

This Settlement Agreement (“Agreement”) is entered into between the United States acting through the United States Department of Justice (“Department of Justice”), along with the States of California and Illinois, acting through their respective Attorneys General, (collectively, “the States”) on the one hand, and The Goldman Sachs Group, Inc., as well as its current and former subsidiaries and affiliates (collectively, “Goldman Sachs”) on the other hand. The United States, the States, and Goldman Sachs are collectively referred to herein as “the Parties.”

RECITALS

A. The United States Attorney’s Office for the Eastern District of California conducted an investigation of the marketing, structuring, arrangement, underwriting, issuance, and sale of residential mortgage-backed securities (“RMBS”) by Goldman Sachs. Based on that investigation, the United States believes that there is an evidentiary basis to compromise potential legal claims by the United States against Goldman Sachs for violations of federal laws in connection with the marketing, structuring, arrangement, underwriting, issuance, and sale of RMBS.

B. The States, based upon their independent investigations of the same conduct, believe that there is an evidentiary basis to compromise potential legal claims by California and Illinois against Goldman Sachs for state law violations in connection with the marketing, structuring, arrangement, underwriting, issuance, and sale of RMBS.

C. Goldman Sachs has resolved potential claims by the State of New York for alleged violations of New York law in connection with the marketing, structuring, arrangement, underwriting, issuance and sale of RMBS by Goldman Sachs. The terms of resolution of those potential claims are memorialized in a separate agreement, attached hereto as Exhibit A.

D. Goldman Sachs has resolved civil claims, potential and filed, by the Federal Home Loan Bank of Chicago (“FHLBC”), alleging violations of state securities laws in connection with private-label RMBS issued, underwritten, and/or sold by Goldman Sachs and purchased by FHLBC. The terms of the resolution of those claims are memorialized in a separate agreement, attached hereto as Exhibit B.

E. Goldman Sachs has resolved civil claims, potential and filed, by the Federal Home Loan Bank of Des Moines, acting as successor-in-interest to the Federal Home Loan Bank of Seattle (“FHLBS”), alleging violations of state securities laws in connection with private-label RMBS issued, underwritten, and/or sold by Goldman Sachs and purchased by FHLBS. The terms of the resolution of those claims are memorialized in a separate agreement, attached hereto as Exhibit C.

F. Goldman Sachs has resolved civil claims, potential and filed, by the National Credit Union Administration Board, as Liquidating Agent of U.S. Central Federal Credit Union, Western Corporate Federal Credit Union, and Southwest Corporate Federal Credit Union (collectively, the “Credit Unions,” and the National Credit Union Administration Board solely in its capacity as liquidating agent for each Credit Union and the Credit Unions collectively, the “NCUA”), alleging violations of federal and state securities laws in connection with private-label RMBS issued, underwritten, and/or sold by Goldman Sachs and purchased by the Credit Unions. The terms of the resolution of those claims are memorialized in a separate agreement, attached hereto as Exhibit D.

G. Goldman Sachs acknowledges the facts set out in the Statement of Facts set forth in Annex I, attached hereto and hereby incorporated.

H. In consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. **Payment.** Goldman Sachs shall pay a total amount of \$3,260,000,000.00 to resolve pending and potential claims in connection with the Covered Conduct, as defined below (the “Settlement Amount”). As set forth below, \$2,385,000,000.00 of that amount will be deposited in the United States Treasury, and the remainder is paid to resolve the claims of the States, the State of New York, FHLBC, FHLBS, and NCUA, pursuant to the subsequent provisions of this Paragraph 1.

A. Within fifteen business days of receiving written payment processing instructions from the Department of Justice, Office of the Associate Attorney General, Goldman Sachs shall pay \$2,960,000,000.00 of the Settlement Amount by electronic funds transfer to the Department of Justice.

- i. \$2,385,000,000.00, and no other amount, is a civil monetary penalty recovered pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (“FIRREA”), 12 U.S.C. §1833a. It will be deposited in the General Fund of the United States Treasury.
- ii. \$575,000,000.00, and no other amount, is paid by Goldman Sachs in settlement of the claims of the NCUA identified in Recital Paragraph F, pursuant to the settlement agreement attached hereto as Exhibit D, the terms of which are not altered or affected by this Agreement.

