

## SETTLEMENT AGREEMENT

### I. PARTIES

This Settlement Agreement (“Settlement Agreement”) is made and entered into by and among the United States of America (“United States”), acting through its Department of Justice, the United States Department of Housing and Urban Development (“HUD”), and ABN AMRO Mortgage Group, Inc. (“AAMG”) (hereinafter collectively referred to as “the Parties”), through their authorized representatives.

### II. RECITALS

A. AAMG is a Delaware corporation with offices at 6300 Interfirst Drive, Ann Arbor, MI 48108.

B. AAMG has “Direct Endorsement” authority to approve HUD-insured mortgage loans, meaning HUD has delegated to AAMG authority to underwrite the loans and submit them to HUD for insurance endorsement.

C. In general, HUD requires that, before AAMG may submit loans for endorsement, AAMG’s Direct Endorsement underwriters (i.e., those authorized to underwrite HUD-insured loans) make certain certifications (including those related to due diligence) concerning each loan. AAMG certifies to HUD when it submits these loans that they meet the agency’s underwriting requirements.

D. The United States investigated allegations that, during the period January 2000 to April 2003, AAMG submitted to HUD false certifications concerning the underwriting process for 28,097 loans.

E. The United States contends that certain managers and/or officers within AAMG knew, or should have known, that the company’s practices during this period with respect to underwriter certifications were inconsistent with HUD’s requirements.

F. The United States contends that it has civil and administrative claims or causes of action against AAMG under, among other provisions, the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; 24 C.F.R. Parts 24, 25 and 28; and common law doctrines, with respect to AAMG's conduct in connection with the submission of false certifications concerning the underwriting process for the 28,097 mortgage loans identified in Exhibit A ("the Relevant Properties"), and the submission of false claims concerning 229 of the Relevant Properties identified in Exhibit B (the "False Claims Act Properties"). The United States further contends that AAMG is vicariously liable under the False Claims Act for the acts of its agents, committed in the course of the corporation's business. The activities and allegations described in this paragraph and in the preceding paragraphs D and E, as well as underwriting deficiencies (if any) on loans identified in Exhibit A, will hereinafter be referred to as "the Covered Conduct."

G. AAMG contends that AAMG timely and properly reported this matter to the United States, took appropriate disciplinary actions, and fully cooperated with the United States by conducting its own investigation and turning its findings over to the United States.

H. AAMG provided assistance to the United States in this investigation, including identifying the number of loans affected by the Covered Conduct.

I. AAMG admits no wrongdoing or fault related to the Covered Conduct as set forth in paragraphs B through F.

J. In order to avoid litigation, the Parties mutually desire to reach a full and final settlement concerning the Covered Conduct. Accordingly, in reliance upon the representations contained herein and in consideration of the mutually negotiated promises, covenants, and obligations in this Settlement Agreement, and for good and valuable consideration, receipt of which is by each acknowledged, the Parties agree as follows:

### III. TERMS AND CONDITIONS

1. The terms and conditions set forth herein shall apply to, obligate, and bind AAMG or any successor in interest to AAMG. Any reference to AAMG in this Settlement Agreement shall include any successor in interest to AAMG. A successor in interest is defined for purposes of this Settlement Agreement to include any entity that acquires an ownership interest in AAMG through purchase, merger with or liquidation of AAMG.

2. Within seven (7) calendar days from the effective date of this Settlement Agreement, AAMG will pay the United States the sum of Sixteen Million Eight Hundred Fifty Thousand Dollars (\$16,850,000.00) (the "Settlement Amount"). AAMG agrees to pay the Settlement Amount by electronic funds transfer pursuant to written instructions to be provided by the United States.

3. Subject to the exceptions below and conditioned upon the payment in full of the Settlement Amount set forth in paragraph 2, the United States (on behalf of itself, its officers, agents, agencies, and departments, including but not limited to HUD) agrees to release AAMG and its predecessors, and successors, and their respective current and former directors, officers, agents, shareholders and employees, from any civil or administrative monetary claim that the United States and HUD have or may have concerning the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; 24 C.F.R. Part 28, and under the common law theories of fraud, negligent misrepresentation, payment by mistake, unjust enrichment or breach of contract.

4. Conditioned upon payment in full of the Settlement Amount and subject to the terms of this Settlement Agreement, HUD agrees to refrain from instituting, directing, or maintaining any administrative or other action or claim against, or seeking to withdraw, debar, suspend, or otherwise take action against or sanction AAMG and its predecessors and

successors, including any claim pursuant to 12 U.S.C. §§ 1708(c) and 24 C.F.R. Parts 24 and 25, for the Covered Conduct.

