

SETTLEMENT AGREEMENT AND GENERAL RELEASE

This Settlement Agreement and General Release (the "Agreement") is entered into by and between Plaintiff Federal Deposit Insurance Corporation as Receiver of Downey Savings and Loan Association, F.A. ("FDIC as Receiver"), on the one hand, and Defendant First Nations Funding Inc., a California corporation ("First Nations"), Stephen Gradney ("Gradney"), and John U. Contento ("Contento"), and Freidoon A. Ebrahimi ("Ebrahimi") (collectively "Defendants"), on the other hand. FDIC as Receiver and Defendants are collectively referred to herein as "Settling Parties" or individually as a "Settling Party."

RECITALS

This Settlement Agreement is entered into with respect to the following generalized facts:

A. On November 1, 2007, Downey Savings and Loan Association, F.A. ("Downey Savings") filed a complaint (subsequently amended) against Defendants generally asserting causes of action for breach of contract, negligent misrepresentation, fraud, breach of fiduciary duty, and unjust enrichment ("Complaint"). Ebrahimi filed a Cross-Complaint against First Nations, Gradney, and Contento seeking relief based on equitable indemnification and contribution (the "Ebrahimi Cross-Complaint"). The matter was assigned Case No. 37-2007-00081280-CU-BC-CTL, in the Superior Court of the State of California, County of San Diego (the "Action").

B. The Action arose out of a \$682,500.00 mortgage loan issued by Downey Savings to Freidoon A. Ebrahimi ("Borrower") on or about January 15, 2005 (the "Subject Loan") secured by the real property commonly known as 533 Old Via Ranch Drive, Escondido, California (the "Subject Property").

C. In the Action, Downey Savings asserted claims against Defendants, alleging, among other things, that Defendants had submitted to Downey Savings a mortgage loan package on behalf of the Borrower, which included an appraisal report for the Subject Property that contained misrepresentations and/or inaccuracies regarding the condition, features, and value of the Subject Property and a loan application that contained misrepresentations regarding the Borrower's income and employment.

D. Downey Savings contended in the Action that, as a result of Downey Savings reliance upon those misrepresentations and/or inaccuracies, it sustained substantial damages.

E. Defendants denied the allegations made in the Complaint and Ebrahimi Cross-Complaint.

F. On November 21, 2008, FDIC as Receiver of Downey Savings became the successor-in-interest to Plaintiff's claims in this matter.

Settling Parties each desire to settle and terminate the dispute existing between and among them as outlined in the Action as well as all other known or unknown claims they each might have concerning any of the facts surrounding the transaction, or series of transactions that underlie the Action, on the terms set forth below.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, including the mutual covenants and conditions contained herein, the Settling Parties agree as follows:

1. Settlement Amount. First Nations, Gradney, and Contento shall collectively deliver payment to Plaintiff's counsel in immediately available funds payable to "Marshack Hays, LLP, Client Trust Account", in the total amount of One Hundred and Fifty Thousand Dollars and no/100 (\$150,000.00) ("Settlement Payment") within twenty-one (21) days of the effective date of this Agreement. The Settlement Payment shall be delivered via overnight mail to Sean A. Kading, Marshack Hays, LLP, 5410 Trabuco Road, Suite 130, Irvine, California 92620.

1.1 Payment Contribution. Contribution to the Settlement Payment shall be as follows: First Nations and Gradney shall pay the sum of \$90,000 and Contento shall pay the sum of \$60,000.

2. Within five (5) days of receipt of any of the settlement funds, Plaintiff's counsel will cause to be delivered the sum of Five Thousand Dollars and no/100 (\$5,000) to Ebrahimi, payable to Charles Gorla Client Trust Account ("Ebrahimi Payment").

3. Releases. Conditioned upon delivery of the Settlement Payment and Ebrahimi Payment, FDIC as Receiver, First Nations, Gradney, Contento, and Ebrahimi fully and forever release and discharge each other, and their respective assignees, subsidiaries, transferees, predecessors and successors in interest, present and former employees, insurers, servants, agents, representatives, independent contractors, officers, directors, and parent corporations, from and against all known actions, proceedings, causes of action, claims for relief, demands, rights, interests, damages, losses, costs, expenses, disbursements (including attorneys' fees and costs), obligations, liabilities and other claims of every nature whatsoever arising from or related to the transaction, or series of transactions, underlying the Action (collectively, the "Claims").

3.1 Claim Against Receivership. Upon receiving the Ebrahimi Payment, Ebrahimi's proof of claim filed with regard to the receivership estate of Downey Savings and Loan Association, F.A. shall automatically be deemed withdrawn. Ebrahimi shall have no further right to pursue or enforce the Claims that he may have as against the Downey Savings receivership estate or the FDIC.

4. Waiver of Civil Code Section 1542. Each of the Settling Parties expressly waives and relinquishes any and all rights and benefits conferred on them by California Civil Code §1542 and any similar enactment of, or other such rights afforded by, the State of California, the United States or any other state territory of the United States. Section 1542 of the California Civil Code

states:

"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."

