

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

In The Matter Of:

File No. 06-47-CZ

Chase Bank USA, N.A. and
Chase Home Finance, LLC

Hon. Beverly Nettles-Nickerson

Respondents.

ASSURANCE OF DISCONTINUANCE

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ASSURANCE OF VOLUNTARY COMPLIANCE
AND VOLUNTARY DISCONTINUANCE

WHEREAS, this Assurance of Voluntary Compliance/Assurance of Discontinuance (hereinafter "Assurance") is entered into between the State of Michigan, by its Attorney General on the one hand and Chase Bank USA, N.A., and Chase Home Finance, LLC (collectively, "Chase" or "Respondents") on the other hand, resolving claims with respect to Respondents' use of Check and Non-Check Solicitations, as those terms are defined below;

WHEREAS, in addition to this Assurance, Respondents have entered into a settlement agreement with the State of California in the form of a stipulated judgment resolving claims with respect to Respondents' use of Check and Non-Check Solicitations and agreements in the form of voluntary assurances with the States of Alaska, Connecticut, Iowa, Illinois, Maine, Missouri, New Jersey, North Carolina, Oregon, Pennsylvania, Tennessee, Vermont and Washington, each agreement resolving claims those states have regarding Check and Non-Check Solicitations;

WHEREAS, all states identified above are hereinafter collectively referred to as the "Settling States;"

WHEREAS, Respondent Chase Bank USA, N.A. ("Chase Bank") is a national bank, with its principal place of business at 200 White Clay Center, Newark, Delaware 19711;

WHEREAS, Respondent Chase Home Finance, LLC ("Chase Home Finance") was and is a Delaware limited liability company, and is the successor by merger to Chase Manhattan

Mortgage Corporation, with its principal place of business at 194 Wood Avenue South, Iselin, New Jersey;

WHEREAS, from approximately July 2, 2001 and continuing through the present, Respondents partnered with Non-Chase Membership Marketers, as that term is defined below, to advertise and offer for sale membership-based travel, shopping, health, dental, entertainment and consumer protection services to residents of this state who are Account Holders, as that term is defined below;

WHEREAS, the Membership Programs advertised and offered for sale by Respondents or to Respondents' Account Holders, include, but are not limited to, the following product names: (A) AutoVantage Gold; (B) Buyers Advantage; (C) CompleteHome; (D) Elite Excursions; (E) Event Privileges; (F) Everyday Values; (G) Everyday Values Gold; (H) Great Fun; (I) HealthSaver; (J) Hotline; (K) IdentitySecure; (L) Just for Me; (M) National Home Protection; (N) Privacy Guard; (O) Shoppers Advantage; (P) Small Business Central; and (Q) Travelers Advantage;.

WHEREAS, Respondents and Non-Chase Membership Marketers marketed Membership Programs to Account Holders by means of direct mail, in the form of Check and Non-Check Solicitations, as those terms are defined below;

WHEREAS, the Settling States allege that Respondents have operated in violation of their respective consumer protection and trade practice statutes, including MCL 445.901 et seq., by, among other practices, failing to disclose clearly and conspicuously to consumers the consequences of accepting a Check or Non-Check Solicitation, including the charges that could accrue as a result, and failing to disclose clearly and conspicuously the relationship between Chase and Non-Chase Membership Marketers;

WHEREAS, Respondents deny the allegations raised by the Settling States and contend that at all times they have engaged in lawful conduct in the marketing of Membership Programs by Check and Non-Check solicitations;

WHEREAS, the parties, having consented to the entry of this Assurance for the purposes

of settlement only, without this Assurance constituting evidence against or any admission by any party, and without trial of any issue of fact or law, and without this Assurance constituting any admission of liability or wrongdoing by Respondents or any other party, and with the understanding that Respondents' position is that they have at all times been in compliance with all applicable laws, and with the understanding that by entering into this Assurance, Respondents do not agree or concede that the claims or allegations asserted by the Settling States have merit.

NOW THEREFORE, the parties agree to the following terms and conditions to settle the differences between them:

I. DEFINITIONS

1. Unless otherwise specified, the following definitions shall apply:
 - A. "Account" means a credit card account, debit card account, checking account, savings account, loan account, mortgage account or other similar account, of the Chase Parties, in connection with which Membership Programs are sold to a consumer.
 - B. "Account Holder" means a person who is contractually obligated to pay amounts due on an Account.
 - C. "Affiliate" means any company that is controlled by one of the Chase Parties.
 - D. "Authorized User" means an Account Holder or a person authorized to make charges to an Account.
 - E. "Automatic Renewal" means a plan or arrangement under which a Membership Program is automatically renewed at the end of the initial membership term, and thereafter renewed continually for successive membership terms, unless the consumer affirmatively cancels the membership. A "membership term" does not include any portion of a trial period included in a "Trial Offer."
 - F. "The Chase Parties" means Chase Bank U.S.A., N.A and Chase Home Finance LLC, successor-in-interest to Chase Manhattan Mortgage Corporation, together

with their successors, assigns and subsidiaries, acting directly or through any of their officers, directors, employees, or salespersons. If, subsequent to the Effective Date, any Chase Party acquires a non-affiliated credit card or mortgage lender (an "Acquired Business"), such Acquired Business shall be deemed not to be a Chase Party for purposes of this Assurance until after the acquisition is fully consummated and the Chase Parties have had sufficient time, not to exceed 180 days, to modify the computer and other operating systems of the Acquired Business to comply with the requirements of this Assurance.

G. "Check Solicitation" means any offer, sent by Mail, of a live check, the cashing or depositing of which obligates a consumer to purchase or renew a membership in a Membership Program, either immediately or upon the expiration of a Trial Offer, unless the consumer affirmatively cancels the membership in the Membership Program.

H. "Effective Date" means the date on which all of the Settling States, through the Office of the California Attorney General, have delivered to the Chase Parties the signatures, and any court orders, necessary for all Settlement Documents to be effective.

I. "Express Consent" means, in regard to a response to a Check or Non-Check Solicitation, an Authorized User's or Account Holder's express and affirmative written consent to charge a Membership Charge to an Account, either immediately or upon the expiration of a Trial Offer, unless the Authorized User or Account Holder affirmatively cancels his or her membership. An Account Holder's or Authorized User's signature (as an endorsement on a check or otherwise) provided in response to a Check Solicitation or Non-Check Solicitation that complies with this Assurance and which employs the exact text (rather than substantially similar words that have the same substantive meaning and do not materially change the meaning of that text) set forth in, as applicable to the particular Check or Non-Check Solicitation, Sections (A)(1), (A)(2), (A)(3)(c), and/or (C)(4) of Paragraph 5, below, shall be deemed to be Express Consent.

J. **"Fulfillment Materials"** means materials such as brochures, pamphlets, and the like that include the terms and conditions of a Membership Program, sent by any non-Chase Membership Marketer to a consumer after he or she has given Express Consent to purchase a membership in a Membership Program.

K. **"Mail"** means to send by United States mail or other physical delivery method such as courier, UPS or Federal Express, but excluding electronic mail and other internet communications.

L. **"Membership Charge"** means any amount charged to an Account for an initial or renewal membership in a Membership Program.

M. **"Membership Program"** means any membership product or service (other than a product or service the providing of which would be a financial activity, as that term is defined in 12 U.S.C. § 1843(k) and regulations promulgated thereunder), where the membership product or service is reasonably contemplated to involve repeated periodic charges to an Account unless the consumer cancels his or her membership in the Membership Program. This definition excludes one-time sales transactions unless they involve Automatic Renewals or require consumers to affirmatively cancel their membership in order to avoid repeated periodic charges to an Account.

N. **"Non-Check Solicitation"** means any offer, sent by Mail, of a benefit or of other valuable consideration, which is promoted as "free" and is an amount credited to an Account or is cash, a gift card, a savings bond, or a voucher that can be exchanged for a credit to an Account, a gift card or any cash equivalency, which by applying for or accepting the offered benefit or consideration, a consumer becomes obligated to purchase or renew a membership in a Membership Program, either immediately or upon the expiration of a Trial Offer, unless he or she affirmatively cancels his or her membership in the Membership Program. Notwithstanding the foregoing, a solicitation is not a Non-Check Solicitation if: (i) by accepting the consideration or benefit alone, the consumer does not incur any obligations or make any purchases; (ii) the offer requires the consumer

to accept by affirmatively filling in a credit card number or other billing information (i.e., no account information is pre-printed or linked to the solicitation and a non-Chase Party account number may be provided); and (iii) the consumer will be billed only if he or she provides that information fully and completely.

O. **“Non-Chase Membership Marketer”** means any entity that is not an Affiliate of any of the Chase Parties that markets Membership Programs to Account Holders or Authorized Users, pursuant to a contract with the Chase Parties.

P. **“Trial Offer”** means an offer to a consumer of a membership in a Membership Program for a trial or risk-free period, during which the consumer has the benefits of membership and, before the end of the trial or risk free period, can cancel the membership without incurring a Membership Charge.