5. AAMG agrees not to submit claims, or cause claims to be submitted, to HUD for any of the 783 mortgage loans listed on EXHIBIT C.

6. AAMG may submit claims on any currently insured mortgage loan, provided that the loans AAMG submits are not also included on EXHIBIT C. Except as provided herein, AAMG must fully comply with all rules, regulations and other requirements of HUD pertaining to the filing of HUD FHA Insured Mortgages for claims. HUD reserves the right to reduce or deny any claim that does not comport with those requirements, except that HUD will not reduce or deny any claim based upon the Covered Conduct. The United States and HUD agree that AAMG will not incur any liability under the False Claims Act, the Program Fraud Civil Remedies Act, or under the common law theories of fraud, negligent misrepresentation, payment by mistake, unjust enrichment, or breach of contract, with regard to the Covered Conduct, because of the submission, processing and payment of these claims by HUD for any of the Relevant Properties listed on Exhibit A, provided those loans do not also appear on Exhibit C.

7. AAMG waives and will not assert any defenses AAMG may have to any criminal prosecution relating to the Covered Conduct, which defenses may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Settlement Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this Paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

8. AAMG and its predecessors, and successors and their respective current and

former directors, officers, employees, shareholders and agents agree to release any and all claims, of whatever kind, against the United States, its officers, agents and employees, arising out of or stemming from the government investigation of the Covered Conduct.

9. Specifically excluded from the scope and terms of this Settlement Agreement are any and all:

(a) claims for the delivery of any deficient or defective products/services, claims for personal injury or property damage or for any consequential damages, liability under any express or implied product/service warranties;

(b) claims by or against the United States or HUD relating to the performance of any contract between AAMG and HUD, with the exception of the United States' and HUD's release of claims concerning the "Covered Conduct" as set forth in paragraphs 3 and 4 above, and with the exception of AAMG's release of claims as set forth in paragraph 8;

(c) claims based on such obligations as are created by this Settlement Agreement;

(d) claims that the United States may have under the Internal Revenue Code, Title 26 of the United States Code;

(e) liability to the United States (or any agencies thereof) for any conduct other than that released herein; and,

(f) any criminal liability.

10. All costs (as defined by the Federal Acquisition Regulations ("FAR"), 48 C.F.R. § 1-31.205-47) incurred by or on behalf of AAMG and its predecessors, and successors and their respective current and former directors, officers, employees, and agents in connection with (1) the matters covered by this Settlement Agreement; (2) the United States' audit(s) and investigation(s) of the matters covered by this Settlement Agreement; (3) AAMG's investigation, defense, and corrective actions with respect to the matters covered by this

Settlement Agreement (including costs and attorney's fees); (4) the negotiation of this Settlement Agreement; and (5) the payment AAMG makes to the United States pursuant to this Settlement Agreement, shall be unallowable costs for government contract accounting purposes. These unallowable costs will be separately determined and accounted for by AAMG and AAMG will not charge such unallowable costs directly or indirectly to any contracts with the United States or seek payment of such unallowable costs. Nothing in this Settlement Agreement shall constitute a waiver of the rights of HUD or its agents to examine or to reexamine the unallowable costs described in this paragraph.

11. This writing and the attached Exhibits A, B and C constitute the entire agreement of the Parties with respect to the subject matter of this Settlement Agreement. There are no other agreements, understandings, representations, warranties, inducements, or considerations, except as expressly stated therein.

12. This Settlement Agreement may not be modified, amended or terminated except by a written agreement signed by the Parties specifically referring to this Settlement Agreement.

13. The United States reserves all rights not expressly released in this Settlement Agreement.

14. This Settlement Agreement is intended to be for the benefit of the United States, HUD, AAMG and the parties released herein only, and by this instrument the Parties do not waive, compromise, or release any claims or causes of action against any other person or entity not expressly released by this Settlement Agreement.

15. All parties consent to the United States' disclosure of this Settlement Agreement, and information about this Settlement Agreement, to the public.

16. This Settlement Agreement is governed by the laws of the United States. The Parties represent that this Settlement Agreement is freely and voluntarily entered into without

any degree whatsoever of duress or compulsion. No provision of this Settlement Agreement shall be construed against any party by reason of such party having drafted such provision of this Settlement Agreement.

17. Each person who signs this Settlement Agreement warrants that he is duly authorized to do so, as does the party on behalf of whom such person signs.

