

SETTLEMENT AGREEMENT

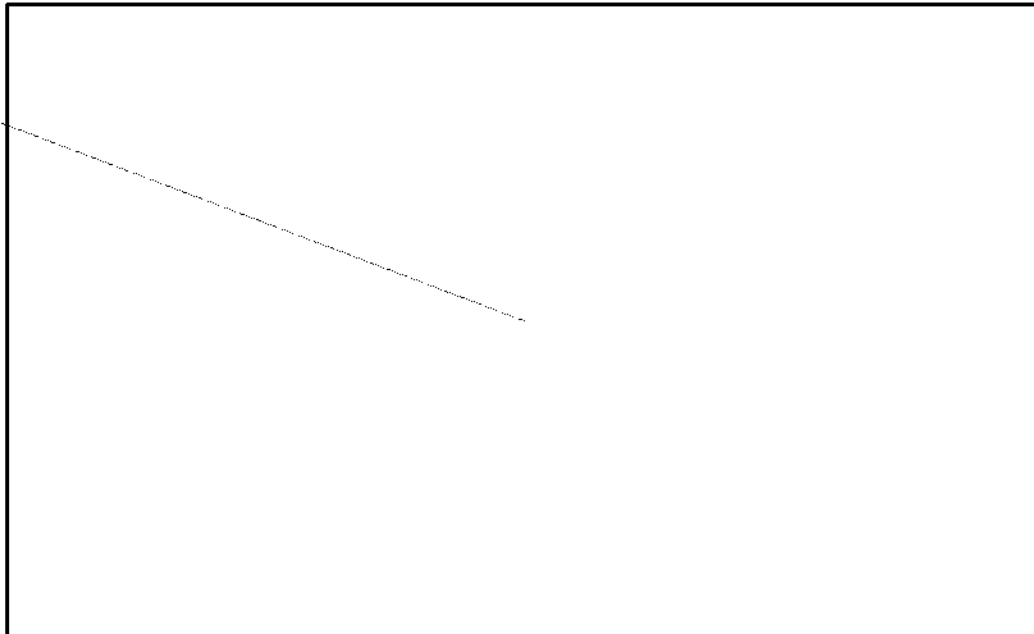
THIS SETTLEMENT AGREEMENT ("Settlement Agreement") is entered into and made effective as of the 9th day of June 2009 ("Effective Date"), by and between FEDERAL DEPOSIT INSURANCE CORPORATION, as Receiver for INDYMAC FEDERAL BANK, F.S.B. formerly known as INDYMAC BANK, F.S.B. (hereinafter "INDYMAC") and FREEDOM MORTGAGE CORPORATION, a New Jersey corporation; and FREEDOM MORTGAGE CORPORATION dba FREEDOM HOME MORTGAGE CORPORATION in California (collectively referred to herein as "FREEDOM MORTGAGE"). INDYMAC and FREEDOM MORTGAGE may hereinafter be referred to individually as a "Party" or collectively as the "Parties".

