

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

THE BANK OF NEW YORK MELLON, solely in its
capacity as the Securities Administrator of J.P.
MORGAN MORTGAGE ACQUISITION TRUST,
SERIES 2006-WMC3,

Plaintiff,

-against-

WMC MORTGAGE, LLC., as successor-by-merger to
WMC MORTGAGE CORP., J.P. MORGAN
MORTGAGE ACQUISITION CORP., and
JPMORGAN CHASE BANK, NATIONAL
ASSOCIATION,

Defendants.

Index No. _____

SUMMONS WITH NOTICE

Plaintiff designates New York
County as the place of trial.

Venue is proper in this County
pursuant to CPLR § 503.

PLEASE TAKE NOTICE THAT YOU ARE HEREBY SUMMONED and required to
serve upon Plaintiff's attorneys, at the address stated below, a notice of appearance or a demand
for a complaint, within twenty (20) days after the service of this Summons, exclusive of the day
of service, or within thirty (30) days after the service is complete if this Summons is not
personally delivered to you within the State of New York. In case of your failure to appear or
answer, judgment will be taken against you by default for the relief demanded herein.

This Court has jurisdiction over this proceeding pursuant to CPLR §§ 301 and 302
because each Defendant has a principal place of business in New York, New York, and/or (ii)
engaged in conduct in New York that gave rise to Plaintiff's claims. In addition, J.P. Morgan
Mortgage Acquisition Trust, Series 2006-WMC3 (the "Trust") was formed under New York law
pursuant to a pooling and servicing agreement dated as of August 1, 2006, which contains a New
York choice of law provision. Venue is proper in this Court pursuant to CPLR §§ 503(a)
because Plaintiff's principal office is located in New York County.

NOTICE:

1. In this action, Plaintiff The Bank of New York Mellon, solely in its capacity as Securities Administrator of the Trust (the "Securities Administrator"), seeks redress from WMC Mortgage LLC, as successor-by-merger to WMC Mortgage Corp. ("WMC"), J.P. Morgan Mortgage Acquisition Corp. ("JPMAC") and JPMorgan Chase Bank, National Association ("JPMorgan Chase") (collectively, "Defendants"), for breaches and repudiation of, and refusals to perform, contractual obligations under a Mortgage Loan Sale and Interim Servicing Agreement dated as of July 1, 2005 (the "MLSA")¹ and a Pooling and Servicing Agreement dated as of August 1, 2006 (the "PSA").²

2. In or about 2006, JPMAC purchased approximately 4,786 residential mortgage loans (the "Mortgage Loans") with a total principal balance of approximately \$959 million from WMC pursuant to the MLSA. JPMAC securitized the Mortgage Loans in part by selling the Mortgage Loans, and assigning all of its rights under the MLSA, to J.P. Morgan Mortgage Acceptance Corporation I (the "Depositor") pursuant to an Assignment and Assumption and Recognition Agreement, dated as of September 14, 2006 (the "AARA"). The Depositor, in turn, assigned all of its rights, title and interest in the Mortgage Loans, the AARA and the MLSA to the Trust pursuant to the PSA. The Trust then issued residential mortgage-backed securities, also known as "Certificates," backed by the Mortgage Loans. The securitization closed on September 14, 2006 (the "Closing Date"). Under the terms of the PSA, JPMorgan Chase is the Servicer

¹ The MLSA is by and between WMC, as Seller and as Servicer and JPMAC, as Purchaser.

² The PSA is by and among The Bank of New York Mellon (as successor-in-trust to JPMorgan Chase Bank, National Association), as Securities Administrator, U.S. Bank, National Association, as Trustee, JPMorgan Chase, as Servicer, J.P. Morgan Acceptance Corporation I, as Depositor, JPMAC, as the Seller, and Pentalpha Surveillance LLC, as Trust Oversight Manager.

responsible for servicing the Mortgage Loans. The principal and interest payments on the Mortgage Loans serve as the source for payments to Certificateholders.

3. The representations and warranties that were made with respect to the Mortgage Loans are material terms of the MLSA and the PSA and those representations and warranties, therefore, are inextricably intertwined with the likelihood that Certificateholders will be paid.