II. ASSURANCE

2. Pursuant to the Michigan Consumer Protection Act, MCL 445.901, et seq., Respondents and their successors, assigns and subsidiaries, directly or through any of their officers, agents, directors, servants, employees, or salespersons who are acting on behalf of Respondents or their subsidiaries, hereby voluntarily agree to refrain from engaging in the following conduct with respect to Membership Programs offered through Check and Non-Check Solicitations:

A. Failing to require contractually any Non-Chase Membership Marketer to disclose, clearly and conspicuously the following information in Check and Non-Check Solicitations:

(1) *For Check Solicitations*, the following statement or substantially similar words that have the same substantive meaning and do not materially change any of the terms of the disclosure:

“Cashing the enclosed check will result in a charge of \$ [then current (annual or monthly, as applicable) fee] to your [name of Account] for a membership in [Membership Program] unless you

cancel within the Trial Offer period. To cancel, you must call [toll-free number] within [length of Trial Offer period] of the date you receive your Membership Fulfillment Materials. We will not have to ask for [if applicable: your [name of Account] Account number or] your further consent in order to charge you. [If applicable: [Membership Program] is not affiliated with [applicable Chase Parties]]. At the end of each [membership term, or, if billed monthly, each billing cycle], [Membership Program] will charge your [name of Account] Account the membership fee in effect at that time unless you call to cancel."

(2) *For Non-Check Solicitations*, the following statement or substantially similar words that have the same substantive meaning and do not materially change any of the terms of the disclosure:

"Accepting the enclosed offer will result in a charge of \$ [then current (annual or monthly, as applicable) fee] to your [name of Account] for a membership in [Membership Program] unless you cancel within the Trial Offer period. To cancel, you must call [toll-free number] within [length of Trial Offer period] of the date you receive your Membership Fulfillment Materials. We will not have to ask for [if applicable: your [name of Account] Account number or] your further consent in order to charge you. [If applicable: [Membership Program] is not affiliated with [applicable Chase Parties].] At the end of each [membership term, or, if billed monthly, each billing cycle], [Membership Program] will charge your [name of Account] Account the membership fee in effect at that time unless you call to cancel."

(3) The disclosures required by subparagraphs (1) and (2) must be

made in the Check or Non-Check Solicitation in any one or more of the following ways:

- (a) in the first paragraph of the main body;
- (b) in the first page of the main body in type which is bold in comparison to the majority of other text on the page;
- (c) in the main body, if a clear and conspicuous notice is included at the bottom of the first page of the main body stating the following, or substantially similar words that have the same substantive meaning and do not materially change the terms of the disclosure:
“Important Notice: Your [name of Account] Account will automatically be charged for the membership fee if you accept this offer and fail to cancel within the Trial Offer period. See [as applicable: below, over, next page, page ___] for details;” or
- (d) in the main body, if there is included on the first page of the main body clear and conspicuous information regarding the Membership Program, including (i) the price; (ii) that the consumer will be charged if he or she does not cancel within the Trial Offer period; (iii) the terms of the Automatic Renewal feature; and, if applicable, (iv) a statement that the Membership Program is not affiliated with the particular Chase Party. Items (i) through (iii) shall be disclosed in close proximity to one another, without the use of any form of any of the words specified in paragraph 6 when providing this information.

(4) For both Check and Non-Check Solicitations, clear and conspicuous statements that:

- (a) The consumer should keep this notice for his or her records; and
- (b) The consumer should expect in the Mail, within four to six

weeks of providing Express Consent, Fulfillment Materials regarding the consumer's membership in the Membership Program.

B. If any Check or Non-Check Solicitation includes the use of a Trial Offer, failing to require contractually any Non-Chase Membership Marketer to disclose, clearly and conspicuously in the Check or Non-Check Solicitation a statement that the Trial Offer shall commence as of the date the consumer receives the Fulfillment Materials. The date of receipt shall be deemed to be five days after the Fulfillment Materials are sent by first class Mail. If the Fulfillment Materials are sent by second or third class Mail, receipt shall be deemed to be nine days after such mailing. Cancellations shall be honored for a period of fifteen (15) days after the end of the Trial Offer period.

C. For Check Solicitations,

(1) Failing to require contractually any Non-Chase Membership Marketer to disclose, clearly and conspicuously on the face of a check offered with a Check Solicitation a statement that notifies the consumer that by depositing or cashing the check, the consumer is purchasing a membership in the specific Membership Program.

(2) Failing to contractually bar any Non-Chase Membership Marketer from including on the face of a check offered with a Check Solicitation any description of an accompanying Trial Offer as "free," "complimentary," or "risk-free," or similar terms or any reference to "Cash Disbursements Office" or similar terms.

