SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between (i) the United States of America ("United States"), acting through the United States Attorney's Office for the Eastern District of California, on behalf of the U.S. Department for Housing and Urban Development ("HUD") and the Federal Housing Administration ("FHA"); and (ii) Sierra Pacific Mortgage Company, Inc. ("SPM"). The United States and SPM are collectively referred to herein as "the Parties," and each is individually referred to as a "Party."

RECITALS

As a preamble to this Agreement, the Parties agree to the following:

A. SPM is a residential mortgage lender with its principal place of business in Folsom, California and doing business throughout the United States. Since at least January 2007, SPM has been a participant in HUD's Direct Endorsement Lender program, a government program administered by FHA and HUD. Through the Direct Endorsement Lender program, approved lenders such as SPM are authorized to originate, underwrite, and approve mortgage loans to be insured by FHA without prior HUD review or approval. Once a mortgage loan is insured by FHA, if the borrower defaults or is unable to repay the mortgage, the lender who holds the mortgage note can submit a claim for insurance benefits to FHA to cover its losses.

B. On or about February 27, 2013, HUD's Office of Inspector General issued a series of subpoenas *duces tecum* to SPM for certain documents pertaining to SPM's origination, underwriting, and quality control of FHA-insured mortgage loans. On or about February 27, 2016, a Civil Investigative Demand was served on SPM as part of the United States' investigation.

C. The United States contends that it has certain civil claims against SPM under the False Claims Act, 31 U.S.C. §§ 3729, et seq., arising from SPM's underwriting and origination, through the Direct Endorsement Lender program, of the mortgages identified by FHA Case No. in Attachment A to this Agreement. Specifically, the United States contends that between on or about April 2007 and June 2009, SPM knowingly caused to be submitted false claims to payment to the FHA loan insurance program by, in part, failing to ensure that the loans identified on Attachment A qualified for FHA insurance when originated. The conduct described in this Paragraph constitutes and is referred to herein as the Covered Conduct.

D. This Agreement is neither an admission of liability or wrongdoing by SPM nor a concession by the United States that its claims are not well-founded.

E. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation concerning the Covered Conduct, and in consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. SPM shall pay to the United States the total sum of three million, six hundred seventy thousand dollars ($3,670,000.00) (the "Settlement Amount"), of which $1,924,405.56 is restitution, by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office for the Eastern District of California no later than fifteen (15) days after the Effective Date of this Agreement as defined in Paragraph 21 below.

2. Subject to the exceptions in Paragraph 3 (concerning excluded claims) below, and conditioned upon SPM's full payment of the Settlement Amount, the United States releases SPM together with its current and former direct and indirect parent corporations, current or former direct and indirect subsidiaries or affiliates, current or former brother or sister corporations, divisions, current or former direct and indirect corporate owners, and the corporate successors and assigns of any of them, from any civil or administrative monetary claim the United States has for the Covered Conduct arising under the False Claims Act, 31 U.S.C. §§ 3729, et seq.; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801, et seq.; the Financial Institutions Reform Recovery, and Enforcement Act of 1989, 12 U.S.C. § 1833a; the Injunctions Against Fraud Act, 18 U.S.C. § 1345; common law theories of negligence, gross negligence, payment by mistake, unjust enrichment, money had and received, breach of fiduciary duty, breach of contract, misrepresentation, deceit, fraud, civil conspiracy, and aiding and abetting any of the foregoing; or any other statutory or common law cause of action for civil damages or civil penalties that the Civil Division of the United States 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 civil, criminal, or administrative liability arising under Title 26, United States Code (Internal Revenue Code);

b. Any criminal liability;

c. Any liability of any individual;

d. Any claim by the United States (or its agencies) not arising out of or related to the Covered Conduct;

e. Except as explicitly stated in this Agreement, any administrative liability, including the suspension and debarment rights of any federal agency; and

f. Any liability based upon obligations created by this Agreement.

4. SPM 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 SPM 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. SPM hereby expressly waives all rights it may have by virtue of Section 1542 of the California Civil Code, which provides:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

5. SPM waives and shall not assert any defenses SPM 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 to the U.S. Constitution, or under the Excessive Fines Clause of the Eighth Amendment to the U.S.

Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

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 SPM, 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' investigation of the matters covered by this Agreement;

(3) SPM's investigation, defense, and corrective actions undertaken in response to the United States' investigation 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 SPM 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 SPM, and SPM 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, SPM shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by SPM or any of its parents, subsidiaries or affiliates from the United States. SPM agrees that the United States, at a minimum, shall be entitled to recoup from SPM 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 SPM's books and records and to disagree with any calculations submitted by SPM or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by SPM, or the effect of any such Unallowable Costs on the amount of such payments.

7. Each of the Parties warrants and represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion whatsoever, after having been apprised of all relevant information and data by its legal counsel. Each of the Parties further warrants and represents that no other Party or its representative has made any promise, representation or warranty, express or implied, except as expressly set forth in this Agreement, and that no Party has relied on any inducements, promises, or representations made by any Party to this Agreement, or its representatives, or any other person, except as expressly set forth herein.

8. Each Party to this Agreement shall bear its own costs, attorneys' fees, and other expenses incurred in any manner in connection with the investigation, litigation, and resolution of this matter, including the preparation and performance of this Agreement.

9. Except as expressly provided in Paragraphs 2 and 4, this Agreement is intended for the benefit of the Parties only and does not create any third-party rights. The Parties do not release any claims against any other person or entity not expressly released by this Agreement.

10. The Parties agree that, conditioned upon SPM's full payment of the Settlement Amount, the Waiver of the Statute of Limitations entered into on October 9, 2015, and all subsequent extensions of that Waiver shall be deemed void, ab initio and of no future effect.

11. Each individual signing this Agreement on behalf of SPM represents and warrants that he or she has the power, consent, and authorization of SPM to execute this Agreement.

12. The individuals signing on behalf of the United States represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.

13. Each Party represents and warrants that it has not transferred any claim being released under this Agreement, and is not aware of any such transfer, and that the Party is not aware of any prohibition of any type that prevents the Party from performing the terms of this Agreement.

14. This Agreement is binding on SPM's successors, transferees, heirs, and assigns.

15. Each Party warrants that it has been represented by, and has sought and obtained the advice of, independent legal counsel with regard to the nature, purpose, and effect of this Agreement. The Agreement was negotiated by the Parties and their respective counsel, each of whom had the opportunity to participate in the drafting thereof. The Parties hereby declare that

the terms of this Agreement have been completely read, fully understood, and voluntarily accepted following opportunity for review by legal counsel of their choice.

16. For purposes of construction, this Agreement shall be deemed to have been drafted by all Parties and shall not, therefore, be construed against any Party for that reason in any dispute.

17. The Parties consent to the public disclosure of this Agreement, and of information about this Agreement.

18. This Agreement constitutes the complete agreement between the Parties, and supersedes and replaces all prior negotiations and agreements, whether written or oral, regarding the resolution of the claims between the Parties with respect to the subject matter hereof.

19. This Agreement may be executed in counterparts, each of which constitutes an original and all of which taken together shall constitute one valid and binding Agreement between the Parties.

20. This Agreement may not be altered, amended, or modified, except by a writing duly executed by authorized representatives of all Parties.

21. This Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute relating to this Agreement shall be in the United States District Court for the Eastern District of California.

22. This Agreement is effective, final, and binding as of the date of signature of the last signatory to the Agreement ("Effective Date"). Transmittal and receipt of facsimiles or PDF