

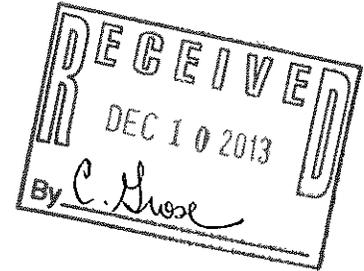


5151 Corporate Drive
Troy, Michigan 48098-2639
Phone: (248) 312-2000
www.flagstar.com

December 3, 2013

Via Facsimile ((517) 373-7794) and U.S. Mail

Ms. Stephanie L. Beckhorn
Manager, WIA Section
Workforce Development Agency
201 N. Washington Square
Lansing, MI 48913



Dear Ms. Beckhorn:

We are writing to give you an updated notice regarding the employment loss, as defined by the Worker Adjustment and Retraining Notification Act ("WARN Act"), at the Flagstar Bank facility located at 320-340 E. Big Beaver Road, Troy, Michigan 48083. This employment loss is expected to be permanent. We earlier provided you with notice of this employment loss on July 17, 2013, with updates regarding positions affected and separation dates on August 15, 2013, September 4, 2013, October 23, 2013, and November 13, 2013.

In our July 17, 2013 letter, we informed you that Flagstar has made the difficult decision to outsource its non-core default servicing business, which represents less than 4 percent of its overall servicing book, to a recognized specialty servicer that specializes in this area

This action was initially expected to result in the layoff of 299 employees.

In our September 4, 2013 letter, we informed you that an additional twenty-five (25) employees working in Flagstar Bank's Mortgage Operations and Credit Policy group, and who are physically located at the Flagstar facility at 320-340 Big Beaver Road, Troy Michigan 48083, will be included in the employment loss described in our July 17, 2013 letter due to a reduction-in-force and job consolidations/eliminations in the Mortgage Operations and Credit Policy group.

Further, on November 13th we informed you that an additional fifteen (15) employees who are physically located at the Flagstar facility at 320-340 Big Beaver Road, Troy Michigan 48083, will be included in the employment loss described in our July 17, 2013 letter due to a reduction-in-force and job consolidations/eliminations in the Mortgage Operations and Credit Policy group, Representations and Warrants group, and in the Default Servicing group.

As part of Flagstar's ongoing strategy to deliver improving performance while maintaining its commitment to its community banking in Michigan, an additional fifteen (15) employees who are physically located at the Flagstar facility at 320-340 Big Beaver Road, Troy Michigan 48083,

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will be included in the employment loss described in our July 17, 2013 letter due to a reduction-in-force and job consolidations/eliminations in the Default Servicing group.

Additionally, we previously notified you that we would extend the separation dates for 67 employees to the periods of December 3, 2013 to December 17, 2013 and December 9, 2013 to December 23, 2013. However, due to further unanticipated needs as a result of the outsourcing of the default servicing business to the third-party provider, we will be extending the anticipated separation dates of 31 of those employees to the period of January 3, 2013 to January 17, 2013.

Attached is an updated list of the job titles and number of individuals who will be affected by the employment loss. Flagstar Bank does not have a job bumping system, that is, employees will not be able to displace more junior employees out of their job positions as a result of employment loss.

The work and jobs will be phased out over several months during 2013. The first date of the first separation occurred on September 17, 2013. The following outlines the current schedule for job losses:

Number of Affected Individuals	Expected Separation Date
169	September 17, 2013 to October 1, 2013
28	November 4, 2013
37	December 3, 2013 to December 17, 2013
31	January 3, 2013 to January 17, 2013
14	January 13, 2013
15	February 3, 2013 – February 7, 2013

All layoffs are expected to be completed by February 7, 2013. All affected employees have been notified of their separation dates and that their separation from employment will be permanent.

There is no union representing any of the employees affected by the mass layoff.

Ms. Stephanie L. Beckhorn
Manager, WIA Section
Workforce Development Agency
December 3, 2013

If you have any questions or want additional information concerning this matter, please contact Laura Anger, Executive Vice President of Human Resources, Flagstar Bank, 5151 Corporate Drive, Troy, MI 48098 ((248) 312-6280).

Sincerely,

A handwritten signature in cursive script that reads "Laura Anger".

Laura Anger

Enclosure

Affected Job Classifications	Number of Employees Per Classification
Project Manager 1	1
Loan Administration Manager	11
Loan Administration Processor	43
Loan Administration Team Lead	29
Sr Loan Administration Assistant	35
Loan Administration Asst Manager	3
Training Instructor 1	5
Quality Control Audit Assistant	3
Loan Administration Analyst	85
Loan Administration Assistant	47
Loan Administration Specialist	11
Loan Administration Associate	14
Sr Risk Analyst	1
Collector 3	4
Collector 1	11
Administrative Assistant	2
Loan Administration Sr Manager	1
Business Analyst 3	3
Business Analyst 2	1
Training Instructor 2	2
Business Procedure Writer	1
UW Assistant Manager	1
UW Audit Assistant	3
UW Quality Control Auditor 1	1
UW Quality Control Auditor 2	2
UW Quality Control Auditor 3	1
Jr UW Quality Control Auditor	2
Recourse & Recovery Analyst	1
Processor 1	1
Processor 2	1
Loan Administration Specialist	1
Collector 2	2
Quality Control Audit Asst	1