I. RECITALS

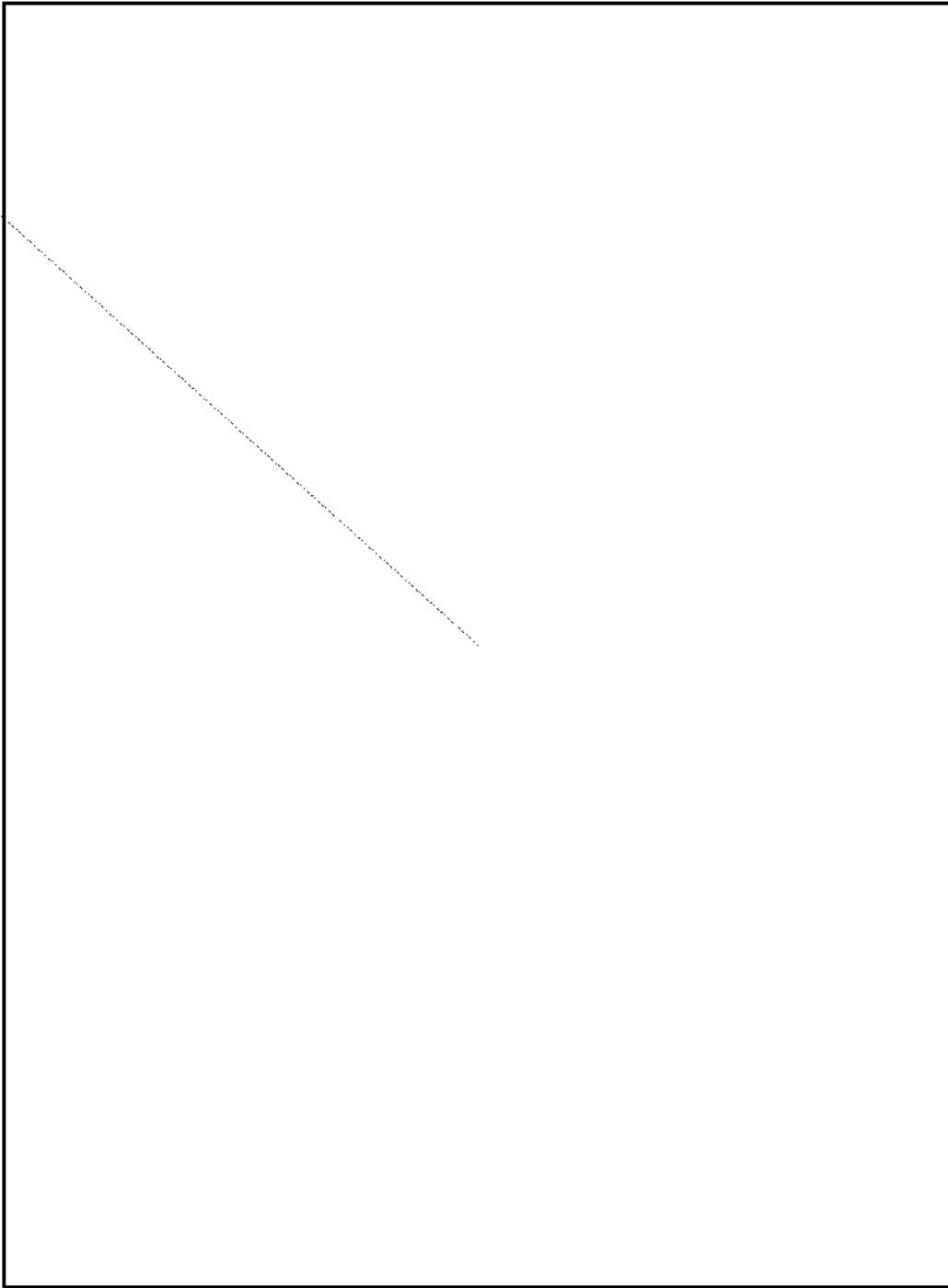
I.1 On or about September 30, 2002, INDYMAC and FREEDOM MORTGAGE entered into a business relationship governed by a Mortgage Loan Purchase and Interim Servicing Agreement (hereinafter "Agreement").

I.2 Pursuant to the terms of the Agreement, FREEDOM MORTGAGE sold to INDYMAC the following 36 loans identified by borrower name, loan number(s), principal amount(s) and address:

(b)(4),(b)
(6)



