

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("Agreement") is made as of this 1 day of May, 2012, by, between, and among the following undersigned parties:

The Plaintiff, Federal Deposit Insurance Corporation, as receiver of Washington Mutual Bank ("FDIC-Receiver"), on the one hand, and Defendants, Sterling Title Agency, Inc. and Karen Arnett (collectively the "Settling Defendants"), on the other hand. Individually, the FDIC-Receiver and each Settling Defendant may be referred to herein as "Party" and collectively as the "Parties").

RECITALS

WHEREAS:

At all relevant times prior to September 25, 2008, Washington Mutual Bank ("the Bank") was a depository institution organized and existing under the laws of the state of Nevada;

On September 23, 2008, the Bank asserted claims against certain persons, including the Settling Defendants, for negligence, fraud, and breach of contract, among others. Those claims for damages are now pending in the Allen County Circuit Court under Cause Number 02C01-0809-PL-124 ("Action").

On September 25, 2008, the Bank was closed by the Office of Thrift Supervision and pursuant to 12 U.S.C. § 1821(c), the FDIC was appointed receiver. In accordance with 12 U.S.C. § 1821(d), the FDIC-Receiver succeeded to all rights, titles, powers and privileges of the Bank, including those with respect to the Action. On February 2, 2010, the FDIC-Receiver was substituted as proper party for the Bank in the Action.

The Settling Defendants have denied liability for the FDIC-Receiver's claims.

The undersigned Parties deem it in their best interests to enter into this Agreement to

avoid the uncertainty, trouble, and expense of further litigation and to resolve this dispute between themselves, all without any admission of liability.

WHEREAS, the FDIC-Receiver has not heretofore assigned, transferred, or granted, or purported to assign, transfer, or grant, any of the claims, demands, or cause or causes of action disposed of by this Agreement.

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-Receiver

A. As an essential covenant and condition to this Agreement, the Settling Defendants agree to pay the FDIC-Receiver the sum of Fifty-two Thousand Dollars (\$52,000.00) ("the Settlement Funds").

B. Upon the execution of an original, or originals in counterparts, of this Agreement by each of the undersigned Parties to this Agreement and of the execution of an original, or originals in counterparts, of a Stipulation of Dismissal, the Settlement Funds shall be paid to the FDIC.

SECTION II: Stipulation of Dismissal

Upon execution of this Agreement by each of the undersigned Parties, and receipt of the Settlement Funds, the FDIC-Receiver shall dismiss the Action as to the Settling Defendants. The undersigned Parties agree to enter a stipulation providing that the dismissal set forth above shall be with prejudice, with each Party to bear its own costs as these were originally incurred.

SECTION III: Releases

A. Mutual Release.

Effective upon receipt in full of the Settlement Funds and the dismissal described in SECTIONS I and II above, and except as provided in PARAGRAPH III B., each Party, for herself or itself and for her or its successors and assigns, hereby releases and discharges each other Party and their respective heirs, executors, administrators, representatives, employees, agents, attorneys, insurers, insurance adjusters, including liability insurers, successors, and assigns ("the Released Parties"), from **any and all** claims, demands, losses, obligations, damages, actions, and causes of action, costs, direct or indirect, in law or in equity, which now exist or may exist in the future on account of or in any way arising from or relating to the allegations made in the Action, including, without limitation, the mortgage loans at issue in the Action and any and all known or unknown, foreseen or unforeseen injuries and damages sustained by the FDIC-Receiver, or its representatives, and the handling of its claims for damages arising therefrom; and any and all claims that were, or could have been, asserted in the Action.

B. Express Reservations From Releases by FDIC-Receiver.

1. Notwithstanding any other provision by this Agreement, the FDIC-Receiver does not release, and expressly preserves fully and to the same extent as if the Agreement had not been executed, any claims or causes of action against any person or entity not expressly released in this Agreement.

