

## **SETTLEMENT AND RELEASE AGREEMENT**

This Settlement and Release Agreement (“Agreement”) is made by, between, and among the following undersigned parties:

The Plaintiff, Federal Deposit Insurance Corporation as Receiver for Washington Mutual Bank (“FDIC-R”), and Freedom Mortgage Corporation (“Freedom Mortgage”) (individually, the FDIC-R and Freedom Mortgage may be referred to herein as “Party” and collectively as the “Parties”). This Settlement Agreement shall be effective as of the date last executed by any Party (“Effective Date”).

### **RECITALS**

WHEREAS:

Prior to September 25, 2008, Washington Mutual Bank (“WaMu” or “Bank”) was a depository institution organized and existing under the laws of Nevada;

On September 25, 2008, 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;

Among the assets to which the FDIC-R succeeded were all of the Bank’s claims, demands, and causes of action against mortgage brokers;

On July 28, 2023, the FDIC-R filed a complaint for money damages against Freedom Mortgage, which brokered loans to WaMu and/or its affiliate, Long Beach Mortgage Company. These claims for damages are now pending in the United States District Court for the Central District of California in *FDIC as Receiver for Washington Mutual Bank v. Freedom Mortgage Corporation*, Case No. 8:23-cv-01359-FWS-KES (“Action”). Freedom Mortgage has denied liability in the Action;

The undersigned 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, on or before thirty (30) calendar days following the Effective Date, Freedom Mortgage shall pay the FDIC-R the sum of \$710,000.00 ("the Settlement Payment"). The Settlement Payment shall constitute a debt due and owing the FDIC-R, an instrumentality, agency and/or other entity of the United States, on the Effective Date. The debt shall be discharged by payment in full to the FDIC-R.

B. Freedom Mortgage shall deliver the Settlement Payment to the FDIC-R by electronic funds transfer pursuant to written instructions including a tax identification number to be provided by the FDIC-R within seven days after signing this Agreement.

C. If the FDIC-R does not receive the Settlement Payment in full on or before the date determined by subsection A above, then Freedom Mortgage shall be in default of its payment obligations ("Default") and interest shall accrue at the rate of five percent (5%) per annum or the rate calculated in accordance with 26 U.S.C. § 6621(a)(2), whichever rate is higher ("Default Interest Rate") on the unpaid total (i.e. unpaid amount of Settlement Payment together with all accrued interest) until paid in full, and the FDIC-R, in its sole discretion, shall have the right to:

1. Waive the Default and extend the period of time for the Settlement Payment in writing, including interest at the Default Interest Rate accruing from the date determined by subsection A above; or

2. Enforce this Agreement, including without limitation, by FDIC-R's motion to summarily enforce the agreed-upon settlement or for breach of the settlement agreement in the amount of the unpaid total (i.e. unpaid amount of Settlement Payment together with all accrued interest) together with the costs of collection and all of the FDIC-R's reasonable attorney's fees and costs incurred in enforcing the terms of this

Agreement. In such event, Freedom Mortgage waives and covenants not to plead, argue, or otherwise assert any defense, claim or counterclaim of any kind whatsoever except the defense of payment of the Settlement Payment, in part or in full, to an action or motion to enforce this Agreement and agree to exclusive jurisdiction and venue in the United States District Court for the Central District of California; or

3. Terminate the Agreement by declaring it null and void, move to vacate any dismissal order, to which Freedom Mortgage agrees to consent, and re-institute an action on the FDIC-R's claims. Freedom Mortgage further agrees to waive and covenants to not plead, argue, or otherwise assert any defense, claim or counterclaim of any kind whatsoever that did not exist or was otherwise unavailable as of the Effective Date, except the defense of payment of the Settlement Payment, in part or in full; and/or

4. Seek any other relief available to it in law or equity.

Any decision by the FDIC-R to extend the time, and any extension of time, under Section I.C.1 for delivery of the Settlement Payment or any decision by the FDIC-R to accept a portion of the Settlement Payment, and any 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.1 through I.C.4 at any time prior to receipt of Settlement Payment (including all accrued interest) in full; provided, however, that in the event the FDIC-R terminates this Agreement by declaring it null and void, the FDIC-R will return to Freedom Mortgage any and all amounts paid to the FDIC-R under this Settlement Agreement.