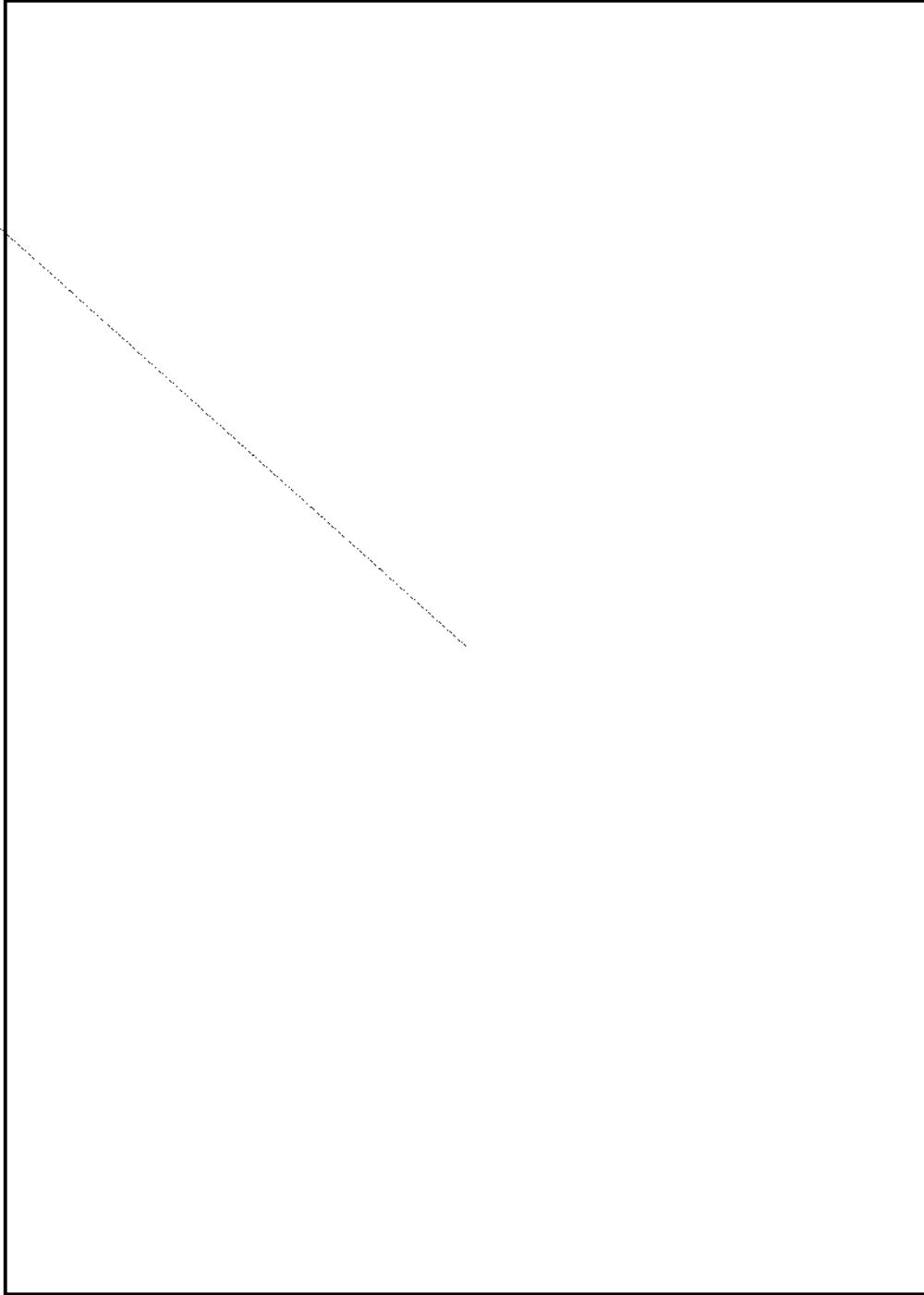
(b)(4),(b)
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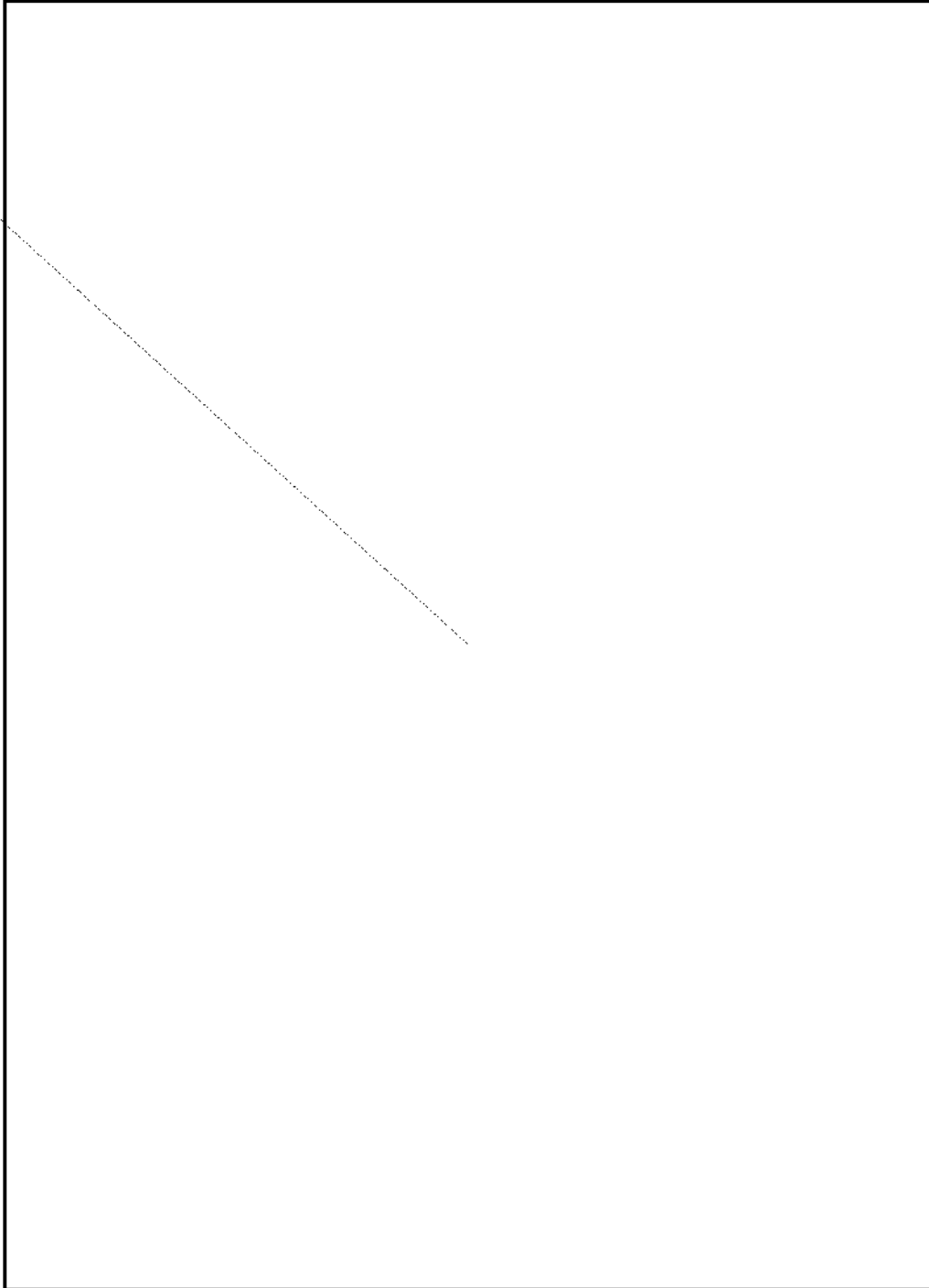
(b)(4),(b)
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