

SETTLEMENT AGREEMENT

RECITALS

This Settlement Agreement is made and entered into between the U.S. Department of Housing and Urban Development (“HUD” or “Department”), and Chesapeake Title Reinsurance Company, Inc. (“Chesapeake Reinsurance”), located at 7090 Samuel Morse Drive, Columbia, MD 21046, and CitiMortgage, Inc. (“CM”), located at 1000 Technology Drive, O’Fallon, MO, 63368 (hereinafter referred to as “the Companies”). HUD, CM and Chesapeake Reinsurance collectively shall be referred to herein as the “Parties.”

WHEREAS, the Secretary of Housing and Urban Development is authorized to enforce the Real Estate Settlement Procedures Act of 1974 (“RESPA” or “the Act”), 12 U.S.C. § 2601 *et seq.*, and its implementing regulations, 24 C.F.R. § 3500 *et seq.*; and

WHEREAS, the Secretary is authorized by Section 19 of RESPA to investigate any facts, conditions, practices, or matters deemed necessary to determine whether any “person,” as defined in Section 3(5) of the Act, has violated or is about to violate any provision of the Act or any rule or regulation prescribed pursuant thereto; and

WHEREAS, Section 8(a) of RESPA, 12 U.S.C. § 2607(a), and the implementing regulations at 24 C.F.R. § 3500.14, prohibit the giving or accepting of any fee, kickback or thing of value pursuant to an agreement or understanding, oral or otherwise, that business incident to or part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person; and

WHEREAS, CM makes mortgage loans and may refer borrowers to certain companies for title insurance; and

WHEREAS, on or about December 31, 2002, Chesapeake Reinsurance, a captive title reinsurance company and affiliate of CM, was created to reinsure certain title insurance business from title insurance companies; and

WHEREAS, it is the position of the Companies that Chesapeake Reinsurance established, operated and maintained a quota share title reinsurance program, and it is further the position of the Companies that such program was established, operated and maintained in good faith reliance on HUD's regulations, guidelines and interpretations of RESPA, including its 1997 and 2004 Letters regarding reinsurance ("HUD Letters"), and in compliance with applicable law (including, but not limited to, RESPA and the HUD Letters); and

WHEREAS, the Companies represent that a significant portion of the reinsurance occurred in connection with a unique program offered by CM, under which none of the costs of the insurance was paid for by consumers; and

WHEREAS, the Companies represent that no new title reinsurance business was written after February 2005, notwithstanding the Companies' view that the arrangements complied with applicable law; and

WHEREAS, it is HUD's position that it is a violation of Section 8(a) of RESPA to accept a thing of value in the form of an opportunity to participate in money-making captive title reinsurance arrangements in return for the referral of settlement service business to primary title insurance companies. Further, it is HUD's position that any captive title reinsurance arrangement in which payments to the reinsurer are not bona fide and exceed the value of the reinsurance would violate Section 8 of RESPA. Moreover, in HUD's view, there is almost never any bona fide need or business purpose for title reinsurance on a single family residence, especially from an entity or an affiliate of an entity that is in a position to refer business to the primary title insurer. Further, when there is a history of little or no claims paid or the premium

payments to the captive reinsurer far exceed the risk borne by the reinsurer, there is strong evidence there is an arrangement constructed for the purpose of payment of referral fees or other things of value in violation of Section 8 of RESPA; and

WHEREAS, HUD has made no finding of violations of RESPA or the implementing regulations by the Companies; and

WHEREAS, the Companies, on their own initiative, approached HUD regarding the title reinsurance program and have fully cooperated with HUD; and

WHEREAS, the Parties desire to avoid prolonged proceedings, any further expense of investigation and/or possible litigation, and to finally resolve this matter under the terms and conditions set forth below; and

WHEREAS, the terms of this Settlement Agreement are an appropriate disposition of this case and are in the public interest;

NOW, THEREFORE, in consideration of the mutually negotiated promises, covenants, and obligations in this Settlement Agreement, and based on compliance with the terms of this Settlement Agreement, the Parties reach a final settlement as set forth below:

AGREEMENTS

1. This Settlement Agreement is effective on the date of signature of the last signatory to the Settlement Agreement (hereinafter the "Effective Date").
2. The Department hereby waives, releases, remits and compromises any and all claims, causes, and actions, direct or indirect (together, "Claims"), and agrees to take no enforcement action under RESPA or the implementing regulations against the Companies, their respective directors, officers, and employees, with respect to

their captive title reinsurance business described herein, unless such practices recur.