4. The MLSA sets forth a series of enforceable representations, warranties and covenants concerning those matters (the "WMC Representations"), including without limitation that: (i) in connection with each Mortgage Loan, no fraud, misrepresentation or similar occurrence has taken place on the part of any person involved in the origination of the loan; (ii) there was no default, breach, violation or event of acceleration existing under the mortgage or the mortgage note; (iii) the information set forth on the Mortgage Loan Schedule was true, correct and complete in all material respects; (iv) the origination practices used by the Seller and the collection and servicing practices used by the Servicer have been in all respects legal and customary in the nonprime mortgage origination and servicing industry and the collection and servicing practices used by the Servicer have been consistent with Customary Servicing Procedures; (v) all requirements of any federal, state or local law applicable to the origination and servicing of the Mortgage Loans have been complied with; (vi) each Mortgage Loan was underwritten in accordance with the underwriting guidelines in effect at the time of origination; (vii) the consideration received by WMC under the MLSA constitutes fair consideration and reasonably equivalent value for the Mortgage Loans; (viii) no statement, report, or other document furnished or to be furnished pursuant to the MLSA contained any untrue statement of fact or omits to state a fact necessary to make the statements contained therein not misleading. *See, e.g.,* MLSA § 7.01(a), (f), (l), (dd), (hh), (ii); MLSA § 7.02(j), (m).

5. If WMC discovers or receives notice of a breach of a WMC Representation that materially and adversely affects the value of the Mortgage Loan or the interest of the Purchaser therein, the MLSA requires WMC to cure such breach in all material respects within sixty days. MLSA § 7.03. If it cannot do so, it must repurchase the Mortgage Loan at the contractually defined Repurchase Price. *Id.* Under the MLSA and AARA, if WMC itself discovers a WMC Representation breach, it must give prompt written notice, including without limitation to the Trustee, JPMAC and JPMorgan Chase (as successor servicer). *Id.*

6. Upon discovery of a breach or notice of a breach from the Securities Administrator or other party to the PSA or MLSA, WMC is obligated to cure the breach or repurchase the affected Mortgage Loan. Moreover, if WMC fails to cure the breach or repurchase the Mortgage Loan, JPMAC is required to do so. PSA §2.03(a)(i).

7. Pursuant to Section 2.06 of the PSA, JPMAC also made certain representations and warranties regarding the Mortgage Loans (the “JPMAC Representations”). Section 2.03(a)(ii) of the PSA provides that, upon JPMAC’s receipt of notice from any party to the PSA of any breach of a JPMAC Representation that materially adversely affects the value of such Mortgage Loan or the interest of the Certificateholders therein, JPMAC must cure the breach within ninety days of notification. If JPMAC fails to cure the breach, it must repurchase the Mortgage Loan from the Trust Fund. *Id.* If JPMAC itself discovers a breach of a JPMAC Representation, it must provide notice to the Trustee. *Id.*

8. WMC and JPMAC have breached these and other representations, warranties and covenants in the MLSA and PSA, and such breaches materially adversely affect the value of the Mortgage Loans and/or the interests of the Trust and the Certificateholders therein.

9. Upon information and belief, WMC, through its origination and initial servicing of the Mortgage Loans, JPMAC, through its due diligence of the Mortgage Loans, and JPMorgan Chase through its servicing of the Mortgage Loans, discovered breaches of the WMC Representations and/or the JPMAC Representations (together, the “Mortgage Loan Representations”). Upon the discovery of such breaches, WMC and/or JPMAC, as the case may be, were required to cure the breaches or repurchase the breaching Mortgage Loans at the Purchase Price (as defined in the PSA, Article I) within the contractually specified time periods (a maximum of 90 days). MLSA § 7.03; PSA § 2.03. Moreover, upon discovery of a breach by WMC, JPMAC and/or JPMorgan Chase, each party was also required to (a) notify each other and the Securities Administrator and/or the Trustee of the breaches discovered and (b) cause WMC or JPMAC, as applicable, to cure the defect within ninety days of notification. PSA § 2.03. The Securities Administrator also is afforded the right to ensure WMC’s compliance with the MLSA and PSA, or secure JPMAC’s performance if WMC failed to cure or repurchase or if JPMAC failed to perform under its own obligations. Upon information and belief, WMC, JPMAC and JPMorgan Chase failed to cause WMC to cure any breaches of Mortgage Representations, and WMC and JPMAC failed to cure or repurchase any defective loans.

10. Moreover, WMC and JPMAC received notice of breaches of Mortgage Loan Representations that materially adversely affected the value of the Mortgage Loans and/or the interests of Certificateholders therein.

