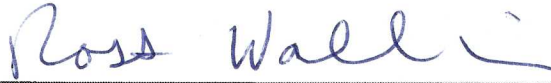
(a) If to FHLB Des Moines:

David J. Graiss, Esq.
1211 Avenue of the Americas
New York, New York 10036
212 755 3550
dgrais@graisellsworth.com

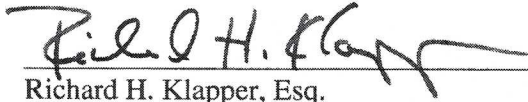
(b) If to Defendants:

Richard H. Klapper, Esq.
Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004
(212) 558-3555
klapperr@sullcrom.com

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement and Release as of this 8th day of April, 2016.



~~David J. Crais, Esq.~~ J. Ross Wallin, Esq.
Counsel for FHLB Des Moines, as successor to FHLB Seattle



Richard H. Klapper, Esq.
Counsel for Defendants

EXHIBIT A

Ticker	CUSIP
GSAA 2007-3 A3A	3622EBAC2
GSR 2006-OA1 2A1	362631AB9
GSR 2004-12 1A1	36242DKR3
GSR 2004-8F 3A1	36242DCJ0
WAMU 2005-AR9 A1A	92922FU48

EXHIBIT B

IN THE SUPERIOR COURT OF WASHINGTON FOR KING COUNTY

FEDERAL HOME LOAN BANK OF
SEATTLE,

Plaintiff,

v.

GOLDMAN, SACHS & CO., GS
MORTGAGE SECURITIES CORP. and
GOLDMAN SACHS MORTGAGE
COMPANY,

Defendants.

No. 09-2-46349-2 SEA

STIPULATION AND [PROPOSED]
ORDER

This Stipulation is entered into between Federal Home Loan Bank of Des Moines, as successor-in-interest to Plaintiff Federal Home Loan Bank of Seattle, and defendants Goldman, Sachs & Co., GS Mortgage Securities Corp., and Goldman Sachs Mortgage Company.

The parties, by and through their undersigned counsel, hereby STIPULATE AND AGREE that, pursuant to Washington Superior Court Civil Rule 41, the claims against Defendants Goldman, Sachs & Co., GS Mortgage Securities Corp., and Goldman Sachs Mortgage Company are dismissed with prejudice and without award of attorneys' fees or costs to either party.

DATED this ___ day of _____, 2016.

YARMUTH WILSDON PLLC

By s/

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*Attorneys for Defendants Goldman, Sachs &
Co., GS Mortgage Securities Corp. and
Goldman Sachs Mortgage Company*

[PROPOSED] ORDER OF DISMISSAL

IT IS HEREBY ORDERED that the claims against Defendants Goldman, Sachs & Co., GS Mortgage Securities Corp., and Goldman Sachs Mortgage Company are dismissed with prejudice and without award of attorneys' fees or costs to either party.

Dated this _____ day of _____, 2016.

The Honorable Laura C. Inveen