3. The Companies agree to fully comply with all provisions of RESPA and its implementing regulations.
4. The Companies agree not to enter into any new captive title reinsurance arrangements or write new captive title reinsurance business after the Effective Date hereof; provided, however, that nothing in this Settlement Agreement shall be construed as prohibiting conduct permitted by any future amendments to or repeal of RESPA, or new statutory or regulatory provisions, or HUD policy statements interpreting and applying Section 8 of RESPA.
5. Within thirty (30) business days of the Effective Date, the Companies will make a settlement payment totaling six hundred and fifty thousand dollars (\$650,000), directly to the United States Treasury to HUD's account as follows:

ABA routing number: 02103004
Receiver name: TREAS NYC
Account number: 86-01-0300
Purpose: Real Estate Settlement Procedures Act settlement,

and the Companies shall also send notice of such payment, including a copy of the electronic payment to counsel for HUD; provided, however, such payment shall not be considered for any purposes to be a civil money penalty.

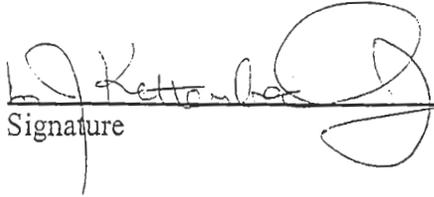
6. Nothing in this Settlement Agreement shall be construed as preventing the Companies from unwinding their captive title reinsurance arrangements, including without limitation through the ceding of risk and/or premium to one or more third parties under terms and conditions that differ from the terms and conditions under which such risk and/or premium was obtained. HUD will not consider such unwinding undertaken in conjunction with this Settlement

Agreement to be in violation of RESPA or the implementing regulations, provided that the unwinding does not involve an agreement or understanding for the referral of future settlement service business.

7. This Settlement Agreement applies to and binds the Companies and their respective predecessors, successors, assigns, and their respective directors, officers, principals, employees, and representatives (in such individuals' official capacities as directors, officers, principals, employees or representatives of the Companies).
8. The Companies hereby waive, release, remit and compromise any and all Claims against the Department, or any of its employees, agents, or representatives, with respect to HUD's investigation or this Settlement Agreement.
9. Should the Companies fail to comply with the terms set out above, or should any of its material representations in this Settlement Agreement, or the written materials submitted by the Companies in connection with this Settlement Agreement, prove to be false (through untrue statement or deliberate or reckless omission) in any material manner, HUD may take appropriate enforcement action, and/or refer the matter to other governmental authorities for further action.
10. This Settlement Agreement constitutes the complete agreement between the Parties as to the matters addressed herein. This Settlement Agreement may not be amended except by written consent of the Parties.
11. By this Settlement Agreement the Parties do not waive, release, remit, or compromise any Claims against any other person not expressly released by this Settlement Agreement.

12. The Parties represent that this Settlement Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.
13. Nothing in this Settlement Agreement shall be construed as an admission of wrongdoing, liability, or legal fault for any conduct underlying this Settlement Agreement, or an admission that any person acted wrongfully.
14. Each person who signs this Settlement Agreement in a representative capacity warrants that his or her execution of this Settlement Agreement is duly authorized, executed, and delivered by and for the entity for which he or she signs.
15. Each of the Parties to this Settlement Agreement shall bear its own attorney's fees and costs, including the preparation and performance of this Settlement Agreement.
16. This Settlement Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute the same agreement.

On Behalf of CitiMortgage, Inc.



Signature

May 22, 2006
Date

Lawrence Kettenbach

Print Name

General Counsel - litigation

Title

On Behalf of Chesapeake Title Reinsurance Company, Inc.

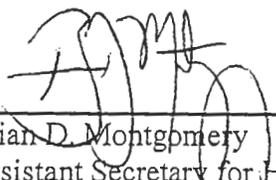
Signature

Date

Print Name

Title

On Behalf of the U.S. Department of Housing and Urban Development:



Brian D. Montgomery
Assistant Secretary for Housing-Federal
Housing Commissioner

7/14/06

Date

On Behalf of CitiMortgage, Inc.

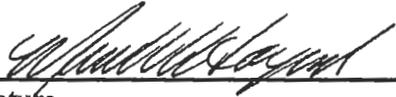
Signature

Date

Print Name

Title

On Behalf of Chesapeake Title Reinsurance Company, Inc.



Signature

5/24/06
Date

Michelle C. Hayward
Print Name

Vice President
Title

On Behalf of the U.S. Department of Housing and Urban Development:

Brian D. Montgomery
Assistant Secretary for Housing-Federal
Housing Commissioner

Date

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