(3) Failing to contractually bar any Non-Chase Membership Marketer from including any writing above the endorsement line on the back of any check offered with a Check Solicitation other than (i) a writing that is required by law; (ii) a copyright notice or other writing, but only if that writing is necessary to protect or identify intellectual property rights of the Chase Parties or a Non-Chase

Membership Marketer, (iii) a writing that the Chase Parties or a Non-Chase Membership Marketer believes in good faith to be required by law or necessary to avoid potential liability; and (iv) the disclosure required by subparagraph (4) below.

(4) Failing to contractually require any Non-Chase Membership Marketer to include, clearly and conspicuously above the endorsement line on the back of any check offered with a Check Solicitation, the following disclosure, or substantially similar words that have the same substantive meaning and do not materially change the terms of the disclosure:

“By cashing this check I agree to a Trial Offer in [Membership Program] and understand that \$ [then current (monthly or annual, as applicable) fee] will automatically be charged to my [name of Account] Account unless I cancel my membership by calling [toll-free number] before the end of the Trial Offer period. I understand that I will also be charged every [membership period] at the then current fee and must cancel to avoid future fees and receive any applicable refund.”

D. Failing to require contractually any Non-Chase Membership Marketer to refrain from making any false or misleading representation, expressly or by implication, that the Check Solicitation or any benefit offered through a Non-Check Solicitation:

(1) is a refund, rebate, reward or other benefit conferred because of a business relationship between one of the Chase Parties and the consumer; or

(2) is anything other than a benefit or incentive offered for the purchase of a membership in a Membership Program.

Notwithstanding the foregoing, the use of name(s) or logo(s) of any of the Chase

Parties or their affiliates, shall not, in and of itself, be deemed to make such a representation, and the Chase Parties and any Non-Chase Membership Marketer shall not be prohibited from describing any rebate program that is included as part of the Membership Program.

E. Failing to require contractually any Non-Chase Membership Marketer to refrain from making any false or misleading representation, expressly or by implication, that the Membership Program, any check or benefit offered through a Check Solicitation, or any benefit offered through a Non-Check Solicitation is a program, service or benefit offered by any entity other than the entity that provides the Membership Program; provided, however, that the use of names or logos of a third party shall not, in and of itself, be deemed to make such a representation.

F. Failing to require contractually any Non-Chase Membership Marketer to send by Mail or other delivery mechanism that is reasonably designed to reach the consumer within four weeks of obtaining his or her Express Consent, Fulfillment Materials that clearly and conspicuously disclose:

(1) on the first page of the welcome letter accompanying the

Fulfillment Materials:

(a) a statement in bold face, underlined type, or otherwise displayed more prominently than the surrounding text, informing the Authorized User that he or she has purchased a membership in [Membership Program name] and that he or she has [number of days in the Trial Period] from the date of the receipt of this welcome letter to cancel the membership in order to avoid being charged for the membership;

(b) the consumer's membership number in the Membership Program;

(c) the length of the Membership Period;

(d) the amount and frequency of the Membership Charge;

(e) that the Membership Charge has been or will automatically be billed to the Authorized User's account, and, if subject to Automatic Renewal, that the Authorized User's Membership will be renewed and the Membership Charge will be automatically billed to the Authorized User's Account for each successive period unless the Authorized User cancels the membership;

(f) an explanation of the cancellation procedures, including a toll-free telephone number which may be used for that purpose; and

(g) a statement that the consumer should keep these Fulfillment Materials for his or her records.

(2) on the outside of the envelope containing the Fulfillment Materials, a statement in no less than 14 point, bold type indicating "Materials For Membership You Ordered" or substantially similar words that have the same substantive meaning and do not materially change the terms of the disclosure.

G. For renewal notices,

(1) Failing to require contractually any Non-Chase Membership Marketer to send Automatic Renewal notices to consumers, by Mail or other delivery mechanism that includes address forwarding, as follows:

(a) for each of the consumer's memberships that are billed less frequently than quarterly a renewal notice between thirty (30) and sixty (60) days prior to each renewal billing date; and

(b) for each of the consumer's memberships, regardless of the frequency Membership Charges are billed, a renewal notice between thirty (30) and sixty (60) days prior to the effective date of either any increase in the Membership Charge for the Membership Program or any change in the

frequency of assessing the Membership Charge for the Membership Program, such as a change from annual to monthly billing. Renewal notices sent pursuant to this subparagraph shall include all information required by subparagraph (G)(2), immediately below, as well as an explanation of the increase in the Membership Charge or change in the billing frequency.