B. \$10,000,000.00, and no other amount, will be paid by Goldman Sachs to the State of California pursuant to Paragraph 6, below, and the terms of written payment instructions from

the State of California, Office of the Attorney General. Payment shall be made by electronic funds transfer within fifteen business days of receiving written payment processing instructions from the State of California, Office of the Attorney General.

C. \$25,000,000.00, and no other amount, will be paid by Goldman Sachs to the State of Illinois pursuant to Paragraph 7, below, and the terms of written payment instructions from the State of Illinois, Office of the Attorney General. Payment shall be made by electronic funds transfer within fifteen business days of receiving written payment processing instructions from the State of Illinois, Office of the Attorney General.

D. \$190,000,000.00, and no other amount, will be paid by Goldman Sachs to the State of New York pursuant to the settlement agreement attached hereto as Exhibit A. Payment shall be made by electronic funds transfer within fifteen business days of receiving written payment processing instructions from the State of New York, Office of the Attorney General.

E. \$37,500,000.00, and no other amount, will be paid by Goldman Sachs to FHLBC pursuant to the settlement agreement attached hereto as Exhibit B. Payment shall be made within ten business days of the execution of that settlement agreement, as set forth therein.

F. \$37,500,000.00, and no other amount, will be paid by Goldman Sachs to FHLBS pursuant to the settlement agreement attached hereto as Exhibit C. Payment shall be made within ten business days of the execution of that settlement agreement, as set forth therein.

2. **Consumer Relief.** In addition, Goldman Sachs shall provide \$1,800,000,000.00 worth of consumer relief to remediate harms resulting from alleged unlawful conduct of Goldman Sachs, comprised of \$1,520,000,000.00 worth of consumer relief as set forth in Annex 2, attached hereto and hereby incorporated as a term of this Agreement, and \$280,000,000.00 worth of consumer relief as set forth in Appendix A to the settlement agreement between Goldman Sachs

and the State of New York, attached hereto as Exhibit A (“NY Agreement Appendix A”). The value of consumer relief provided shall be calculated and enforced pursuant to the terms of Annex 2 and NY Agreement Appendix A. An independent monitor will determine whether Goldman Sachs has satisfied the obligations contained in Annex 2 and NY Agreement Appendix A (such monitor to be Eric Green) (the “Monitor”), and Goldman Sachs will provide the Monitor with all documentation the Monitor needs to do so, excluding all privileged information. Any costs associated with said Monitor shall be borne solely by Goldman Sachs. Notwithstanding the fact that Goldman Sachs bears the costs associated with the Monitor, the Monitor shall be fully independent of Goldman Sachs. Goldman Sachs will refrain from retaining the Monitor to represent Goldman Sachs in any capacity prior to two years after the date upon which Goldman Sachs satisfies the consumer relief obligations set forth in Annex 2 and NY Agreement Appendix A. Goldman Sachs will also refrain from engaging the Monitor as a mediator in any matter to which Goldman Sachs is a party until Goldman Sachs satisfies the consumer relief obligations set forth in Annex 2 and NY Agreement Appendix A.

3. **Covered Conduct.** “Covered Conduct” as used herein is defined as the creation, pooling, structuring, arranging, formation, packaging, marketing, underwriting, sale, or issuance prior to January 1, 2009 by Goldman Sachs of the RMBS identified in Annex 3, attached and hereby incorporated. Covered Conduct includes representations, disclosures, or non-disclosures to RMBS investors made in connection with the activities set forth above, where the representation, disclosure, or non-disclosure involves information about or obtained during the process of originating, acquiring, securitizing, underwriting, or servicing residential mortgage loans included in the RMBS identified in Annex 3. Covered Conduct does not include:

(i) conduct relating to the origination of residential mortgages, except representations,

disclosures, or non-disclosures to investors in the RMBS listed in Annex 3 about origination of, or about information obtained in the course of originating, such loans; (ii) the servicing of residential mortgage loans, except representations, disclosures, or non-disclosures to investors in the RMBS listed in Annex 3 about servicing, or information obtained in the course of servicing, such loans; or (iii) representations, disclosures, or non-disclosures made in connection with collateralized debt obligations, other derivative securities, or the trading of RMBS, except to the extent that the representations, disclosures, or non-disclosures are related to the offering materials for the underlying RMBS listed in Annex 3.