## **SECTION II: Stipulation and Dismissal**

Within ten business days after the latter of (1) full execution of this Agreement by all of the Parties, and (2) receipt of the Settlement Payment, plus any accrued interest, the FDIC-R shall file a stipulation of dismissal with prejudice, executed by the attorneys for all Parties hereto, in the form attached hereto as Exhibit A, in the Action.

### **SECTION III: Releases**

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

Upon receipt of the Settlement Payment in full and except as provided in Section III.D., the FDIC-R, for itself and its successors and assigns, hereby releases and discharges Freedom Mortgage, and its parents, subsidiaries, and affiliates, and their respective officers, agents, 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 or relate to (a) the causes of action alleged in the Action, (including any claims for monetary damages, prejudgment interest, costs and expenses, attorneys' fees, and any other relief sought in connection with such causes of action), or (b) any loan secured by an interest in residential real property (including, without limitation, any residential mortgage loan, home equity loan, home equity line of credit loan, or home equity installment loan) that Freedom Mortgage originated, sold, conveyed, or brokered to WaMu or to its subsidiary Long Beach Mortgage Company prior to the Effective Date (clauses (a) and (b) collectively, the "Released Matters").

#### **B. The Defendant's Reciprocal Release.**

Effective simultaneously with the release granted in Section III.A. above, Freedom Mortgage, on behalf of itself individually and its respective parents, subsidiaries, and affiliates, and its respective 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 or relate to the Released Matters.

#### **C. Release of Unknown Claims**

Each of the FDIC-R and Freedom Mortgage acknowledges that it has been advised by its attorneys concerning, and is familiar with, California Civil Code Section 1542 and expressly waives any and all provisions, rights, and benefits conferred by California Civil Code Section 1542 or any law of any other jurisdiction, or principle of common law, which is similar,

comparable, or equivalent to the provisions of the California Civil Code Section 1542, including that provision itself, which reads as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

The Parties acknowledge that inclusion of the provisions of this Paragraph C in this Agreement was a material and separately bargained-for element of this Agreement. The Parties further acknowledge that the releases granted herein are specific releases limited to those claims released in III.A-B, not general releases.

D. Exceptions from Releases by FDIC-R.

1. Notwithstanding any other provision of this Agreement, the FDIC, in any capacity, 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 Freedom Mortgage, 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. by the FDIC in any capacity other than as Receiver for WaMu; and

c. 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 or entity.

3. Notwithstanding any other provision of this Agreement, this Agreement shall not be construed or interpreted as waiving, or intending to waive, any claims that could be brought by the United States or any department, agency or instrumentality thereof (other than the FDIC-R), including, but not limited to, through the United States Department of Justice or any United States Attorney's Office.

#### **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.

#### **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. Counterparts and Digital Signatures. This Agreement may be executed digitally by DocuSign or similar services which use public key cryptography or by hand, in any number of counterparts, and delivered electronically or physically, each original or electronic copy thereof will be deemed an original, and all of which when taken together constitute one and the same Agreement.

C. Choice of Law/Jurisdiction. This Agreement shall be interpreted, construed and enforced according to applicable federal law, or in its absence, the laws of the State of California. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute. All Parties hereto submit to the personal jurisdiction of the United States District Court for the District of Columbia for purposes of implementing and enforcing the settlement embodied in this Agreement.

D. Notices. Any notices required hereunder shall be sent by nationally recognized overnight delivery service (e.g. FedEx or UPS), and by email, to the following:

If to the FDIC-R:

John V. Church  
3501 Fairfax Drive  
Arlington, Virginia 22226  
jchurch@fdic.gov

If to Freedom Mortgage:

Philip R. Stein  
Bilzin Sumberg  
1450 Brickell Avenue, Suite 2300  
Miami, Florida 33131  
(305) 374-7580  
PStein@bilzin.com

E. Entire Agreement and Amendments. This Agreement, including Exhibit A, 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 that 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 WASHINGTON MUTUAL BANK

Date: \_\_\_\_\_

BY: **JOHN CHURCH** Digitally signed by JOHN  
CHURCH  
Date: 2025.08.04 16:45:37 -04'00'