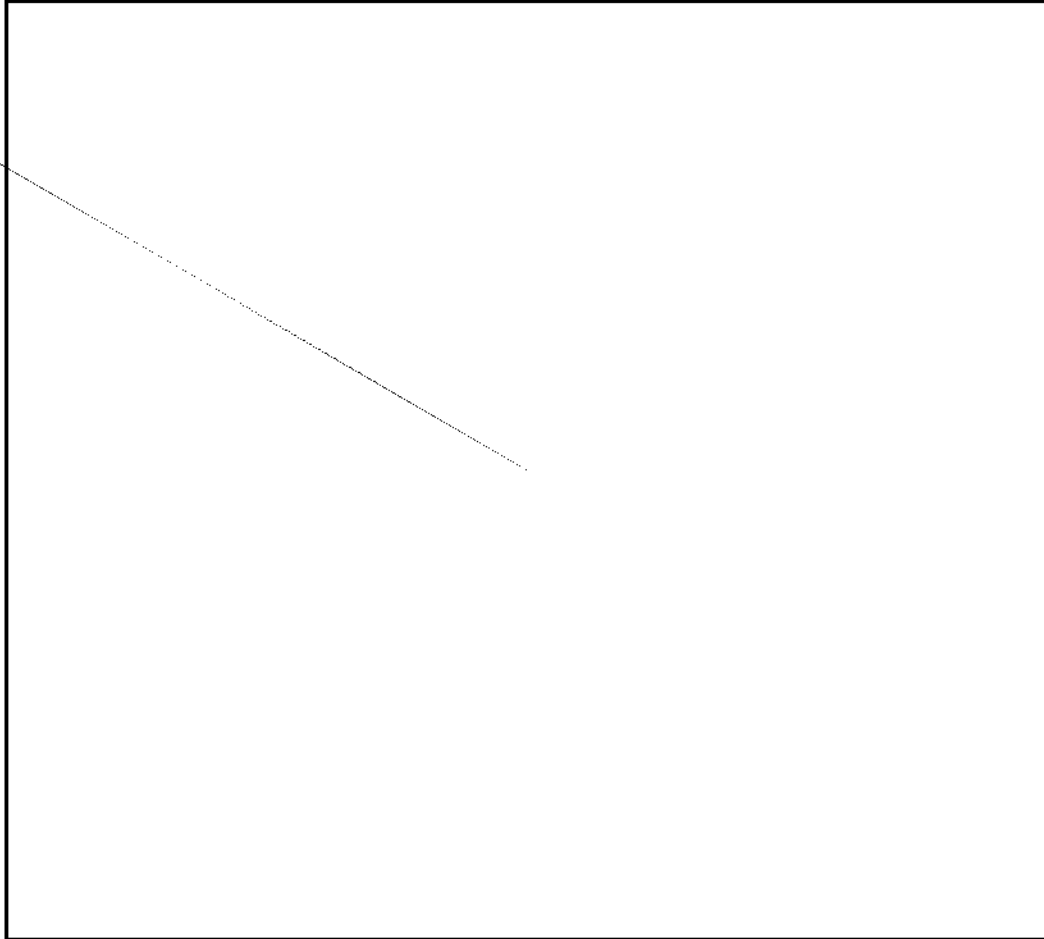
(b)(4),(b)
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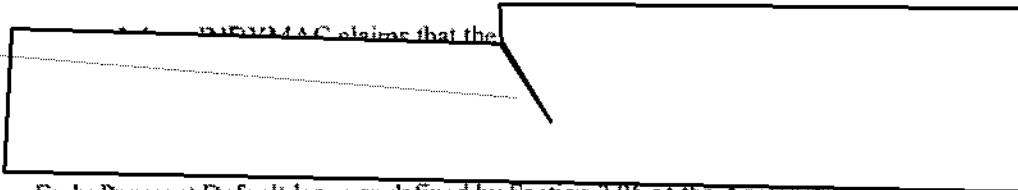
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(b)(4),(b)
(6)



