GLOBAL SETTLEMENT AGREEMENT AND MUTUAL RELEASE

1. **PARTIES**: The parties to this Settlement Agreement ("Agreement") are Plaintiff FEDERAL DEPOSIT INSURANCE CORPORATION as Receiver for Downey Savings & Loan Association, F.A. ("FDIC-R"); Defendant mortgage broker SHAMIM RITTER ("Ritter"), an individual; and Defendant loan officer PASHTOON SUBAT ("Subat"), an individual. The FDIC-R, Ritter and Subat are sometimes herein collectively referred to as the "Parties."

2. **RECITALS**: This Agreement is made with reference to the following facts:

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

2.1 Certain claims arose between the Parties concerning seven (7) residential loans that were made by Downey to borrowers [redacted] (jointly, the "Loans").

2.2 The Loans were secured by trust deeds on real properties then owned by each borrower. Money Line America, a California corporation ("Money Line") was the mortgage broker that submitted to Downey the seven loan applications. Ritter is alleged by the FDIC-R to have been, at the time, the managing and qualifying broker through whose license Money Line did business with Downey. Subat is alleged to have been the licensed Loan Officer working with Money Line and Ritter at the time, who is alleged by the FDIC-R to have submitted to Downey the loan application for Vicente Delgado.

2.3 The Loans were approved and funded by Downey and subsequently defaulted. Following foreclosure sales each of the properties securing the Loans reverted to Downey, resulting in an alleged loss to the thrift of over $1,574,000.

2.4 On November 21, 2008 the FDIC-R was appointed the Receiver over all of Downey's assets and liabilities. Among the assets the FDIC-R is charged with trying to recover upon are the losses relating to the Loans ("Claims").

2.5 The Claims subsequently became the subject of a Complaint ("Complaint") entitled *FDIC-R v. Money Line America, etc., et al.*, Case No. CV 10-04452

DMG (RNBx), filed by the FDIC-R in the United States District Court for the Central District of California, Western Division ("Action").

2.6 Ritter and Subat filed separate Answers in response to the FDIC-R's Complaint. In the Action Ritter and Subat and appearing in *pro se*.

2.7 All other named parties to the Action have either been defaulted or dismissed by the FDIC-R.

2.8 By this Agreement the Parties hereto intend to settle and dispose of, fully and completely, any and all claims, demands, causes of action, obligations, damages, and liabilities that arise out of or relate to the Action and the Claims alleged therein by the FDIC-R against Ritter and Subat. No other named Defendants, either dismissed or defaulted, are effected by this Agreement and they are not the intended or incidental beneficiaries of this Agreement in any respect.

2.9 The FDIC-R expressly reserves and retains its right to proceed to request entry of summary judgment or default judgment against any and all named, appearing or defaulted defendants.

2.10 The Federal Deposit Insurance Corporation in its separate corporate capacity as the insurer of deposits and as a bank regulator, and all other federal agencies of the United States of America, are not parties to this Agreement and are not bound in any manner to its terms and conditions. The FDIC-R enters into this Agreement solely in its limited capacity as the appointed Receiver of Downey Savings & Loan Association, F.A., and no other receivership now existing, previously existing or hereafter appointed.

3. **NO ADMISSION RE MERITS OF CLAIMS**: The Parties agree that nothing in this Agreement, and no performance under this Agreement, shall be construed as an admission by any Party of the validity or invalidity of the Claims alleged in the Action; and, the Parties agree that this Agreement is entered into solely for the purpose of convenience and to compromise the disputed Claims the FDIC-R has alleged in the Action against Ritter and Subat.

4. **SETTLEMENT TERMS**: The Parties agree to the following settlement terms:

4.1 Subat. Subat shall pay, by cashier's check payable on first presentation, the sum of $3,000.00, payable to "FEDERAL DEPOSIT INSURANCE CORPORATION as

Receiver for Downey Savings and Loan Association" to the FDIC-R within fourteen (14) days of the execution of this Agreement by all of the Parties hereto. Upon full payment of the settlement by Subat, he shall be dismissed from the Action with prejudice

4.2 Ritter. Concurrent with the execution of this Agreement, Ritter shall execute and provide to the FDIC-R a Stipulation for Entry of Judgment ("Stipulation for Judgment") in the amount of $50,000.00, which may be fully satisfied if Ritter pays the FDIC-R the sum of $12,000.00 over a 15 month period, at the rate of $800.00 per month commencing on the 15th day of the month following the full execution of this Agreement by all of the Parties hereto and continuing on the 15th day of each month thereafter until the entire $12,000.00 has been paid. The Stipulation for Judgment shall be held by the FDIC-R and not filed with the Court unless or until a default in payment by Ritter occurs under the terms of the Stipulation for Judgment. If a default in payment occurs that is not timely cured, then the FDIC-R may file the Stipulation for Judgment with the Court and request entry of judgment against Ritter for $50,000.00, less all payments previously made thereon. Upon full payment of the Stipulation for Judgment Ritter shall be dismissed from the Action with prejudice.