Each of the Settling Parties acknowledges that the effect and import of California *Civil Code* § 1542, and the foregoing waiver and relinquishment of those rights, are understood by them and made voluntarily. Each of the Settling Parties acknowledges that if they hereafter discover facts different than or in addition to those that they now know or believe to be true, that said release shall be given full force and effect according to each and all of its express terms and conditions, notwithstanding such different or additional facts. The discovery of such different facts shall not in any way alter or affect the release contained herein.

5. Dismissal of Action. Forthwith upon receipt of the respective payments specified in sections 1 and 2 above, Plaintiff shall file a request for dismissal with prejudice of the Complaint, and provide all other parties with a conformed copy after entry of dismissal is made by the Court and Ebrahimi shall file a request for dismissal with prejudice of the Cross-complaint, and provide all other parties with a conformed copy after entry of dismissal is made by the Court..

6. Waiver of Attorneys' fees and costs. Upon execution of this Agreement, each of the Settling Parties shall bear his or its own attorneys' fees and costs in the Action.

7. No Admission of Liability. Neither the existence of this Agreement nor the conduct of any of the Parties shall constitute or be construed as an admission of liability or any wrongdoing whatsoever on the part of the Parties. The Settling Parties agree to keep the terms of this settlement confidential and shall not disclose the terms to anyone other than their attorneys, tax professionals or as compelled by law. Additionally, the Settling Parties and their legal counsel agree to not initiate any inquiry or complaint to any licensing agency or professional trade organization, including but not limited to, the California Office of Real Estate Appraisers, regarding the appraisal at issue in the Action, unless required to do so by law.

8. Interpretation. In the case of any uncertainty or ambiguity regarding any part of this Agreement, the language shall be construed in accordance with its fair meaning rather than being interpreted against the party who caused the uncertainty to exist.

9. Parties in Interest Except as expressly stated in this Agreement, nothing in this Agreement, whether express or implied, is intended to confer third-party beneficiary status or to otherwise confer any rights or remedies on any person or entity (collectively "Third Party"), other than the Settling Parties. Nor shall any provision hereof afford any Third Party any right of subrogation, indemnity, contribution, set-off or action over and against any party to this Agreement.

10. Informed Consent. Each Party acknowledges that it has selected, or been afforded the opportunity to select, an attorney of its choice to review this Agreement and all related matters.

Each Party declares that such party has received sufficient information, either through such Party's own legal counsel or other sources of such party's own selection, so as to be able to make an intelligent and informed judgment to enter into this Agreement. Each party further states that each has read this Agreement in its entirety prior to executing this Agreement, and that each has executed this Agreement voluntarily, with competence and capacity to contract and with knowledge of the terms, significance and legal effect of this Agreement. By executing this Agreement, it is understood by each party that substantial rights may be compromised and/or waived in their entirety.

11. Attorneys' Fees. If any action, motion or proceeding at law or in equity is instituted to enforce or interpret the terms of this Agreement, the prevailing party or parties therein shall be entitled to an award of reasonable attorneys' fees, costs, and necessary disbursements, as determined by a court of competent jurisdiction, in addition to any other relief to which any of the Settling Parties may be entitled.

12. Further Assurances. The Settling Parties shall execute all documents and perform all acts necessary or appropriate to effectuate the performance of this Agreement.

13. Severability. It is intended that any portion of this Agreement shall be treated as separate and divisible, and if any paragraphs are deemed unenforceable, the remainder shall continue to be in full force and effect so long as the primary purpose of this Agreement is unaffected.

14. Complete Instrument. This Agreement contains the complete understanding made between or among the Settling Parties with respect to the claims being settled and released by this Agreement. This Agreement cannot be amended or modified in any manner except by a writing executed by each of the Settling Parties or by their valid successor(s). Each of the Settling Parties acknowledges that no representations, warranties, covenants, assurances or other promises not specifically set forth in this Agreement have been made by any party in connection with the subject matter of this Agreement, nor is any party relying on any such conduct in entering into this Agreement. Any negotiations or other communications between the Parties relating to the subject matter of this Agreement are of no force or effect and are superseded by this document.

15. Counterparts. This Agreement may be signed in counterparts, and each counterpart shall have the same force and effect as though the signatures were contained in a single document. A faxed signature shall be considered an original signature for all purposes under this Agreement.

16. Time of Essence. Time is of the essence of each provision of this Agreement wherein time is a factor.

17. Applicable Law; Jurisdiction; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Venue shall be the courts located in San Diego County, California, in accordance with applicable law.

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18. Successors and Assigns. The provisions of this Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF, each of the undersigned Settling Parties have executed this Agreement effective as of June 24, 2009.

DATED: 7/14/09

FEDERAL DEPOSIT INSURANCE CORPORATION AS RECEIVER OF BOWNEY SAVINGS AND LOAN

A (b)(6)

By: Kenn W. Wheelwright
Its: Counsel

DATED: _____

FIRST NATIONS FUNDING, INC.