1.3 The 37 loans described in paragraph 1.2 above are collectively referred to herein as the "SUBJECT LOANS".

(b)(4),(b)
(6)



Early Payment Default loans as defined by Section 3.05 of the Agreement and that FREEDOM MORTGAGE breached the Agreement by refusing to repurchase these loans after receiving demands from INDYMAC.

1.5 INDYMAC also claims that FREEDOM MORTGAGE breached certain representations and warranties contained in the Agreement with respect to the

(b)(4),(b)
(6) [redacted] LOANS.
INDYMAC contends it demanded FREEDOM MORTGAGE repurchase and/or indemnify INDYMAC for losses it sustained as a result of these loans but FREEDOM MORTGAGE refused.

1.6 FREEDOM MORTGAGE disputes INDYMAC's claims relating to the SUBJECT LOANS. Specifically, and without limitation, FREEDOM MORTGAGE denies that it breached the representations and warranties provisions of the Agreement or that it breached any duty owed to INDYMAC.

1.7 On or about June 13, 2008, INDYMAC filed a lawsuit entitled *INDYMAC BANK, FSB v. FREEDOM MORTGAGE CORPORATION, a New Jersey corporation; FREEDOM MORTGAGE CORPORATION, dba FREEDOM HOME MORTGAGE CORPORATION; and DOES 1 - 100, inclusive*; Case No. BC392687 (hereinafter "Action"). Pursuant to its Complaint in the Action, INDYMAC sought damages arising out of the SUBJECT LOANS. The Complaint in the Action included thirty-eight (38) separate causes of action, thirty-six for breach of contract, one for specific performance and one for negligence.

1.8 On August 5, 2008, INDYMAC dismissed twenty-three (23) causes of action for breach of contract relating to the following loans: [redacted]

(b)(4),(b)
(6) [redacted] (hereinafter referred to as the "DISMISSED SUBJECT LOANS"). Although [redacted] was dismissed from the Action, for purposes of this Settlement Agreement, the [redacted] is hereinafter also part of the DISMISSED SUBJECT LOANS.

(b)(4),(b)
(6) (b)(4),(b)
(6) INDYMAC pursued the Action as to the remaining 13 loans: [redacted]

1.9 The Parties desire and have agreed to settle all claims relating to the SUBJECT LOANS described in paragraph 1.2 of this Settlement Agreement.

2. AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties, intending to be legally bound, agree as follows:

2.1 Recitals. The Recitals set forth above are incorporated into the body of this Settlement Agreement as though fully set forth herein.

2.2 Payment to INDYMAC. Payment of Four Hundred Seventy-Five Thousand Dollars and no cents (\$475,000.00) (the "Settlement Funds") shall be paid on behalf of FREEDOM MORTGAGE to INDYMAC.

(a) Of the Settlement Funds, the initial payment (the "Initial Payment") shall be for Two Hundred Twenty-Five Thousand Dollars and no cents (\$225,000.00). The Initial Payment shall be made by wiring the funds as follows: Beneficiary Bank: Wells Fargo Bank; ABA Routing [redacted] Account #: [redacted] Beneficiary Account Name: Mortgage Recovery Law Group Trust Account. The Initial Payment shall be received on or before June 12, 2009.

(b)(4)

(b)(4)

(b) The remaining Two Hundred Fifty Thousand Dollars and no cents (\$250,000.00) shall be paid in two equal payments as follows: One Hundred Twenty-Five Thousand Dollars and no cents (\$125,000.00) on July 13, 2009 and One Hundred Twenty-Five Thousand Dollars and no cents (\$125,000.00) on August 12, 2009. The two monthly payments shall be made by wiring the funds as follows: Beneficiary Bank: Wells Fargo Bank; ABA Routing #: [redacted] Account #: [redacted] Beneficiary Account Name: Mortgage Recovery Law Group Trust Account.