4.3 Non-dischargeable Judgment. In the event a Judgment is entered against Ritter pursuant to her Stipulation for Judgment, then such Judgment shall be non-dischargeable in any proceeding (voluntary or involuntary) commenced under the U.S. Bankruptcy Code, pursuant to 11 U.S.C. § 523(a)(2)(A).

5. **MUTUAL RELEASES**:

5.1 In consideration of the Settlement terms as set forth in Paragraph 4 above, and all other promises, covenants and consideration provided for herein, the Parties agree that, except as to such rights or claims as may be created by this Agreement, they hereby covenant not to sue each other ever again on the Claims and the Parties acknowledge full and complete satisfaction of, and hereby release, remise, and forever discharge each other, including their respective officers, directors, affiliated companies, agents, servants, representatives, spouse, heirs, successors or predecessors in interest, assignees, attorneys, employees and contractors from any and all the Claims, demands, counts, obligations, agreements, damages, liabilities, losses, costs and expenses of any kind, in law or in equity, whether known or unknown, that either Party now holds, or has ever held against the other, or may hold in the future, that arise out

of or are in any way connected with, the Claims alleged in the Action.

5.2 The parties expressly waive all rights under section 1542 of the *California Civil Code* or analogous provisions of other state and/or federal laws. *California Civil Code* section 1542 provides:

> 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.

5.3 This Agreement shall be binding on the Parties and on their respective officers, directors, affiliated companies, agents, servants, representatives, spouses, heirs, successors or predecessors in interest, assignees, attorneys, employees and contractors and shall inure to the benefit of the Parties, and each of them.

6. **ATTORNEYS' FEES**: In the event any action is brought to enforce or interpret this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees in addition to any other relief to which the prevailing party may be entitled.

7. **REPRESENTATIONS AND WARRANTIES**: The Parties represent, warrant, and agree as follows:

7.1 The FDIC-R is the lawfully appointed Receiver for Downey and has succeeded to and now holds each of the Claims that are the subject of the Action and this Agreement. The FDIC-R has the authority to enter into this compromise and settlement of the Claims as the Receiver of Downey.

7.2 Each of the Parties has received or had the opportunity to seek their own independent legal advice with respect to the advisability of executing this Agreement. The Parties acknowledge that they have executed this Agreement without fraud, duress, or undue influence. The Parties affirm that they have read this Agreement and understand the contents hereof.

7.3 No Party, nor any agent or attorney of any Party, has made any statement, representation, or promise to any other Party regarding any facts which the Party has then relied

upon in entering into this Agreement, and the Parties here each affirm that they have not relied upon any statement, representation or promise by any other Party, or of any agent or attorney for another Party, in executing this Agreement, or in making the settlement provided for herein, except as is expressly represented or promised in this Agreement.

7.4 None of the Parties have heretofore assigned, transferred, or granted, or purported to assign, transfer, or grant, any of the Claims that are alleged in the Action.

7.5 Each Party agrees to execute any additional documents as reasonably convenient, necessary or desirable to carry out the provisions of this Agreement specifically including, without limitation, the Stipulation for Entry of Judgment described in paragraphs 4.2 and 4.3 above.

8. **MISCELLANEOUS**:

8.1 This Agreement shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the Parties hereto shall be construed and enforced in accordance with, and governed by, the laws of the State of California.

8.2 This Agreement constitutes a single, integrated written contract expressing the entire agreement of the Parties. This Agreement may only be modified in a writing signed by all the Parties. This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against any of the Parties to this Agreement.

8.3 The provisions of this Agreement are contractual and not mere recitals. The Agreement shall be considered severable, such that if any provision or part of the Agreement is ever held invalid under any law or ruling, that provision or part of the Agreement shall remain in force and effect to the extent allowed by law, and all other provisions or parts shall remain in full force and effect.

8.4 This Agreement may be executed in counterparts and shall be effective on the date first executed by any one of the Parties hereto if so executed in counterparts (the "effective date"). Any signature obtained by facsimile or e-mail shall be as valid as an original signature. An authenticated copy of this Agreement can be used for any purpose for which the original may be used.

DATED: _____

_____
SHAMIM RITTER, an individual

(b)(6) [redacted]

DATED: 2/7/12

_____
PASHTOON SUBAT, an individual

DATED: 1/4/2012

FEDERAL DEPOSIT INSURANCE CORPORATION, as Receiver for Downey Savings & Loan Assoc., F.A.

(b)(6) [redacted]

By:
Name: David Bartels
Title: Senior Attorney

APPROVED AS TO FORM:

HERSHORIN & HENRY LLP

(b)(6) [redacted]

By
JEAN C. WILCOX
Attorneys for Federal Deposit Insurance Corporation as Receiver for Downey Savings & Loan Association, F.A.