

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement (“Agreement”) is made by, between, and among the following undersigned parties: Plaintiff Federal Deposit Insurance Corporation as Receiver for AmTrust Bank (“FDIC-R”) and Paragon Mortgage Services, Inc. (“Settling Defendant”) (individually, the FDIC-R and the Settling Defendant may be referred to herein as “Party” and collectively as the “Parties”).

RECITALS

1. Prior to December 4, 2009, AmTrust Bank (“Bank”) was a depository institution organized and existing under the laws of the United States.

2. On December 4, 2009, the Office of Thrift Supervision 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.

3. Among the assets to which FDIC-R succeeded were the Bank’s claims, demands, and causes of action that are the subject of this Agreement.

4. On or about December 2, 2015, FDIC-R filed a complaint for money damages against Settling Defendant (“Complaint”). The claim for damages is now pending in the United States District Court for the District of Colorado in a case styled *Federal Deposit Insurance Corporation as Receiver for AmTrust Bank v. Paragon Mortgage Services, Inc.*, and further identified as Civil Action No. 16-cv-01066-RPM (“Action”).

5. In the Action, FDIC-R has asserted claims (“Claims”) against Settling Defendant arising out of the loans identified in the Complaint (“Loans”) which were purchased by Bank pursuant to a Master Correspondent Loan Purchase Agreement between Settling Defendant and Bank (“MCLPA”). The Settling Defendant has denied liability in the Action. The FDIC-R represents and warrants it is the sole owner of the Claims and warrants to be the only entity with standing to file suit and recover damages on the Claims.

6. The 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, Settling Defendant agrees to pay the FDIC-R the total sum of One Hundred Forty Thousand and No/100ths Dollars (\$140,000.00) ("Settlement Payment") as follows:

1. \$30,000 shall be paid on or before September 20, 2017 ("Initial Payment").
2. \$75,000 shall be paid in 15 monthly installments of \$5,000 each from October 5, 2017, through December 5, 2018, each payment due on the 5th day of the month.
3. The remaining balance of \$35,000 shall be paid in full no later than December 31, 2018.

B. Settling Defendant shall deliver the Settlement Payment to FDIC-R by wire transfer into an account designated by FDIC-R by notice to the attorneys for Settling Defendant or by certified or cashier's check drawn upon a depository institution acceptable to FDIC-R and made payable to Mortgage Recovery Law Group Client Trust Account.

In the event the Settlement Payment is not delivered to FDIC-R (or its counsel) by the due date set forth in Section I.A, above, interest shall accrue on all unpaid amounts at the rate of 5% per annum from the date that payment was required by Section I.A until the date of payment.

C. If FDIC-R does not receive the Settlement Payment in full on or before the date determined by Section I.A above, and such payment is not tendered following notice and an opportunity to cure as set forth in Section II (below), then 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 dates determined by Section I.A above, through the date of payment at a rate calculated in accordance with Section I.A above; or

2. Enforce this Agreement, in which event the Settling Defendant agrees to jurisdiction in United States District Court for the District of Colorado and to pay all of the FDIC-R's reasonable attorney's fees and costs expended in enforcing this Agreement; or

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

4. Enforce the Stipulation for Entry of Judgment, attached hereto as Exhibit A; and/or

5. 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.5 at any time prior to receipt of Settlement Payment (including all accrued interest) in full.

SECTION II: Stipulations and Dismissal

Within 10 business days after the later of (1) full execution of this Agreement and the Stipulation for Entry of Judgment ("Stipulation") by all of the Parties, and (2) receipt of the Initial Payment, the Parties shall file a stipulation of dismissal with prejudice in the Action, executed by the attorneys for all Parties hereto, whereby the Court shall retain jurisdiction to hear and determine all matters relating to the Action and to enforce this Agreement.

Within 10 business days after execution of this Agreement, the Parties agree to execute the Stipulation (in the amount of \$410,261). FDIC-R shall send a written notice to Settling Defendant of any missed installment payment under this Agreement and provide Settling Defendant five (5) business days to cure the default. Written notice of default is required solely to move to vacate this Agreement and reinstate the Action under Section I.C.3 or to enforce the Stipulation under Section I.C.4 of this Agreement, and shall not otherwise impact any of the FDIC-R's rights and/or remedies under this Agreement in any way. If Settling Defendant defaults on any installment payment and fails to cure the default within five (5) business days from receiving written notice of default, FDIC-R may enforce the Stipulation by filing a Motion for Entry of Judgment in the United States District Court for the District of Colorado, subject to the Federal Rules of Civil Procedure and the Local Rules of the United States District Court for the District of Colorado, and supported by sworn affidavit. Any such Motion shall credit any and all portions of the Settlement Payment paid prior to the filing of the Motion. FDIC-R shall be entitled to recover reasonable attorneys' fees and costs incurred in connection with obtaining a judgment entered pursuant to the Stipulation.

SECTION III: Releases

A. **The FDIC-R's Releases.**

Upon receipt of the Settlement Payment in full and except as provided in Section III.C, the FDIC-R, for itself and its successors and assigns, hereby releases and discharges the Settling Defendant and its heirs, executors, trustees, administrators, 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, belonging to the FDIC-R, that arise from the Action and/or Claims

B. **The Settling Defendant's Releases.**

Effective simultaneously with the release granted in Section III.A above, the Settling Defendant, on behalf of itself and its heirs, executors, trustees, administrators, representatives,

attorneys, successors, and assigns, hereby releases and discharges the FDIC-R, and its employees, officers, directors, representatives, attorneys, 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 the Action and/or Claims.

C. Exceptions from Releases by FDIC-R.

1. Notwithstanding any other provision of this Agreement, 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 Settling Defendant 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 expressly 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 Parties hereto or 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 he, she, or 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 his or her counsel.

C. Status of FDIC-R Investigation. After due diligence, FDIC-R represents that it is no longer investigating Settling Defendant or any of its officers, directors, employees, and/or owners in regards to any additional claims arising from MCLPA, nor is it presently aware of any additional claims against Settling Defendant or any of its officers, directors, employees, and/or owners arising from the MCLPA. Settling Defendant acknowledges that this provision does not limit, waive, release, or compromise: (1) the exceptions to FDIC-R's release set forth in Section III.C above, and (2) FDIC-R's right to assert any additional claims discovered after the execution of this Agreement arising from the MCLPA against Settling Defendant or any of its officers, directors, employees, and owners. FDIC-R acknowledges that this provision does not limit, waive, release, or compromise any defenses that Settling Defendant or any of its officers, directors, employees, and owners may have to any additional claims FDIC-R may assert after execution of this Agreement.

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 Colorado.

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 H. Delbick, Esq., Mortgage Recovery Law Group, 700 N. Brand
(b)(6) ~~Blvd., Suite 830, Glendale, CA 91203; Email:~~

If to the Settling Defendant: (1) Susan Oberbillig, 4600 South Syracuse Street, 9th Floor,
(b)(6) ~~Denver, CO 80237; and via email:~~ ; and (2) Dan Calisher and D.

Chandler Kelley, Foster Graham Milstein & Calisher, LLP, 360 South Garfield Street, Suite 600,
Denver, CO 80209; and via email:

(b)(6)

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 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.

FEDERAL DEPOSIT INSURANCE CORPORATION AS
RECEIVER FOR AMTRUST BANK

Date: 9/12/2017

BY:

(b)(6)

TITLE:

Counsel, Legal Division

PRINT NAME:

Samuel B. Lutz

PARAGON M

Date: 9/11/17

BY:

(b)(6)

TITLE:

PRINT NAME:

Susan M. Oberbillig