4. **Cooperation.** Until the date upon which all investigations and any prosecution arising out of the Covered Conduct are concluded by the Department of Justice, whether or not they are concluded within the term of this Agreement, Goldman Sachs shall, subject to applicable laws or regulations: (i) cooperate fully with the Department of Justice (including the Federal Bureau of Investigation) and any other law enforcement agency designated by the Department of Justice regarding matters arising out of the Covered Conduct; (ii) assist the Department of Justice in any investigation or prosecution arising out of the Covered Conduct by providing logistical and technical support for any meeting, interview, grand jury proceeding, or any trial or other court proceeding; (iii) use its best efforts to secure the attendance and truthful statements or testimony of any officer, director, agent, or employee of any of the entities released in Paragraph 5 at any meeting or interview or before the grand jury or at any trial or other court proceeding regarding matters arising out of the Covered Conduct; and (iv) provide the Department of Justice, upon request, all non-privileged information, documents, records, or other tangible evidence regarding matters arising out of the Covered Conduct about which the Department or any designated law enforcement agency inquires.

5. **Releases by the United States.** Subject to the exceptions in Paragraph 9 (“Excluded Claims”), and conditioned upon Goldman Sachs’ full payment of the Settlement Amount (of which \$2,385,000,000.00 will be paid as a civil monetary penalty pursuant to FIRREA, 12 U.S.C. §1833a), and Goldman Sachs’ agreement, by executing this Agreement, to satisfy the terms of Annex 2, as referenced in Paragraph 2 (“Consumer Relief”) and Paragraph 4 (“Cooperation”), the United States fully and finally releases Goldman Sachs, each of its current and former parents, subsidiaries and affiliated entities, and each of their respective successors and assigns (collectively, the “Released Entities”), from any civil claim the United States has against the Released Entities for the Covered Conduct arising under FIRREA, 12 U.S.C. § 1833a; the False Claims Act, 31 U.S.C. §§ 3729, *et seq.*; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801, *et seq.*; the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. §§ 1961, *et seq.*; the Injunctions Against Fraud Act, 18 U.S.C. § 1345; common law theories of negligence, gross negligence, payment by mistake, unjust enrichment, money had and received, breach of fiduciary duty, breach of contract, misrepresentation, deceit, fraud, and aiding and abetting any of the foregoing; or that the Civil Division of the Department of Justice has actual and present authority to assert and compromise pursuant to 28 C.F.R. § 0.45.

6. **Releases by the California Attorney General.** Subject to the exceptions in Paragraph 9 (“Excluded Claims”), and conditioned solely upon Goldman Sachs’ full payment of the Settlement Amount (of which \$10,000,000.00 will be paid to the Office of the California Attorney General, in accordance with the written payment instructions from the California Attorney General, to remediate harms to the State, pursuant to California Government Code §§ 12650-12656 and 12658, allegedly resulting from unlawful conduct of the Released Entities), the California Attorney General fully and finally releases the Released Entities and their successors

and assigns from any civil or administrative claim for the Covered Conduct that the California Attorney General has authority to bring or compromise, including but not limited to: California Corporate Securities Law of 1968, Cal. Corporations Code § 25000 *et seq.*, California Government Code §§ 12658 and 12660, California Government Code §§ 12650-12656, California Business & Professions Code § 17200 *et seq.*, California Business & Professions Code § 17500 *et seq.*, common law theories of negligence, payment by mistake, unjust enrichment, money had and received, breach of fiduciary duty, breach of contract, misrepresentation, deceit, fraud and aiding and abetting any of the foregoing. The California Attorney General executes this release in her official capacity and releases only claims that the California Attorney General has the authority to release for the Covered Conduct. The California Attorney General agrees that no portion of the funds in this Paragraph is received as a civil penalty or fine, including, but not limited to any civil penalty or fine imposed under California Government Code § 12651. The California Attorney General and Goldman Sachs acknowledge that they have been advised by their attorneys of the contents and effect of Section 1542 of the California Civil Code (“Section 1542”) and hereby expressly waive with respect to this Agreement any and all provisions, rights, and benefits conferred by Section 1542.

