

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the Department of Housing and Urban Development (HUD) (collectively, the United States), and Regions Bank (Regions) (hereafter collectively referred to as the Parties), through their authorized representatives.

RECITALS

A. Between January 1, 2006 and December 31, 2011, Regions was a Direct Endorsement Lender approved by the Federal Housing Administration (FHA). Regions has its principal place of business in Birmingham, Alabama.

B. Regions agrees that it engaged in certain conduct related to FHA-insured mortgages set forth in Attachment A in connection with its origination, underwriting, and quality control of single-family residential mortgage loans, excluding origination or underwriting of Home Equity Conversion Mortgages under 12 U.S.C. § 1715z-20 or Streamlined Refinances under 12 U.S.C. § 1715n(a)(7), endorsed for FHA insurance between January 1, 2006 and December 31, 2011 that resulted in claims submitted through January 7, 2015 (hereafter referred to as the Covered Conduct). The United States contends that it has certain civil claims against Regions based upon the Covered Conduct.

C. This Settlement Agreement is neither an admission of liability by Regions nor a concession by the United States that its claims are not well founded.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Regions shall pay to the United States \$52,400,000 (Settlement Amount) by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice no later than seven (7) days after the Effective Date of this Agreement.

2. Subject to the exceptions in paragraph 3 (concerning excluded claims) below, and conditioned upon Region's full payment of the Settlement Amount, the United States releases Regions, together with its current and former parent corporations, predecessor and successor corporations, divisions, affiliates and direct and indirect subsidiaries, from any civil or administrative monetary claim the United States has for 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. §§ 28.1-28.45; the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, 12 U.S.C. § 1833a; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud in connection with the Covered Conduct.

3. Notwithstanding the release given in paragraph 2 of this Agreement, or any other term of this Agreement, the following claims of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);

- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability, including the suspension and debarment rights of any federal agency;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any liability of individuals.

4. Regions waives and shall not assert any defenses Regions may have to any criminal prosecution or administrative action relating to the Covered Conduct that 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 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.

5. Regions fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that Regions has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct and the United States' investigation and prosecution thereof.

6. a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of Regions, and its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) Regions' investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorney's fees);
- (4) the negotiation and performance of this Agreement;
- (5) the payment Regions makes to the United States pursuant to this Agreement,

are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by Regions, and Regions shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Agreement, Regions shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Regions or any of its subsidiaries or

affiliates from the United States. Regions agrees that the United States, at a minimum, shall be entitled to recoup from Regions any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine Regions' books and records and to disagree with any calculations submitted by Regions or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Regions, or the effect of any such Unallowable Costs on the amount of such payments.

7. Regions agrees to cooperate fully and truthfully with the United States' investigation of Regions' underwriting, origination, and quality control of FHA loans between January 1, 2006 and December 31, 2011 with regard to individuals and entities not released in this Agreement by encouraging and agreeing not to impair the cooperation of its directors, officers, and employees, in making themselves available for interviews and testimony, consistent with the rights and privileges of such individuals, as well as the rights and obligations of Regions, under existing laws or regulations. Regions further agrees to furnish to the United States, upon request, complete and unredacted copies of all non-privileged documents, reports, memoranda of interviews, and records in its possession, custody, or control concerning any investigation of the Covered Conduct that it has undertaken, or that has been performed by another on its behalf.

8. This Agreement is intended to be for the benefit of the Parties only.

9. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

10. Each party and signatory to this Agreement represents that it freely and voluntarily enters in to this Agreement without any degree of duress or compulsion.

11. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Middle District of Florida. 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.

12. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

13. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

14. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.


15. This Agreement is binding on Regions' successors, transferees, heirs, and assigns.

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


17. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DATED: 9-13-16

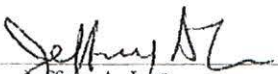
BY: 
Michael Kass
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: 9-12-16

BY: 
Kyle Cohen
Assistant United States Attorney
Middle District of Florida

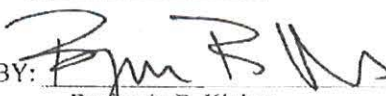
REGIONS BANK

DATED: 9-12-16

BY: 
Jeffrey A. Lee
Deputy General Counsel
Regions Bank

BUCKLEYSANDLER

DATED: 9-12-16

BY: 
Benjamin B. Klubes
Michelle L. Rogers
Katherine Brockway Katz

Counsel for Regions Bank