11. On April 30, 2014, the Securities Administrator sent a notice to WMC, JPMAC and JPMorgan Chase, among others, identifying one or more materially adverse breaches in 334 Mortgage Loans and requesting that WMC and/or JPMAC cure the breaches or repurchase the Mortgage Loans (the “April 2014 Breach Notice”). Most of the Mortgage Loans identified in

this April 2014 Breach Notice suffered from breaches of numerous Mortgage Loan Representations. The April 2014 Breach Notice identified the breaching Mortgage Loans by loan number, stated the specific Mortgage Loan Representations breached, and provided a description of the analysis used in determining the breach.

12. The detailed information in the April 2014 Notice triggered the obligation of WMC and JPMAC to cure the breaches or repurchase the Mortgage Loans. Nevertheless, WMC and JPMAC have failed to cure any of the identified breaches or repurchase any of the identified Mortgage Loans.

13. The notice of large-scale breaches contained in the April 2014 Notice, together with other information uniquely available to the Defendants, made Defendants aware of, or otherwise caused them to discover, the substantial likelihood that breaches extend beyond the loans specifically represented in the April 2014 Notice.

14. WMC and JPMAC have abandoned and repudiated their repurchase obligations with respect to over 334 Mortgage Loans. WMC has failed to (a) cure or repurchase Mortgage Loans upon its own discovery of material and adverse breaches of Mortgage Loan Representations, and (b) cure or repurchase the Mortgage Loans upon notice. The extent of the materially adverse breaches of the Mortgage Loan Representations in the Trust indicates that there are defective Mortgage Loans throughout the Trust and WMC should be required to repurchase all Mortgage Loans in the Trust that breach the WMC Representations.

15. JPMAC similarly has failed to (a) cure or repurchase Mortgage Loans upon its own discovery of material and adverse breaches of Mortgage Loan Representations, (b) cause WMC to cure or repurchase the Mortgage Loans that breach the WMC Representations, (c) cure or repurchase the Mortgage Loans that breach the WMC Representations when WMC failed and

refused to do so, (d) cure or repurchase the Mortgage Loans that breach the JPMAC Representations, and (e) cure or repurchase Mortgage Loans upon notice. JPMAC's actions are grossly negligent or reckless violations of its contractual obligations. The extent of the materially adverse breaches the Mortgage Loan Representations in the Trust indicates that there are defective Mortgage Loans throughout the Trust and JPMAC should be required to repurchase all Mortgage Loans in the Trust that breach the Mortgage Loan Representations.

16. JPMorgan Chase has failed to promptly notify the other parties of breaches of Mortgage Loan Representations upon discovery of those breaches and failed to cause WMC to cure or repurchase the affected Mortgage Loans. JPMorgan Chase's actions are grossly negligent or reckless violations of its contractual obligations.

17. As stated above, the Defendants' obligations to cure or repurchase extend not only to the loans specifically identified in the Breach Notices, but also to other breaching loans with respect to which the Defendants were on notice of the substantial likelihood of additional breaches due to Defendants' unique access to information regarding the Mortgage Loans obtained through, among other activities, JPMAC's due diligence of the Mortgage Loans, WMC's origination of the Mortgage Loans and JPMorgan Chase's review of borrower information in connection with its servicing of the Mortgage Loans.

18. In addition to the breaches detailed above, JPMorgan Chase further failed to service and administer the Mortgage Loans in accordance with the customary and usual standards of practice of prudent mortgage loan servicers and the express provisions of the PSA. Section 3.01 of the PSA requires JPMorgan Chase to "service and administer the Mortgage Loans . . . on behalf of the Trust Fund and in the best interests of and for the benefit of the Certificateholders . . . in accordance with Accepted Servicing Practices...." PSA Section 3.07

further provides that JPMorgan Chase “shall make reasonable efforts to collect all payments called for under the terms and provisions of the Mortgage Loans, and shall . . . follow such collection procedures as it would follow with respect to mortgage loans comparable to the Mortgage Loans and held for its own account.” And PSA Section 3.16 requires JPMorgan Chase to “use its commercially reasonable efforts consistent with the servicing standard set forth in Section 3.01, to foreclose upon or otherwise comparably convert the ownership of properties securing such of the Mortgage Loans . . . as come into and continue in default and as to which no satisfactory arrangements can be made for collection of Delinquent payments pursuant to Section 3.07.” JPMorgan Chase completely failed in fulfilling these contractual obligations.