(2) Failing to require contractually any Non-Chase Membership Marketer to include, clearly and conspicuously in all renewal notices sent pursuant to subparagraphs (G)(1)(a) and (b), above, the following:

(a) The terms of the cancellation policy for the Membership Program and a toll-free telephone number which a consumer may call to cancel his or her membership, and either

(b) For consumers billed less frequently than quarterly, notice of the length of the renewal period, the amount of the Membership Charge; that the consumer is about to be renewed and charged for the next Membership Program term unless he or she or cancels; and the deadline by which a consumer must cancel in order to avoid being billed for the Membership Charge; or

(c) For consumers billed quarterly or more frequently, a reminder of the amount of the Membership Charge and the frequency that the Membership Charge is billed or charged;

(3) For consumers who as of the Effective Date have one or more memberships in a Membership Program which are billed quarterly or more frequently, and unless the Non-Chase Membership Marketer already sends renewal notices that comply with subparagraphs (G)(1) and (G)(2) above, failing to require contractually any Non-Chase Membership Marketer to send, by Mail or other delivery mechanism that includes address forwarding, a notice specifying:

the terms of the cancellation policy for the Membership Program; a toll-free telephone number which a consumer may call to cancel his or her membership; and a reminder of the amount of the Membership Charge and the frequency that the entity offering the Membership Program will bill or charge the Membership Charge. Notices provided pursuant to this subparagraph shall be sent no later than 120 days after the Effective Date.

(4) Failing to require contractually any Non-Chase Membership Marketer to include on the outside of an envelope, the front of a postcard, or on the exterior of the applicable mailing piece containing an Automatic Renewal notice or the notice required by subparagraph 6(G)(3), above, a statement in no less than 14-point, bold type indicating "Membership Renewal Notice" or substantially similar words that have the same substantive meaning and do not materially change any of the terms of the disclosure.

(5) Failing to require contractually any Non-Chase Membership Marketer to include the consumer's membership number in the Membership Program in any renewal notices sent pursuant to subparagraph 5(G).

H. Failing to require contractually that Non-Chase Membership Marketers:

(1) prior to billing, first obtain the Express Consent of the Authorized User and then maintain the original, a copy, or an electronic copy of the Express Consent of the Authorized User in a manner that ensures access to such record reasonably promptly for at least 24 months from the date such Express Consent is obtained and, upon written request by, make such record available to the Attorney General's Office of [State];

(2) disclose or provide information to any billing entity sufficient to disclose, to the extent practical, the name of the Membership Program, the membership number and a clearly identifiable toll-free telephone number for customer service on each billing statement or invoice reflecting a Membership

Charges;

(3) not include Check Solicitations or Non-Check Solicitations with an Account Holder's billing statement unless such solicitations are clearly and conspicuously differentiated from the billing statement, but the fact that a Check or Non-Check Solicitation is included in the same envelope as a billing statement shall not by itself be deemed to be a violation of this provision.

1. For Membership Charges billed by any of the Chase Parties on mortgage or other installment loan Accounts:

(1) failing to disclose clearly and conspicuously on the first page of the billing statement or invoice reflecting a Membership Charge, the following:

(a) that failure to pay the Membership Charge will not cause the Account Holder to be in default on the Chase mortgage Account or other installment loan Account;

(b) a toll free telephone number for customer service that the Account Holder may call to cancel the Membership Charge or receive a refund; and

(c) if equal to or less than 19 characters, the full name of the Membership Program, or, if the full name of the Membership Program is more than 19 characters, then, to the extent practical, the name of the Membership Program.

A billing statement or invoice in substantially the form of Exhibit A hereto shall be deemed to comply with requirements (a) through (c) above. Additionally, the disclosures required by (a) through (c) above may be on the second page (or if not feasible the earliest available subsequent page) of the statement or invoice, if there is not sufficient space on the earlier page(s) to include both the disclosure and other information that is legally required or otherwise necessary to document account activity during the period of time covered by the billing statement.

(2) not including Check Solicitations and Non-Check Solicitations with an Account Holder's billing statement unless such solicitations are clearly and conspicuously differentiated from the billing statement, but the fact that a Check or Non-Check Solicitation is included in the same envelope as a mortgage or other billing statement shall not by itself be deemed to be a violation of this provision.

J. For Cancellations and Refunds, failing to require contractually that any Non-Chase Membership Marketer:

(1) have a cancellation policy by which Account Holders may cancel any membership in any Membership Program by providing his or her membership number, or first and last name and billing address, either orally or in writing;

(2) disclose, clearly and conspicuously in Check and Non-Check Solicitations and Fulfillment Materials, the terms and conditions of the cancellation policy for the Membership Program;

(3) cancel a consumer's membership in a Membership Program within ten (10) business days of receiving a cancellation request, including failing to cease assessing any renewal fees after the consumer cancels his or her membership in a Membership Program for any period after the effective date of cancellation, or refunding any renewal charges that have already been processed for a term that has not yet commenced, provided the consumer has provided his or her membership number, or first and last name and billing address;