7. **Releases by the State of Illinois.** Subject to the exceptions in Paragraph 9 (“Excluded Claims”), and conditioned solely upon Goldman Sachs’ full payment of the Settlement Amount (of which \$25,000,000.00 will be paid to the State of Illinois, Office of the Attorney General, in accordance with the written payment instructions from the State of Illinois, Office of the Attorney General, to remediate harms to the State allegedly resulting from unlawful conduct of the Released Entities), the Attorney General of the State of Illinois fully and finally releases the Released Entities and their successors and assigns from any civil or administrative claim for the

Covered Conduct that the Attorney General of the State of Illinois has authority to bring or compromise, including but not limited to: Illinois Securities Law of 1953, 815 Ill. Comp. Stat. 5/1 *et seq.*, Illinois Consumer Fraud and Deceptive Business Practices Act, 815 Ill. Comp. Stat. 505/1 *et seq.*, Illinois False Claims Act, 740 Ill. Comp. Stat. 175/1 *et seq.*, Article XX of the Illinois Code of Civil Procedure, 735 Ill. Comp. Stat. 5/20-101, *et seq.*, and common law theories of negligence, payment by mistake, unjust enrichment, money had and received, breach of fiduciary duty, breach of contract, misrepresentation, deceit, fraud and aiding and abetting any of the foregoing. The State of Illinois agrees that no portion of the funds in this Paragraph is received as a civil penalty or fine.

8. **Releases by the State of New York, FHLBC, FHLBS and NCUA.** The releases of claims by the State of New York, FHLBC, FHLBS and the NCUA are contained in separate settlement agreements with Goldman Sachs, attached as Exhibits A, B, C and D hereto. Any release of claims by the State of New York, FHLBC, FHLBS or the NCUA is governed solely by those separate settlement agreements.

9. **Excluded Claims.** Notwithstanding the releases in Paragraphs 5-8 of this Agreement, or any other term(s) of this Agreement, the following claims are specifically reserved and are not released by this Agreement:

- a. Any criminal liability;
- b. Any liability of any individual;
- c. Any liability arising under Title 26 of the United States Code (the Internal Revenue Code);
- d. Any liability to or claims of NCUA, except as expressly set forth in the separate agreement between NCUA and Goldman Sachs;

- e. Any liability to or claims of the United States of America, the Department of Housing and Urban Development/Federal Housing Administration, the Department of Veterans Affairs, or Fannie Mae or Freddie Mac relating to whole loans insured, guaranteed, or purchased by the Department of Housing and Urban Development/Federal Housing Administration, the Department of Veterans Affairs, or Fannie Mae or Freddie Mac, except claims based on or arising from the securitizations of any such loans in the RMBS listed in Annex 3;
- f. Any administrative liability, including the suspension and debarment rights of any federal agency;
- g. Any liability based upon obligations created by this Settlement Agreement; and
- h. Any liability for the claims or conduct alleged in the following *qui tam* actions, and no setoff related to amounts paid under this Agreement shall be applied to any recovery in connection with any of these actions:
 - (i) *United States, et al. ex rel. Szymoniak v. American Home Mortgage Servicing, Inc., Saxon Mortgage, Inc., et al.*, No. 0:10-cv-01465-JFA (D.S.C.);
 - (ii) *United States ex rel. Mayers v. The Goldman Sachs Group, Inc., et al.*, No. 14-cv-6989 (CBA) (E.D.N.Y.);
 - (iii) *United States ex rel. Casady v. American International Group, Inc., et al.*, No. 10-cv-0431 GPC (MDD) (S.D. Cal.); and
 - (iv) *United States ex rel. [Sealed] v. [Sealed]*, No. XX CIV XXXX (E.D. Cal.), [as disclosed to Goldman Sachs].