19. Among other things, JPMorgan Chase breached its servicing obligations through (i) non-existent, delayed or otherwise ineffective collection activities leading to higher, ultimately unrecoverable servicer advances made against unpaid loan balances; (ii) unnecessarily long delays in referring, or failure to refer, loans to foreclosure, leading to lower recoveries for the Trust and higher servicer advances for taxes and insurance, property maintenance and protection, and foreclosure costs; (iii) granting modifications to poorly qualified borrowers more likely to re-default; (iv) failing to grant modifications to qualified borrowers which preserve loan value compared to foreclosure alternatives; (v) failing to consider short sale or deed-in-lieu of foreclosure alternatives to maximize loan value; (vi) deficient valuation or sales administration practices leading to property liquidations at below otherwise realizable value; and (vii) failing to timely or vigorously assert claims for reimbursement against guarantors or insurers of the loans.

20. The PSA and MLSA are valid, binding and enforceable contracts, each of which is enforceable, separately or together, by the Securities Administrator on behalf of the Trust and Certificateholders.

21. The Securities Administrator now brings this action on behalf of the Trust to enforce WMC's, JPMAC's and JPMorgan Chase's obligations under the MLSA and PSA. The Securities Administrator may enforce the Defendants' obligations in the PSA and MLSA, including without limitation WMC's and JPMAC's obligations to repurchase Mortgage Loans. The Trust and the Securities Administrator have performed all of the conditions, covenants, and promises required in accordance with the PSA and the MLSA in order to enforce the repurchase obligations of the Defendants in the PSA and/or MLSA.

22. The Trust's remedies include, but are not limited to, rescissory and compensatory damages for Defendants' breaches of the agreements, repudiation of its obligations and breaches of their repurchase obligations. The Trust is further entitled to specific performance of WMC's and JPMAC's repurchase obligations.

23. The Defendants should be required to pay damages for the losses caused to the Trust by their breaches of its representations and warranties and/or covenants. Alternatively, WMC and JPMAC should be required to specifically perform their obligations under the PSA and the MLSA, including the repurchase of all Mortgage Loans that do not comply with Mortgage Loan Representations that materially and adversely affect the value of the Mortgage Loans or the interests of the Certificateholders therein. WMC's and JPMAC's obligations to repurchase includes both the Mortgage Loans specifically identified by the Securities Administrator and also all other Mortgage Loans with material and adverse breaches.

24. Further, WMC and JPMAC are contractually required to reimburse the Trustee for its actual and out-of-pocket expenses in enforcing their repurchase obligations under the MLSA and PSA.

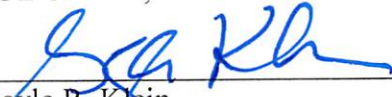
25. The relief sought by Plaintiff includes the following:

- a. An award of compensatory damages in an amount to be proven at trial, but no less than \$475 million, for Defendants' breaches of their representations, warranties and covenants and their refusals to perform and repudiations of their contractual obligations;
- b. Additionally, or in the alternative, an award of rescissory damages against WMC and JPMAC in an amount to be proven at trial for its fundamental breaches of the parties' agreements and its total repudiation thereof;
- c. Additionally, or in the alternative, an order requiring Defendants to specifically perform their contractual obligations, including without limitation an order requiring WMC and JPMAC to repurchase all Mortgage Loans that are not in conformance with the representations and warranties set forth in the PSA and the MLSA in accordance with such agreements;
- d. Additionally, or in the alternative, an order requiring Defendants to reimburse the Securities Administrator for expenses, including but not limited to attorneys' fees, costs and disbursements incurred in enforcing Citigroup's repurchase obligation;
- e. Pre-judgment and post-judgment interest; and
- f. Such other and further relief as the Court may deem just and proper.

YOU ARE HEREBY NOTIFIED that on your failure to appear or answer, a default judgment will be entered against you (a) in an amount to be determined at trial, but no less than \$475 million; (b) for the Trust's and the Securities Administrator's expenses in enforcing its remedies, including the costs of this action, attorneys' fees and other expenses to be established to the satisfaction of the Court; (c) contractually specified interest and fees with respect to the applicable Mortgage Loans, as well as pre-judgment interest at the rate prescribed by law for all amounts; and (d) specific performance of your repurchase obligations under the PSA and MLSA.

Dated: New York, New York
October 10, 2014

MCKOOL SMITH, P.C.

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