

## 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”) and the Department of Housing and Urban Development Office of Inspector General (collectively the "United States") and MetLife Home Loans LLC (“MLHL”) (hereafter collectively referred to as "the Parties"), through their authorized representatives.

### RECITALS

A. MetLife Bank, N.A. (“MetLife Bank”), the predecessor entity to MLHL, was a Direct Endorsement Lender approved by the Federal Housing Administration (“FHA”). MetLife Bank had its principal place of business in Convent Station, New Jersey. As of August 30, 2013, MetLife Bank merged into MLHL, with MLHL as the surviving entity. MLHL has its principal place of business in Irving, Texas, and is a wholly-owned subsidiary of MetLife, Inc., a holding company headquartered in New York, New York. Hereafter, MetLife Bank and MLHL are referred to collectively as MLHL.

B. MLHL agrees that it engaged in the conduct set forth in Attachment A in connection with its origination, underwriting, quality control, self reporting, certification, and endorsement 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), insured by the FHA on or after September 1, 2008 and that resulted in claims submitted to HUD on or before August 25,

2014 (hereafter referred to as the “Covered Conduct”). The United States contends that it has certain civil claims against MLHL based upon the Covered Conduct.

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 Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. MLHL shall pay to the United States \$123,500,000 (the “Settlement Amount”) by electronic funds transfer pursuant to written instructions to be provided on the Effective Date of this Agreement by the Civil Division of the Department of Justice. Payment of the Settlement Amount shall be no later than 10 days after the Effective Date of this Agreement.

2. Subject to the exceptions in Paragraph 3 (concerning excluded claims) below, and conditioned upon MLHL’s full payment of the Settlement Amount, the United States releases MLHL, together with its current and former parent corporations, predecessor and successor corporations, divisions, affiliates, direct and indirect subsidiaries, owners, officers, directors, employees, agents, and attorneys (the “MLHL Released Parties”), and the predecessors, successors, and assigns of any MLHL Released Party, 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 Financial Institutions Recovery, Reform, and Enforcement Act of 1989, 12 U.S.C. § 1833a; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812 & 24 C.F.R. §§ 28.1–28.45; or common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud, or any other statutory or common law cause of action for civil damages or civil

penalties that the Civil Division of the Department of Justice has actual and present authority to assert and compromise pursuant to 28 C.F.R. § 0.45(d) 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 or any other 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 claims and conduct other than the Covered Conduct, including any liability for the following claims and conduct, and no setoff related to amounts paid under this Agreement shall be applied to any recovery in connection with any such claims or conduct:
  - (i) any claims or conduct asserted in *United States ex rel.* [Sealed] v. [Sealed], Civil No. 12-CV-7199 (TPG) (S.D.N.Y.) **[UNDER SEAL]**;
  - (ii) any claims for any false or fraudulent statements, claims, and/or certifications to HUD in connection with reimbursement of costs or expenses incurred in

connection with foreclosure-related proceedings anywhere in the United States (including foreclosure proceedings or other proceedings, such as bankruptcy or eviction proceedings, involving claims or issues relating to foreclosure), and any failure to comply with, or any false or fraudulent statements, claims, and/or certifications to HUD concerning compliance with, quality control and/or monitoring requirements applicable to such costs or expenses;

- e. Any liability based upon obligations created by this Agreement.
- f. Any liability of individuals (including current or former directors, officers, employees, agents, or shareholders of any MLHL Released Party) who receive written notification that they are the target of a criminal investigation (as defined in the United States Attorneys' Manual), are indicted or charged, or who enter into a plea agreement, related to the Covered Conduct.

4. MLHL waives and shall not assert any defenses MLHL 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. MLHL 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 MLHL 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 MLHL and the MLHL Released Parties 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) MLHL's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and any criminal investigation(s) in connection with the matters covered by this Agreement (including attorney's fees);
- (4) the negotiation and performance of this Agreement; and
- (5) the payment MLHL 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 MLHL, and MLHL 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, MLHL shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by MLHL or any of its subsidiaries or affiliates from the United States. MLHL agrees that the United States, at a minimum, shall be entitled to recoup from MLHL 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 MLHL’s books and records and to disagree with any calculations submitted by MLHL or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by MLHL, or the effect of any such Unallowable Costs on the amount of such payments.

7. MLHL agrees to cooperate fully and truthfully with the United States’ investigation of individuals and entities not released in this Agreement. Upon reasonable notice, MLHL shall encourage, and agrees not to impair, the cooperation of its directors, officers, and employees, and shall use its best efforts to make available, and encourage,

the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals.

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 District of Colorado. 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 MLHL's and the MLHL Released Parties' successors, transferees, heirs, and assigns.

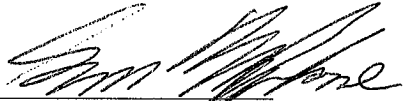
16. All parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

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: 2/25/15

BY: 

Samuel J. Buffone  
Christopher R. Reimer  
Trial Attorneys  
Commercial Litigation Branch  
Civil Division  
United States Department of Justice

DATED: 2/25/15

BY: Jamie Mendelson by SJB

Jamie L. Mendelson  
Assistant United States Attorney  
United States Attorney's Office  
District of Colorado

MetLife Home Loans LLC

DATED: 2/24/15

BY: David S. Hay  
David S. Hay  
General Counsel  
MetLife Home Loans LLC

DATED: \_\_\_\_\_


BY: \_\_\_\_\_  
Jack W. Selden  
Scott Burnett Smith  
Bradley Arant Boult Cummings LLP  
Counsel for MetLife Home Loans LLC

MetLife Home Loans LLC

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David S. Hay  
General Counsel  
MetLife Home Loans LLC

DATED: 2/24/15

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Jack W. Selden  
Scott Burnett Smith  
Bradley Arant Boult Cummings LLP  
Counsel for MetLife Home Loans LLC