(4) process any applicable refund or account credit provided for under the terms of the Membership Program cancellation policy for a membership cancelled by the consumer within ten (10) business days of receiving the cancellation request, including failing to credit to the consumer any renewal charges that have already been processed for a term that has not yet commenced, provided that the consumer has provided his or her membership number, or first

and last name and billing address;

(5) notify each Authorized User who calls the Non-Chase Membership Marketer to dispute a Membership Charge and in any way indicates that he or she did not consent to, authorize, or understand that he or she would be assessed a Membership Charge, of the cancellation policy for the Membership Program, and, if the consumer elects to cancel the membership in the Membership Program, to honor the cancellation and provide any credit or refund that is provided for under the cancellation policy for that Membership Program, provided that the consumer provides his or her membership number or first and last name and billing address;

(6) without requiring additional action by any consumer (other than requesting that the consumer provide information necessary to process the cancellation), to promptly credit or refund, in accordance with the cancellation policy the amount (or portion thereof) of any unauthorized Membership Charge, less any credit or refund such person may have already received related to such an unauthorized Membership Charge; and

(7) maintain, a record of requests for cancellation of memberships in all Membership Programs, whether received during a Trial Offer period or during a full membership period, in a manner that ensures reasonable access to such records for at least 24 months following such requests, and upon written request, make such records available to the Attorney General of Michigan. The records shall be in the form of originals, copies or electronic copies of the internal records maintained by the entity offering the Membership Program.

K. Failing to require contractually any Non-Chase Membership Marketer to refrain from making any representation in any solicitation or notice to consumers, that is contrary, whether directly or by implication, to any of the statements and disclosures required by this Assurance.

3. Provisions of this Assurance which specifically permit required disclosures to be

made in "substantially similar words that have the same substantive meaning and do not materially change any of the terms of the disclosure" shall not be construed to permit use of any form of the following words in a disclosure: activate; enroll; initiate; join; or register.

4. The Chase Parties shall not enter into, amend or renew any contract with any Non-Chase Membership Marketer for the purpose of marketing Membership Programs to customers of any of the Chase Parties that does not comply with all of the provisions of Paragraphs 2 and 3, above. However, it shall be sufficient for the contract with the Non-Chase Membership Marketer to incorporate this Assurance by reference and recite that the Non-Chase Membership Marketer has been provided with a copy of it, without setting forth each of its provisions in the body of the contract itself. In connection with the preparation or performance of such contracts, the Chase Parties shall not require any act that is inconsistent with the provisions of Paragraphs 2 or 3.

5. The Chase Parties shall review their existing contracts with Non-Chase Membership Marketers and within 150 days of the Effective Date shall make reasonable efforts to bring all such existing contracts into compliance with the terms of this Assurance. If, following such reasonable efforts, any Non-Chase Membership Marketer refuses to comply with the terms of this Assurance within 180 days of the Effective Date, the Chase Parties will decline to authorize the use by such Non-Chase Membership Marketer of Check and Non-Check Solicitations. Subject to the terms (as of the Effective Date) of any now existing contract with a current Non-Chase Membership Marketer and the provisions of this Paragraph 5, no Chase Party shall, subsequent to the Effective Date, approve any Check or Non-Check Solicitation that does not comply with the provisions of this Assurance.

6. Except as provided in Paragraph 5 above, no Chase Party shall enter into, amend or renew any contract with any Non-Chase Membership Marketer unless that contract provides that the Non-Chase Membership Marketer will not send any Check or Non-Check Solicitations to any Account Holder, or cause any Check or Non-Check Solicitations to be sent to any Account Holder, without the Chase Party's prior review and approval of the Check or Non-

Check Solicitations for the purpose of ensuring that the solicitations comply with all applicable provisions of this Assurance.

7. Any Chase Party or Affiliate that operates a Membership Program shall do so subject to the terms and conditions that this Assurance requires the Chase Parties to include in any contract with any Non-Chase Membership Marketer.

III. MONETARY CONSIDERATION

8. Within three (3) business days after the Effective Date, Respondents shall pay, by wire transfer or as otherwise directed by the Settling States, the total sum of Two Million Dollars (\$2,000,000), as payment for attorneys fees and investigation and litigation costs, and/or consumer protection enforcement funds, consumer education, litigation or local consumer aid, and other uses permitted by state law, at the discretion of each state Attorney General, and to be divided and paid directly to each Settling State. The specific amount to be paid to each Settling State pursuant to this paragraph has been agreed to by the Settling States, at their sole discretion. Pursuant to this paragraph, Respondents shall pay the sum of \$75,000.00 to the Attorney General's Office of Michigan.

