

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement (“Agreement”) is made by, between, and among the following undersigned parties:

The Plaintiff Federal Deposit Insurance Corporation as Receiver for 1st Pacific Bank of California (“FDIC-R”), and Appraisal Pacific, Inc. (“API”) (individually, the FDIC-R and API may be referred to herein as “Party” and collectively as the “Parties”).

RECITALS

WHEREAS:

Prior to May 7, 2010, 1st Pacific Bank of California (“Bank”) was a depository institution organized and existing under the laws of California;

On May 7, 2010, the California Department of Financial Institutions closed the Bank and pursuant to 12 U.S.C. § 1821(c), the Federal Deposit Insurance Corporation was appointed Receiver. In accordance with 12 U.S.C. § 1821(d), the FDIC-R succeeded to all rights, titles, powers and privileges of the Bank, including those with respect to its assets.

Among the assets to which the FDIC-R succeeded were all of the Bank’s claims, demands, and causes of action against any person employed or retained by the Bank or any Subsidiary of the Bank on or prior to the Bank’s closing arising out of any act or omission of such person in such capacity;

On January 10, 2014, the FDIC-R filed a complaint for money damages against, among others, API, for appraiser liability claims relating to appraisals provided to the Bank. Those claims for damages are now pending in the United States District Court for the Southern District of California in *FDIC as Receiver for 1st Pacific Bank of California v. Appraisal Pacific, Inc.*, Case No. 3:14-cv-00079-H-BLM (“Action”). API has denied liability in the Action.

In the Action, FDIC-R also named as defendants John C. Agamata and Agamata Appraisal Company. On July 8, 2014, Agamata filed for bankruptcy protection in a case filed in the United States Bankruptcy Court, Southern District of California styled *In Re John C. Agamata, USDC 14-05508-IA7*, and Agamata Appraisal Company filed for bankruptcy

protection in United States Bankruptcy Court, Southern District of California in a case styled *In Re Agamata Appraisal Company USDC 14-05466-LT7*. The Action was scheduled in both bankruptcy petitions cited in this paragraph. The Chapter 7 Trustee for John C. Agamata's bankruptcy case filed a no-asset report on August 12, 2014, Agamata received a discharge on February 23, 2015, and the case was closed on February 27, 2015. The Chapter 7 Trustee for Agamata Appraisal Company's bankruptcy case filed a final report on June 1, 2015 stating that the bankruptcy estate realized gross receipts in the amount of \$6,890.84.

The undersigned Parties deem it in their best interests to enter into this Agreement to avoid the uncertainty and expense of further litigation.

NOW, THEREFORE, in consideration of the promises, undertakings, payments, and releases stated herein, the sufficiency of which consideration is hereby acknowledged, the undersigned Parties agree, each with the other, as follows:

SECTION I: Payment to FDIC-R

A. As an essential covenant and condition to this Agreement, on or before thirty (30) calendar days following the date the FDIC-R executes this Agreement ("the Payment Date"), API agrees to pay or to cause its insurer to pay the FDIC-R the sum of \$437,500 ("the Settlement Payment").

B. API shall deliver the Settlement Payment (or cause it to be delivered) to the FDIC-R by check.

C. If the FDIC-R does not receive the Settlement Payment in full on or before the Payment Date determined by subsection A above, then the FDIC-R, in its sole discretion, shall have the right at any time prior to receipt of the Settlement Payment in full (including all accrued interest) to:

1. Extend the period of time for the Settlement Payment, including interest accruing from the date determined by subsection A above, through the date of payment at a rate calculated in accordance with 26 U.S.C. § 6621(a)(2); or

2. Enforce this Agreement, in which event API agrees to jurisdiction in

United States District Court in California and to pay all of the FDIC-R's reasonable attorney's fees and costs expended in enforcing the terms of this Agreement; or

3. Terminate the Agreement, move to vacate any dismissal order, to which the API agrees to consent, and re-institute an action on the FDIC-R's claims. API further agrees to waive and not assert any defense based on any statute of limitations that would bar any of the FDIC-R's claims that did not exist or were otherwise unavailable as of the date this Agreement was fully executed; and/or

4. Seek any other relief available to it in law or equity.

Any extension of time under Section I.C.1 for delivery of the Settlement Payment or acceptance of a portion of the Settlement Payment shall not prejudice the FDIC-R's rights to take any of the actions set forth in Section I.C.2 through I.C.4 at any time prior to receipt of Settlement Payment (including all accrued interest) in full.

SECTION II: Stipulation and Dismissal

Within ten business days after the latter of (1) full execution of this Agreement by all of the Parties, and (2) receipt of the Settlement Payment, plus any accrued interest, the FDIC-R shall file a stipulation of dismissal with prejudice, executed by the attorneys for all Parties hereto, in the form attached hereto as Exhibit A, in the Action.

SECTION III: Releases

A. The FDIC-R's Releases.

Upon receipt of the Settlement Payment in full and except as provided in Section III.D., the FDIC-R, for itself and its successors and assigns, hereby releases and discharges API and its employees, officers, directors, administrators, representatives, insurers, successors, and assigns, from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, belonging to the FDIC-R, that arise from or relate to, the performance, nonperformance, or manner of performance of API with respect to any appraisals provided to the Bank and the loan in connection to which the appraisals relate (the "Claims") including without limitation the causes of action alleged in the Action.

FDIC-R represents and warrants that it owns all the Claims and possesses the right to release and discharge the Claims.

B. API's Release.

Effective simultaneously with the release granted in Section III.A. above, API on behalf of itself, and its respective heirs, executors, trustees, administrators, agents, representatives, attorneys, insurers, successors, and assigns, hereby release and discharge the FDIC-R, and its employees, officers, directors, representatives, successors and assigns, from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, that arise from or relate to the Bank or to the performance, nonperformance, or manner of performance of API with respect to any appraisals provided to the Bank including without limitation the causes of action alleged in the Action.