18. This Settlement Agreement is effective on the date of the last signature to it. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Settlement Agreement.

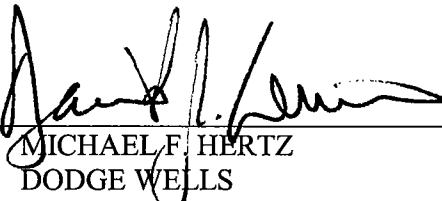
19. The Parties have executed four (4) identical copies of this Settlement Agreement, each of which shall be deemed an original of this Settlement Agreement.

**On behalf of the UNITED STATES OF AMERICA**

By: \_\_\_\_\_ Dated: \_\_\_\_\_  
STEPHEN J. MURPHY  
United States Attorney for the  
Eastern District of Michigan

By: \_\_\_\_\_ Dated: \_\_\_\_\_  
LESLIE M. WIZNER  
Assistant U.S. Attorney  
211 W. Fort Street, Suite 2001  
Detroit, Michigan 48226

PETER D. KEISLER  
Assistant Attorney General

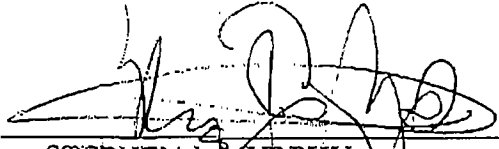
By:  \_\_\_\_\_ Dated: 12/30/05  
MICHAEL F. HERTZ  
DODGE WELLS  
DAVID J. LEVISS  
Attorneys  
Commercial Litigation Branch  
Civil Division  
U.S. Department of Justice  
601 D Street, N.W., Rm. 9538  
Washington, DC 20004

**On behalf of the UNITED STATES DEPARTMENT  
OF HOUSING AND URBAN DEVELOPMENT**

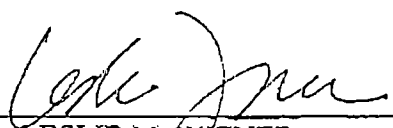
By: \_\_\_\_\_ Dated: \_\_\_\_\_  
BRIAN D. MONTGOMERY  
Assistant Secretary for Housing -  
Federal Housing Commission  
U.S. Department of Housing and  
Urban Development  
451 Seventh Street, SW, Room 9200  
Washington, D.C. 20410



On behalf of the UNITED STATES OF AMERICA

By:   
STEPHEN J. MURPHY  
United States Attorney for the  
Eastern District of Michigan

Dated: 12/28/2005

By:   
LESLIE M. WIZNER  
Assistant U.S. Attorney  
211 W. Fort Street, Suite 2001  
Detroit, Michigan 48226

Dated: 12/28/05

PETER D. KEISLER  
Assistant Attorney General

By: \_\_\_\_\_  
MICHAEL F. HERTZ  
DODGE WELLS  
DAVID J. LEVISS  
Attorneys  
Commercial Litigation Branch  
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U.S. Department of Justice  
601 D Street, N.W., Rm. 9538  
Washington, DC 20004

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

On behalf of the UNITED STATES DEPARTMENT  
OF HOUSING AND URBAN DEVELOPMENT

By: \_\_\_\_\_  
BRIAN D. MONTGOMERY  
Assistant Secretary for Housing -  
Federal Housing Commission  
U.S. Department of Housing and  
Urban Development  
451 Seventh Street, SW, Room 9200  
Washington, D.C. 20410

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

**On behalf of the UNITED STATES OF AMERICA**

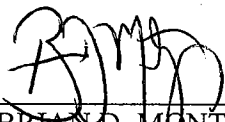
By: \_\_\_\_\_ Dated: \_\_\_\_\_  
STEPHEN J. MURPHY  
United States Attorney for the  
Eastern District of Michigan

By: \_\_\_\_\_ Dated: \_\_\_\_\_  
LESLIE M. WIZNER  
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PETER D. KEISLER  
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**On behalf of the UNITED STATES DEPARTMENT  
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By:  \_\_\_\_\_ Dated: 12/30/05  
BRIAN D. MONTGOMERY  
Assistant Secretary for Housing -  
Federal Housing Commission  
U.S. Department of Housing and  
Urban Development  
451 Seventh Street, SW, Room 9200  
Washington, D.C. 20410

On behalf of **ABN AMRO MORTGAGE GROUP, INC.**



**THOMAS GOLDSTEIN**  
Chairman of the Board, Chief Executive Officer  
and President  
6300 Interfirst Drive  
Ann Arbor, MI 48108

Dated: 12/29/05