IV. OTHER SETTLEMENT TERMS AND OBLIGATIONS

9. Upon reasonable prior written notice, any duly authorized representative of the Michigan Attorney General may request, and the Chase Parties shall provide, copies of such records as may be reasonably necessary to determine whether the Chase Parties are in compliance with this Assurance. This paragraph is limited to ensuring compliance with this Assurance, and the only documents which the Attorney General may request are documents reasonably relating to the offering of Membership Programs by Check and Non-Check Solicitations. The provision by the Chase Parties of copies of records pursuant to this Section shall not be construed as a waiver of the Chase Parties' contentions in regard to visitorial powers and federal preemption, as set forth in Paragraph 13(A) below, nor shall the provision by the Chase Parties of copies of records pursuant to this Section be deemed an examination of the Chase Parties.

10. Nothing in this Assurance shall be construed as relieving the Chase Parties of their obligation to comply with all applicable state and federal laws, regulations or rules, or granting them permission to engage in any acts or practices prohibited by such law, regulation or rule. This Assurance shall supersede that certain Assurance dated December 2002 by and between First USA Bank, N.A. and certain states, including Michigan, but only as to the rights and obligations of the Chase Parties and Michigan under that Assurance, and only to the extent that Assurance covered the marketing of Membership Programs offered through Check and Non-Check Solicitations.

11. The Attorney General of Michigan shall have the authority to enforce or seek sanctions for violations of the provisions of this Assurance in the duly constituted courts of Michigan, and a violation of this Assurance may be prosecuted as a violation of MCL 445.901, et. seq. The Chase parties agree not to assert that any such action to enforce or seek sanctions for violations of the provisions of this Assurance are preempted under any federal law or regulation. However, the Chase Parties shall not be liable under this Assurance for the acts or omissions of any Non-Chase Membership Marketer.

12. Release.

A. This Assurance constitutes a complete settlement and release by the Attorney General of Michigan of all civil claims and causes of action against the Chase Parties relating to or based upon the marketing of Membership Programs by Non-Chase Membership Marketers through the use of Check or Non-Check Solicitations which could have been asserted by the Attorney General of Michigan, either individually or collectively with the Attorneys General of other states, under MCL 445.901, et. seq. or any other consumer protection law which gives the Attorney General the authority to sue, but does not release any anti-trust, charitable trust, or tax claims or claims regarding methods of solicitation other than Check or Non-Check Solicitations.

B. The State of Michigan, by its Attorney General, agrees that before seeking any relief from any court for any alleged violation of this Assurance, and if in the discretion of the Attorney General's Office of Michigan, the violation does not threaten

the health, safety, or welfare of the citizens of Michigan, will give the Chase Parties ten (10) business days written notice of the alleged violation so that the Chase Parties may have the opportunity to discuss the alleged the violation with the Attorney General's Office.

13. A. It is the position of the Chase Parties that only the Office of the Comptroller of the Currency (the "OCC") may exercise visitorial powers over the Chase Parties, including without limitation, the regulation, examination and supervision of the Chase Parties and their activities, as well as the enforcement of all applicable federal and state consumer protection laws, rules and regulations. By entering into this Assurance and agreeing that it may be enforced in the duly-constituted courts of Michigan, the Chase Parties do not waive their position as to visitorial powers, federal preemption or any other defense in regard to any future dispute between the Chase Parties and any State on any subject other than the interpretation, or enforcement of this Assurance. The Chase Parties's consent to jurisdiction in the duly constituted courts of Michigan for enforcement proceedings in regard to this Assurance is not a waiver or consent to jurisdiction in any matter unrelated to the enforcement or interpretation of this Assurance.

B. It is the State of Michigan's position that it has the authority to enforce and is not preempted from enforcing all applicable state consumer protection laws against the Chase Parties regarding the marketing of Membership Programs by Check and Non-Check Solicitations. Further, Michigan does not waive its contention and reserves the right to assert that any claim(s) it may raise in any subsequent dispute with any of the Chase Parties is not preempted or otherwise barred by any federal law or regulation.

14. The parties agree that the Chase Parties may approach the Attorney General's Office of Michigan to request amending or terminating provisions of this Assurance in light of new or evolving technologies, business models, settlements, laws, regulations, interpretations, the passage of time, or other relevant changes in circumstances, and the Attorney General's Office of Michigan shall reasonably consider such requests and advise the Chase Parties of the

Attorney General's approval or denial within 45 days after receiving such request. The decision whether to grant any such request to modify or terminate this Assurance shall rest within the discretion of the Office of the Attorney General of Michigan, except that if any law or regulation subsequently adopted by Michigan or any applicable regulatory body of Michigan is expressly inconsistent with any provision of this Assurance, the Attorney General's Office of Michigan shall agree to modify that provision of this Assurance to the extent necessary to eliminate such inconsistency.