(b)(4)

(b)(4)

2.3 Concurrently with the signing and delivery of this Settlement Agreement, FREEDOM MORTGAGE shall execute a Stipulation for Entry of Judgment in the amount of Two Hundred Fifty Thousand Dollars and no cents (\$250,000.00) less any amounts received pursuant to paragraph 2.2(b), in the form attached hereto as Exhibit 1. The Stipulation for Entry of Judgment incorporates by reference the Judgment (Pursuant to Stipulation), attached to the Stipulation as Exhibit A. Both the Stipulation and Judgment are incorporated by reference herein and their terms made a part of this Settlement Agreement. The Stipulation and Judgment shall be held in trust by INDYMAC'S attorneys of record and shall not be filed unless FREEDOM MORTGAGE breaches paragraph 2.2(b) above and fails to timely cure said breach pursuant to paragraph 2.5 after receiving INDYMAC notice of default as provided in paragraph 2.4. The Judgment (Pursuant to Stipulation) shall not be entered so long as FREEDOM MORTGAGE performs under the terms of this Settlement Agreement with respect to making the payments required by paragraph 2.2(b) above. Entry of Judgment in accordance with the terms of the Stipulation, and enforcement of said Judgment, shall be INDYMAC'S sole recourse in the event of a default by FREEDOM MORTGAGE in making the payments called for herein. INDYMAC'S attorneys of record shall return the original Stipulation for Entry of Judgment (without the same having been filed with the Court) to FREEDOM MORTGAGE'S attorneys of record, c/o Jeff M. Hall, Esq., Green & Hall, A Professional Corporation, 1851 East First Street, 10th Floor, Santa Ana, CA 92705-4052, within five business days of INDYMAC'S receipt of the second payment required by paragraph 2.2(b) above.

2.4 In the event FREEDOM MORTGAGE defaults by failing to make a timely payment to INDYMAC as set forth in paragraphs 2.2(b) above, INDYMAC shall

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give written notice of the default and notice of its intent to enter Judgment (Pursuant to Stipulation) to FREEDOM MORTGAGE via mail and facsimile at: (1) Freedom Mortgage Corporation, ATTN: David Altman, 907 Pleasant Valley Avenue, Suite 3, Mount Laurel, NJ, 08054, Voice: (856) 626-2303 and Fax: (866) 656-3665; and (2) Jeff M. Hall, Green & Hall, A Professional Corporation, 1851 East First Street, 10th Floor, Santa Ana, CA 92705-4052, Voice: (714) 918-7000 and Fax: (714) 918-6996.

2.5 FREEDOM MORTGAGE shall have five (5) business days from receipt of the notice of default to cure the default. If FREEDOM MORTGAGE fails to cure the default within five (5) business days, INDYMAC shall retain all consideration it received, and it may, in its sole discretion, seek to enter the Judgment (Pursuant to Stipulation) and enforce said Judgment against FREEDOM MORTGAGE. Judgment may be entered by ex parte application (without testimony or trial and FREEDOM MORTGAGE further waives the right to a court and/or jury trial) with notice given to FREEDOM MORTGAGE and Jeff M. Hall, Esq. by facsimile and telephone at the facsimile and phone numbers listed above.

2.6 Within 5 business days of INDYMAC's counsel's receipt of the fully executed Settlement Agreement and Stipulation for Entry of Judgment, INDYMAC's counsel shall file a request for dismissal of the entire Action with prejudice.

2.7 Each Party agrees that Section 664.6 of the Code of Civil Procedure of the State of California shall apply to this Settlement Agreement and requests that the court retain jurisdiction over the Parties to enforce this Settlement Agreement and, if necessary, the Judgment (Pursuant to Stipulation).

2.8 The Parties shall bear their own costs and attorneys' fees incurred in the Action.

3. RELEASE

3.1 INDYMAC hereby represents that it dismissed the DISMISSED SUBJECT LOANS from the Action because INDYMAC no longer has an interest in the DISMISSED SUBJECT LOANS. FREEDOM MORTGAGE understands and accepts INDYMAC'S representation that the DISMISSED SUBJECT LOANS have been sold, assigned or otherwise transferred to third parties including, but not limited to, successors, servicers, institutions or banks and further acknowledges and agrees that this release has no effect on any rights, claims or causes of action relating to the DISMISSED SUBJECT LOANS which belong to these third parties. Moreover, the Parties expressly agree and understand that INDYMAC has no right or ability to release any demands, claims or causes of action relating to the DISMISSED SUBJECT LOANS which belong to these third parties and does not do so, and further that the release given by INDYMAC relating to the DISMISSED SUBJECT LOANS is limited to a release of rights, claims or causes of action, if any, belonging only to INDYMAC.

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3.2 Unknown Claims. INDYMAC and FREEDOM acknowledge and agree that the release they give to each other upon executing this Settlement Agreement applies to all claims for injuries, damages, or losses of any type or nature (whether those injuries, damages, or losses are known or unknown, foreseen or unforeseen, patent or latent) which they may have against each other arising from or in conjunction with the SUBJECT LOANS (including the DISMISSED SUBJECT LOANS) described in paragraph 1.2 of this Settlement Agreement.

3.3 The Parties acknowledge and agree that FREEDOM MORTGAGE processed, packaged and/or sold other mortgage loans to INDYMAC which are not described in paragraph 1.2 of this Settlement Agreement and that this Settlement Agreement and the Release does not apply to mortgage loans not described herein. INDYMAC expressly reserves its rights to pursue any and all claims and causes of action it may have in law or equity against FREEDOM MORTGAGE arising out of any mortgage loan which is not described herein.