TITLE: Counsel

PRINT NAME: John V. Church

Date: 7/31/25

FREEDOM MORTGAGE CORPORATION

BY: **b6**

TITLE: Senior Vice President

PRINT NAME: Kevin Chu

1 **NEUFELD MARKS**

2 **A Professional Corporation**

3 PAUL S. MARKS, (Ca State Bar No. 138407)

4 Email: pmarks@neufeldmarks.com

5 250 E. 1st Street, Suite 1101

6 Los Angeles, California 90012

Telephone: (213) 625-2625

Facsimile: (213) 625-2650

7 **MORTGAGE RECOVERY LAW GROUP, LLP**

8 MICHAEL H. DELBICK (CA State Bar No. 139200)

9 Email: mdelbick@themrlg.com

10 2600 West Olive Avenue, 5<sup>th</sup> Floor

11 Burbank, California 91505

12 Telephone: (818) 630-7900

13 Attorneys for Plaintiff Federal Deposit

14 Insurance Corporation as Receiver

15 for Washington Mutual Bank

16 **UNITED STATES DISTRICT COURT**

17 **CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION**

18 FEDERAL DEPOSIT INSURANCE  
19 CORPORATION AS RECEIVER FOR  
20 WASHINGTON MUTUAL BANK,

21 Plaintiff,

22 vs.

23 FREEDOM MORTGAGE  
24 CORPORATION,

25 Defendant,  
26

Case No. 8:23-cv-01359-FWS-KES

27 **JOINT STIPULATION TO DISMISS  
28 CASE WITH PREJUDICE**

[PROPOSED] ORDER FILED  
CONCURRENTLY

1 Plaintiff Federal Deposit Insurance Corporation as Receiver for Washington  
2 Mutual Bank (the "FDIC-R") and Defendant Freedom Mortgage Corporation  
3 (collectively, the "Parties") hereby stipulate pursuant to Federal Rule of Civil  
4 Procedure 41(a)(1)(A)(ii), that this action be dismissed with prejudice as to all claims,  
5 cause of actions, and parties, with each party bearing that party's own attorney's fees  
6 and costs.

7 Respectfully submitted,

8  
9 DATED: MORTGAGE RECOVERY LAW GROUP, LLP

10  
11 By: \_\_\_\_\_  
12 Michael H. Delbick  
13 Attorneys for Plaintiff Federal Deposit Insurance  
14 Corporation as Receiver for Washington Mutual  
15 Bank

16  
17 DATED: BILZIN SUMBERG BAENA PRICE &  
18 AXELROD LLP

19  
20 By: \_\_\_\_\_  
21 Philip Stein  
22 Attorneys for Defendant Freedom Mortgage  
23 Corporation

24 Pursuant to Civil L.R. 5-4.3.4(a)(2)(i), the filer attests that all other  
25 signatories listed, and on whose behalf this filing is submitted, concur in the  
26 filing's content and have authorized the filing.

27  
28 By: Michael H. Delbick

1  
2  
3 **UNITED STATES DISTRICT COURT**  
4 **CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION**

5 FEDERAL DEPOSIT INSURANCE  
6 CORPORATION AS RECEIVER FOR  
7 WASHINGTON MUTUAL BANK,

8 Plaintiff,

9 vs.

10 FREEDOM MORTGAGE  
11 CORPORATION,

12 Defendant,  
13

Case No. 8:23-cv-01359-FWS-KES

**[PROPOSED] ORDER TO DISMISS  
CASE WITH PREJUDICE**

14  
15 Pursuant to the stipulation of the parties under Federal Rule of Civil Procedure  
16 41(a)(1)(A)(ii), IT IS ORDERED THAT THIS ACTION BE, AND HEREBY IS,  
17 DISMISSED WITH PREJUDICE as to all claims, causes of action, and parties, with  
18 each party bearing that party's own attorney's fees and costs.

19 IT IS SO ORDERED.  
20

21 Dated: \_\_\_\_\_

\_\_\_\_\_  
22 Hon. Fred W. Slaughter

23 United States District Judge  
24  
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26  
27  
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