15. Notices to be given under this Assurance are sufficient if given by nationally recognized overnight courier service or certified Mail (return receipt requested), or personal delivery to the named party at the address below:

A. If to any of the Chase Parties:

JP Morgan Chase & Co.
Attn: Chief Legal Officer
Office of General Counsel
270 Park Avenue, Floor 9
Mail Code NY 1-K249
New York, NY 10017

and

Jill A. Centella, Esq.
JP Morgan Chase Bank
10 South Dearborn, Floor 11
Mail Code IL1-0287
Chicago, IL 60603

B. If to the Attorney General of Michigan:

Michigan Department of Attorney General
Consumer Protection Division
Attn: Division Chief
P.O. Box 30213
Lansing, MI 48909

Notice is effective when delivered personally; or three (3) business days after it is sent by certified Mail; or on the business day after it is sent by nationally recognized courier service for next day delivery. Any party may change its notice address by giving notice in accordance with

this paragraph.

16. The Chase Parties expressly disclaim and deny any wrongdoing whatsoever. This Assurance and all negotiations, statements, and proceedings in connection therewith shall not be construed as or deemed to be evidence of an admission or concession on the part of any of the Chase Parties of any liability or wrongdoing by them, and shall not be offered or received in evidence in any action or proceeding, or used in any way, as an admission, concession or evidence of any liability or wrongdoing of any nature on the part of any Chase Party, and shall not be construed as, or deemed to be evidence of, an admission or concession that any person suffered any compensable harm or is entitled to any relief.

17. The Chase Parties' obligation to comply with the operative terms of this Assurance as reflected in paragraphs 2 through 7 shall commence 180 days after the Effective Date, except that: (a) any contracts entered into with any Non-Chase Membership Marketer at any time after the Effective Date shall comply with the applicable terms of this Assurance; and (b) in regard to Accounts maintained on the Chase Home Finance LLC "LSAMS" system, the Chase Parties' obligation to comply with paragraph 2(H)(2) shall commence a reasonable time (but not later than December 31, 2007) after those systems are fully operational and integrated into the Chase Home Finance LLC "MSP" system. In regard to Accounts maintained on the Chase Home Finance LLC "LSAMS" system, the Chase Parties represent that this delayed obligation to comply with paragraph 2(H)(2) (and only paragraph 2(H)(2)) as to those loans impacts approximately 4451 out of approximately 181,067 consumer accounts that were in existence as of the Effective Date, and the Settling States are relying on this representation in agreeing to this limited delay in the date that the Chase Parties will begin to be obligated to comply with this Assurance.

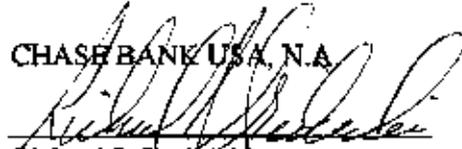
CHASE HOME FINANCE, LLC

Dated: _____

By: _____

Larry D. Frankel
Senior Vice President
JP Morgan Chase Bank
270 Park Avenue, Floor 10
Mail Code NY1-K275
New York, NY 10017

Dated: 12/7/06

By: 

CHASE BANK USA, N.A.
Richard J. Srednicki
Chief Executive Officer
Chase Bank USA, N.A.
201 North Walnut Street, Floor 15
Mail Code DE1-1039
Wilmington, DE 19801

MICHAEL A. COX
MICHIGAN ATTORNEY GENERAL

Dated: _____

By: _____

Kathy Fitzgerald (P31454)
Assistant Attorney General
Consumer Protection Division
G. Mennen Williams Building
525 W. Ottawa St., 6th Floor
P.O. Box 30755
Lansing, MI 48909
(517) 335-0855

Dated: 12/6/06

CHASE HOME FINANCE, LLC

By: Larry D. Frankel
Larry D. Frankel
Senior Vice President
JP Morgan Chase Bank
270 Park Avenue, Floor 10
Mail Code NY1-K275
New York, NY 10017

Dated: _____

CHASE BANK USA, N.A.

By: _____
Richard J. Srednicki
Chief Executive Officer
Chase Bank USA, N.A.
201 North Walnut Street, Floor 15
Mail Code DE1-1039
Wilmington, DE 19801

MICHAEL A. COX
MICHIGAN ATTORNEY GENERAL

Dated: 12/11/06

By: Kathy Fitzgerald
Kathy Fitzgerald (P31454)
Assistant Attorney General
Consumer Protection Division
G. Mennen Williams Building
525 W. Ottawa St., 6th Floor
P.O. Box 30755
Lansing, MI 48909
(517) 335-0855

Exhibit

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