2. Notwithstanding any other provision, nothing in this Agreement shall be construed or interpreted as limiting, waiving, releasing, or compromising the jurisdiction and authority of the FDIC-Receiver in the exercise of its supervisory or regulatory authority or to diminish its ability to institute administrative enforcement proceedings seeking removal,

prohibition, or any other administrative enforcement action that may arise by operation of law, rule, or regulation.

3. Notwithstanding any other provision, this 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, the United States Attorney's Office for the Northern District of Indiana, or any other federal judicial district. In addition, the FDIC-Receiver 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.

SECTION IV: Representations and Acknowledgments

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 that this Agreement is not an admission or evidence of liability by any of them regarding any claim.

B. Execution in Counterparts. This Agreement may be executed in counterparts by one or more of the Parties named herein and all such counterparts when so executed shall together constitute the final Agreement, as if one document had been signed by all Parties hereto; and each such counterpart, upon execution and delivery, shall be deemed a complete original, binding the Party or Parties subscribed thereto upon the execution by all Parties to this Agreement. Each Party further agrees that in any dispute regarding the interpretation or construction of this Agreement, no presumption shall operate in favor of or against any Party hereto by virtue of its role in drafting or not drafting the terms and conditions set forth herein. Facsimile and/or electronic signatures shall be deemed adequate for purposes of this Agreement taking effect.

C. Binding Effect. Each of the undersigned persons represents and warrants that they are a Party 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, administrators, representatives, successors, and assigns.

D. Choice of Law and Severability. This Agreement shall be interpreted, construed, and enforced according to applicable federal law, or in its absence, the laws of the State of Indiana. The Parties further agree that in the event that any provision of this Agreement should be held to be void, voidable, unlawful, or for any reason unenforceable, the remaining provisions or portions of this Agreement shall remain in full force and effect.

E. Entire Agreement and Amendments. Each Party represents and warrants that to the extent negotiations and agreements have been made, these negotiations and agreements are merged into this Agreement which constitutes the entire and only agreement and contract and understanding between and among the undersigned Parties concerning the matters set forth herein. Each Party represents and warrants that NO REPRESENTATION, PROMISE, OR INDUCEMENT WHATSOEVER not contained herein has been made to them, and that this Agreement is executed without reliance upon any statement or representation by the Released Parties, including, but not limited to, the nature and extent of any injuries, damages, and liability therefore. This Agreement may not be amended or modified except by another written instrument signed by the Party or Parties to be bound thereby, or by their respective authorized attorney(s) or other representative(s).

F. Reasonable Cooperation.

1. The undersigned 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 as to the Settling Defendants and to otherwise perform the terms of this Agreement.

2. Further, the Settling Defendants agree to cooperate fully with the FDIC-Receiver in connection with the Action. Any such cooperation that involves any out of pocket costs is subject to reasonable reimbursement by the FDIC-Receiver pursuant to its internal guidelines and policy for such reimbursement.

G. Advice of Counsel. Each Party represents that the Party has completed all investigation the Party requires concerning the facts of the FDIC-Receiver's allegations; that the Party has completed all litigation discovery required; that with the advice of the Party's attorney, the Party has fully evaluated the merits of the Party's claims and defenses asserted; and it is the Party's belief and conclusion that the compromise and settlement accomplished by this Agreement is in the Party's best interests. Each Party acknowledges that it has consulted with and obtained the advice of counsel prior to executing this Agreement, that this Agreement has been explained to that Party by its or her counsel, and that the Party understands that by executing this Agreement the Party is foregoing the right to have a court or jury determine questions of liability and damages as to claims arising out of the FDIC-Receiver's allegations and the handling of the Party's claims.

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 Washington Mutual Bank

(b)(6)

Date: 5/16/12

BY:

TITLE: Counsel - FDIC

PRINT NAME: Aaron Forester

STERLING TITLE AGENCY, INC.

(b)(6)

Date: 5/7/2012

BY:

TITLE: President

PRINT NAME: Karen R. ARNETT

(b)(6)

Date: 5/7/2012

Karen Arnett

PRINT NAME: KAREN R. ARNETT