10. **Releases by Goldman Sachs.** Goldman Sachs and any current or former affiliated entity and any of its respective successors and assigns fully and finally releases the United States and the States, and their officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that Goldman Sachs has asserted, could have asserted, or may assert in the future against the United States and the States, and their officers, agents, employees, and servants, related to the Covered Conduct to the extent released hereunder and the investigation and civil prosecution to date thereof.

11. **Waiver of Potential FDIC Indemnification Claim by Goldman Sachs.** Goldman Sachs hereby irrevocably waives any right that it otherwise might have to seek (and in any event agrees that it shall not seek) any form of indemnification, reimbursement or contribution from the FDIC in any capacity, including the FDIC in its Corporate Capacity or the FDIC in its Receiver Capacity, for any payment that is a portion of the Settlement Amount set forth in Paragraph 1 of this Agreement or of the Consumer Relief set forth in Paragraph 2 of this Agreement.

12. **Waiver of Potential Defenses by Goldman Sachs.** Goldman Sachs and any current or former affiliated entity (to the extent that Goldman Sachs retains liability for the Covered Conduct associated with such affiliated entity) and any of their respective successors and assigns waive and shall not assert any defenses Goldman Sachs may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

13. **Unallowable Costs Defined.** All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of Goldman Sachs, and its present or former officers, directors, employees, shareholders, and agents in connection with:

- a. the matters covered by this Agreement;
- b. the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- c. Goldman Sachs' investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and any criminal investigation(s) in connection with the matters covered by this Agreement (including attorney's fees);
- d. the negotiation and performance of this Agreement; and
- e. the payment Goldman Sachs makes to the United States pursuant to this Agreement, are unallowable costs for government contracting purposes (hereinafter referred to as "Unallowable Costs").

14. **Future Treatment of Unallowable Costs.** Unallowable Costs will be separately determined and accounted for by Goldman Sachs, and Goldman Sachs shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

15. This Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Eastern District of California.

16. This Agreement is intended for the benefit of the Parties only and does not create any third-party rights.

17. The Parties acknowledge that this Agreement is made without any trial or adjudication or judicial finding of any issue of fact or law, and is not a final order of any court or governmental authority.
18. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.
19. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.
20. Nothing in this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for the purposes of the Internal Revenue laws, Title 26 of the United States Code.
21. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties and shall not, therefore, be construed against any Party for that reason in any dispute.
22. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.
23. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.
24. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.
25. This Agreement is binding on Goldman Sachs' successors, transferees, heirs, and assigns.
26. All Parties consent to the public disclosure of this Agreement, and information about this Agreement, by Goldman Sachs, the United States, the States, and/or the State of New York,

FHLBC, FHLBS, and the NCUA, whose separate settlement agreements with Goldman Sachs are referenced herein and attached as Exhibits hereto.

27. This Agreement is effective on the date of signature of the last signatory to the Agreement. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

For the United States:



STUART F. DELERY
Acting Associate Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530
Phone: (202) 514-9500

Dated: 4/11/16

For The Goldman Sachs Group, Inc.:

A handwritten signature in black ink, appearing to read 'G.K. Palm', written over a horizontal line.

GREGORY K. PALM

Executive Vice President and General Counsel
The Goldman Sachs Group, Inc.
200 West Street
New York, New York 10282

Dated: April 10, 2016

For the State of Illinois:

A handwritten signature in black ink, appearing to read "Lisa Madigan", written over a horizontal line.

LISA MADIGAN
Attorney General of the State of Illinois
500 South Second Street
Springfield, IL 62706
Phone: (217) 782-1090

Dated: April 8, 2016

For the California Department of Justice:

KAMALA D. HARRIS
Attorney General of California

A handwritten signature in black ink, appearing to read "Martin Goyette", written over a horizontal line.

MARTIN GOYETTE
Senior Assistant Attorney General
California Department of Justice
455 Golden Gate Avenue, Suite 11000
San Francisco, CA 94102
Phone: (415) 703-5500

Dated: April 8, 2016