3.4 The Parties hereby expressly waive application of *California Civil Code §1542*. The Parties certify that they have read and understood the following provisions of *California Civil Code §1542* which states in pertinent part as follows:

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

3.5 The Parties understand and acknowledge that the significance and consequence of its waiver of *California Civil Code §1542* is that even if either Party should eventually suffer additional damages arising from or in conjunction with the SUBJECT LOANS or any facts or circumstances related to the SUBJECT LOANS, that Party will not be able to make any claim for those damages. Furthermore, each Party acknowledges that they consciously intend these consequences even as to claims for damages that may exist as of the date of this release relating to the SUBJECT LOANS, but which that Party does not know exists, and which, if known, would materially affect that Party's decision to execute this release, regardless of whether that Party's lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

3.6 Except for the rights, duties, and obligations set forth in this Settlement Agreement and Stipulation for Entry of Judgment, the Parties each hereby fully, finally, and forever release and discharge the other Party, and any and all of its respective, employees, brokers, investors, members, partners, joint venturers, independent contractors, attorneys, insurers, agents, investors, representatives, officers, directors, shareholders, independent contractors, and any corporation, partnership or limited liability company which was or is at any time the parent or wholly owned subsidiary of

such entity, and any such corporation's, partnership's or limited liability company's officers, directors, employees and/or agents, or any corporation, partnership or limited liability company which was or is an affiliate of such entity by virtue of common ownership or control, and any such corporation's, partnership's or limited liability company's, officers, directors, employees and/or agents of and from any and all actions, causes of action, claims, demands, damages, debts, losses, costs, expenses, attorney fees or other liabilities of every kind and nature whatsoever, whether legal or equitable and whether known or unknown, arising out of, resulting from, or relating to, in any manner, the SUBJECT LOANS (including the DISMISSED SUBJECT LOANS). The Parties further acknowledge and agree that neither Party will take any action or assert any claims or demands against the other Party with any federal, state, municipal, or other governmental agency or court relating to the SUBJECT LOANS (including the DISMISSED SUBJECT LOANS).

3.7 Express Reservation from Releases by FDIC. Notwithstanding any other provision, by this Settlement Agreement, the FDIC does not release, and expressly preserves fully and to the same extent as if the Settlement Agreement had not been executed, (a) any claims or causes of action that do not arise from or relate to the DISMISSED SUBJECT LOANS and SUBJECT LOANS, or the defense of the same, or (b) any action taken by any other federal agency. As of the execution of this Settlement Agreement, the FDIC is not aware of any action taken or claims held by another federal agency arising from or related to the SUBJECT LOANS. In addition, this Settlement Agreement does not purport to waive, or intend to waive, any claims which could be brought by the United States through either the Department of Justice or the United States Attorney's Office in any federal judicial district. In addition, the FDIC specifically reserves the right to seek court ordered restitution pursuant to the relevant provisions of the Victim and Witness Protection Act, 18 U.S.C. § 3663, *et seq.*, if appropriate.

4. MISCELLANEOUS

4.1 Conditions of Execution. Each Party acknowledges and warrants that its execution of this Settlement Agreement and Stipulation for Entry of Judgment is free and voluntary.

4.2 Confidentiality. The Parties agree that neither they nor anyone acting on their behalf, including their respective attorneys, will disclose to anyone any information relating to, in any way, the contents or terms of this Settlement Agreement, or any matters pertaining to this settlement, including its negotiation, unless such disclosure is: (1) lawfully required by any governmental agency; (2) otherwise required by law (including legally required financial reporting or other disclosures); or (3) necessary in any legal proceeding to enforce any provision of this Settlement Agreement. The Parties may disclose the terms of this Settlement Agreement to their respective auditors, accountants, tax advisors, and legal counsel, but only to the extent required for professional advice from those sources and only after securing a commitment from those

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professionals to maintain the confidentiality of this Settlement Agreement, as required above, to the greatest extent possible considering the purpose for which the terms of the Settlement Agreement are needed by those professionals.

4.3 No Admission. It is agreed that no Party hereto admits liability or wrongdoing of any nature, and that this Settlement Agreement is made as a compromise of disputed claims.

4.4 Fair Meaning. The Parties hereto further agree that the language of all parts of this Settlement Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the Parties

4.5 Governing Law. The Parties agree to submit to the Courts of the City and County of Los Angeles, California, for any dispute arising out of this Settlement Agreement, or related thereto, and consent to the jurisdiction of said Courts and further agree that any and all matters of dispute shall be adjudicated, governed and controlled under California law.