By: _____
Its: _____

DATED: _____

STEPHEN GRADNEY

DATED: _____

JOHN U. CONTENTO

DATED: _____

FREIDOUN A. EBRAHIMI

(SIGNATURES CONTINUE ON THE FOLLOWING PAGE)

18. Successors and Assigns. The provisions of this Agreement shall bind and inure to the benefit of the parties herein and their respective successors and permitted assigns.

IN WITNESS WHEREOF, each of the undersigned Settling Parties have executed this Agreement effective as of June 24, 2009.

DATED: _____

FEDERAL DEPOSIT INSURANCE CORPORATION AS RECEIVER OF DOWNEY SAVINGS AND LOAN ASSOCIATION, F.A.

By: _____

In: _____

DATED: 07/07/09

FIRST NATIONS FUNDING, INC.

Stephen Grady

By: (b)(6)

In: *DATE SIGN*

DATED: 07/07/09

STEPHEN GRADY

(b)(6)

DATED: _____

JOHN U. COSTANTO

DATED: _____

FREDON A. EBRAHIMI

(SIGNATURES CONTINUE ON THE FOLLOWING PAGE)

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DATED: _____

FEDERAL DEPOSIT INSURANCE
CORPORATION AS RECEIVER OF
DOWNEY SAVINGS AND LOAN
ASSOCIATION, F.A.

By: _____

Its: _____

DATED: _____

FIRST NATIONS FUNDING, INC.

By: _____

Its: _____

DATED: _____

STEPHEN GRADNEY

DATED: 7/6/2009

JOHN H. CONTENTO

(b)(6)

DATED: _____

FREDDOON A. EBRAHIMI

(SIGNATURES CONTINUE ON THE FOLLOWING PAGE)

Page 8

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DATED: _____

FEDERAL DEPOSIT INSURANCE CORPORATION AS RECEIVER OF DOWNEY SAVINGS AND LOAN ASSOCIATION, F.A.

By: _____

Its: _____

DATED: _____

FIRST NATIONS FUNDING, INC.

By: _____

Its: _____

DATED: _____

STEPHEN GRADNEY

DATED: _____

JOHN U. CONTENTO

DATED: 6/26/09

FREIDOUN A. EBRAHIMI

(b)(6)

(SIGNATURES CONTINUE ON THE FOLLOWING PAGE)

DATED: 11/14/08

SEAN A. KADING

(b)(6)

COUNSEL FOR THE FEDERAL
DEPOSIT INSURANCE CORPORATION
AS RECEIVER OF DOWNEY SAVINGS
AND LOAN ASSOCIATION, F.A.

DATED: _____

TODD STEVENS

COUNSEL FOR JOHN U. CONTENTO

DATED: _____

DAVID M. CHUTE

COUNSEL FOR FIRST NATIONS
FUNDING, INC. AND STEPHEN GRADNEY

DATED: _____

CHARLES GORLA

COUNSEL FOR FREIDOOON A. EBRAHIMI

DATED: _____

SEAN A. KADING

COUNSEL FOR THE FEDERAL
DEPOSIT INSURANCE CORPORATION
AS RECEIVER OF DOWNEY SAVINGS
AND LOAN ASSOCIATION, F.A.

DATED: July 14, 2009

TODD STEVENS

(b)(6)

COUNSEL FOR JOHN U. CONTENTO

DATED: _____

DAVID M. CHUTE

COUNSEL FOR FIRST NATIONS
FUNDING, INC. AND STEPHEN GRADNEY

DATED: _____

CHARLES GORIA

COUNSEL FOR FREIDOON A. EBRAHIMI

DATED: _____

SEAN A. KADING

COUNSEL FOR THE FEDERAL
DEPOSIT INSURANCE CORPORATION
AS RECEIVER OF DOWNEY SAVINGS
AND LOAN ASSOCIATION, F.A.

DATED: _____

TODD STEVENS

DATED: 7/8/09 _____

(b)(6)

COUNSEL FOR FIRST NATIONS
FUNDING, INC. AND STEPHEN GRADNEY

DATED: _____

CHARLES GORLA

COUNSEL FOR FREIDOON A. EBRAHIMI

Page 12

DATED: _____

SEAN A. KADING

COUNSEL FOR THE FEDERAL
DEPOSIT INSURANCE CORPORATION
AS RECEIVER OF DOWNEY SAVINGS
AND LOAN ASSOCIATION, F.A.

DATED: _____

TODD STEVENS

COUNSEL FOR JOHN U. CONTENTO

DATED: _____

DAVID M. CHUTE

COUNSEL FOR FIRST NATIONS
FUNDING, INC. AND STEPHEN GRADNEY

DATED: 6/26/09

CHARLES GORIA

(b)(6)

COUNSEL FOR FREIDON A. EBRAHIMI