D. Exceptions from Releases by FDIC-R.

1. Notwithstanding any other provision of this Agreement, the FDIC-R does not release, and expressly preserves fully and to the same extent as if this Agreement had not been executed, any claims or causes of action:

a. Against the API or any other person or entity for liability, if any, incurred as the maker, endorser or guarantor of any promissory note or indebtedness payable or owed by them to FDIC-R, the Bank, other financial institutions, or any other person or entity, including without limitation any such claims acquired by FDIC-R as successor in interest to the Bank or any person or entity other than Bank; and

b. Against any person or entity not released by the FDIC-R in this Agreement.

2. Notwithstanding any other provision of this Agreement, nothing in this Agreement shall be construed or interpreted as limiting, waiving, releasing, or compromising the jurisdiction and authority of the Federal Deposit Insurance Corporation in the exercise of its supervisory or regulatory authority or to diminish its ability to institute administrative

enforcement or other proceedings seeking removal, prohibition, or any other relief it is authorized to seek pursuant to its supervisory or regulatory authority against any person.

3. Notwithstanding any other provision of this Agreement, this Agreement does not purport to waive, or intend to waive, any claims that could be brought by the United States through the Department of Justice, the United States Attorney's Office for any federal judicial district, or any other department or agency of the United States as defined by 18 U.S.C. § 6. In addition, the FDIC-R specifically reserves the right to seek court-ordered restitution pursuant to the relevant provisions of the Mandatory Victims Restitution Act, 18 U.S.C. §§ 3322 and 3663 et. seq., if appropriate.

SECTION IV: Representations and Acknowledgements

A. Authorized Signatories. All of the undersigned persons represent and warrant that they are authorized to sign this Agreement on behalf of the respective Party, and that they have the full power and authority to bind such Party to each and every provision of this Agreement. This Agreement shall be binding upon and inure to the benefit of the undersigned Parties and their respective heirs, executors, trustees, administrators, representatives, successors and assigns.

B. Advice of Counsel. Each Party hereby acknowledges that it has consulted with and obtained the advice of counsel prior to executing this Agreement, and that this Agreement has been explained to that Party by its counsel.

SECTION V: Reasonable Cooperation

The Parties agree to cooperate in good faith to effectuate all the terms and conditions of this Agreement, including doing, or causing their agents and attorneys to do, whatever is reasonably necessary to effectuate the signing, delivery, execution, filing, recording, and entry, of any documents necessary to conclude the Action and to otherwise perform the terms of this Agreement.

SECTION VI: Other Matters

A. No Admission of Liability. The undersigned Parties each acknowledge and agree that the matters set forth in this Agreement constitute the settlement and compromise of disputed

claims and defenses, that this Agreement is not an admission or evidence of liability or infirmity by any of them regarding any claim or defense, and that the Agreement shall not be offered or received in evidence by or against any Party except to enforce its terms.

B. Execution in Counterparts. This Agreement may be executed in counterparts by one or more of the Parties and all such counterparts when so executed shall together constitute the final Agreement, as if one document had been signed by all Parties; and each such counterpart, upon execution and delivery, shall be deemed a complete original, binding the Parties subscribed thereto upon the execution by all Parties to this Agreement.

C. Choice of Law. This Agreement shall be interpreted, construed and enforced according to applicable federal law, or in its absence, the laws of the State of California.

D. Notices. Any notices required hereunder shall be sent by registered mail, first class, return receipt requested, and by email, to the following:

If to the FDIC-R:

Michael R. Williams
Bienert, Miller & Katzman, PLC
903 Calle Amanecer, Suite 350
San Clemente, California 92673

(b)(6)

and

L. Anthony Lehr
Counsel, Professional Liability Unit
Federal Deposit Insurance Corporation
3501 Fairfax Drive, # B-7008
Arlington, Virginia 22226

(b)(6)

If to API:

Todd F. Stevens
Keeney, Waite & Stevens
402 West Broadway, Suite 1820
San Diego, California 92101

(b)(6)

and

Ted Douglas
Andy Mitrosilis
Appraisal Pacific, Inc.
5220 Clark Avenue, Suite 205
Lakewood, CA 90712

(b)(6) _____ [Redacted]

E. Entire Agreement and Amendments. This Agreement constitutes the entire agreement and understanding between and among the undersigned Parties concerning the matters set forth herein and supersedes any prior agreements or understandings. This Agreement may not be amended or modified, nor may any of its provisions be waived, except in writing signed by the Parties bound thereby, or by their respective authorized attorney(s), or other representative(s).

F. Titles and Captions. All section titles and captions contained in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

G. No Confidentiality. The undersigned Parties acknowledge that this Agreement shall not be confidential and will be disclosed pursuant to the Federal Deposit Insurance Corporation's applicable policies, procedures, and other legal requirements.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by each of them or their duly authorized representatives on the dates hereinafter subscribed.

(b)(6) _____
Date: October 23, 2015
FEDERAL DEPOSIT INSURANCE CORPORATION AS
RECEIVER FOR 1ST PACIFIC BANK
[Redacted]
L. Anthony Lehr
Counsel, Federal Deposit Insurance Corporation

(b)(6) _____
Date: October 20, 2015
APPRAISAL PACIFIC, INC.
[Redacted]
TITLE: Sec
PRINT NAME: Ted P. Douglas

(b)(6) _____
Date: October 26, 2015
[Redacted]
TITLE: Pres
PRINT NAME: ANDREW P. MITROSILIS