4.6 Attorneys Fees and Costs. Should any action be commenced to enforce, interpret, or seek damages, injunctive relief, or specific performance for violation of this Settlement Agreement, the prevailing party shall, in addition to any other available relief, be entitled to an award of reasonable attorney's fees and litigation expenses incurred in the prosecution or defense of the action, including any appeal.

4.7 Severability. The Parties hereto agree that if any provision of this Settlement Agreement is declared by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby, and such illegal or invalid part, term or provision shall be deemed not to be part of this Settlement Agreement.

4.8 Binding Effect. This Settlement Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, personal representatives, successors, and assigns.

4.9 Review and Understanding. The Parties have entered into this Settlement Agreement voluntarily, having fully read and fully understood the meaning and effect of all of its terms and provisions, and fully understanding its and their costs and risks. Each of the Parties has consulted with legal counsel concerning this Settlement Agreement and has conducted such inquiry as they deem necessary and advisable prior to entering into this Settlement Agreement. The Parties enter into this Settlement Agreement understanding that facts or other circumstances may exist which are presently unknown or undisclosed, or which are different from or other than those which they believe to be the case, and the Parties voluntarily assume all risks attendant to such unknown, undisclosed, different, or additional facts or other circumstances.

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4.10 Approval, Authority, and Nonassignment. The Parties represent and warrant to one another that the approval of this Settlement Agreement has been undertaken in a proper and lawful manner and that they have the requisite power and authority to enter into and to perform their obligations under this Settlement Agreement, and further warrant and represent that with the exception of the DISMISSED SUBJECT LOANS, they have not sold, assigned, granted or transferred to any other person, corporate or natural, or to any entity, any claim, action, demand, or cause of action released by this Settlement Agreement.

4.11 Number. Whenever applicable, the singular shall include the plural, and the plural shall include the singular.

4.12 Counterparts/Execution. This Settlement Agreement may be executed in one or more counterparts, all of which shall form a single agreement. A Party's signature on this Settlement Agreement by facsimile or e-mail shall be valid and effective for all purposes as an original signature, provided, however, that the original signature shall be produced upon request.

4.13 Waiver. No term or condition of this Settlement Agreement shall be deemed to have been waived, nor shall there be an estoppel against the enforcement of any provision of this Settlement Agreement, except by written instruments signed by the Party charged with the waiver or estoppel. No written waiver shall be deemed a continuing waiver unless specifically stated therein, and the written waiver shall operate only as to the specific term or condition waived, and not for the future or as to any other act than that specifically waived.

4.14 Headings. The headings of paragraphs herein are intended solely for the convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Settlement Agreement.

4.15 Subsequent Agreements. The Parties agree that, upon the reasonable request of the other Party, they shall execute, acknowledge, and deliver any additional instruments or documents that may reasonably be required to carry out the intentions of this Settlement Agreement, including such instruments as may be required by the laws of any jurisdiction, now in effect or hereinafter enacted, that may affect the rights of the Parties as between themselves or others with respect to their rights and obligations created by this Settlement Agreement.

4.16 Entire Agreement. The Parties hereto further agree and promise that this Settlement Agreement sets forth the entire agreement between and among the Parties and fully supersedes any and all prior negotiations, agreements or understandings made between or among the Parties. This Settlement Agreement shall not be modified except in a writing signed by the Parties or their authorized representatives.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have executed this Settlement Agreement as of the date set forth in the opening paragraph of this Settlement Agreement.

DATED: June 9, 2009
APPROVED AS TO FORM

GREEN & HALL, APC

By: (b)(6)

Jeff M. Hall, Esq.

Attorneys for Defendants, FREEDOM MORTGAGE CORPORATION and FREEDOM MORTGAGE CORPORATION dba FREEDOM HOME MORTGAGE CORPORATION

DATED: June 11, 2009

FREEDOM MORTGAGE CORPORATION and
FREEDOM MORTGAGE CORPORATION dba
FREEDOM HOME MORTGAGE CORPORATION

By: (b)(6)

Signature

STANLEY C. MORGAN CEO
Type/Print Name and Title

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

DATED: June 9, 2009
APPROVED AS TO FORM

ANDERSON, McPHARLIN & CONNERS LLP

By: (b)(6)

Attorneys for Plaintiff,
FEDERAL DEPOSIT INSURANCE
CORPORATION, as Receiver for
INDYMAC FEDERAL BANK, F.S.B. formerly known
as INDYMAC BANK, F.S.B.

DATED: June 7th 2009

FEDERAL DEPOSIT INSURANCE CORPORATION
AS RECEIVER FOR INDYMAC FEDERAL
BANK, F.S.B formerly known as INDYMAC BANK,
F.S.B.

By: (b)(6)
Signature

Richard S. Gill, Counsel
Type/Print Name and Title