

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY

In the Matter of:)	
)	
ABN AMRO Mortgage Group, Inc.,)	
Ann Arbor, Michigan)	AA-EC-05-97
)	
)	
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)	

STIPULATION AND CONSENT ORDER
FOR RESTITUTION AND A CIVIL MONEY PENALTY

WHEREAS, the Comptroller of the Currency of the United States of America (Comptroller), through his staff, has conducted an examination and formal investigation of ABN AMRO Mortgage Group, Inc. (AAMG), an operating subsidiary of LaSalle Bank Midwest, N.A., Troy, Michigan (Bank), focusing on its FHA mortgage operations;

WHEREAS, the Comptroller intends to initiate a civil money penalty and restitution proceedings against AAMG pursuant to 12 U.S.C. § 1818(i) and 12 U.S.C. § 1818(b) for activities described in Article II below;

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to this matter, AAMG desires to enter into this Stipulation and Consent Order (Order);

NOW THEREFORE, pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

ARTICLE I

JURISDICTION

(1) The Bank is a national banking association, chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 et seq.

(2) The Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2);

(3) AAMG is an operating subsidiary of the Bank and, as such, is subject to regulation and supervision by the Comptroller. See 12 C.F.R. § 5.34(e)(3).

(4) The Office of the Comptroller of the Currency (OCC) is “the appropriate Federal banking agency” regarding AAMG as that term is defined in 12 U.S.C. § 1813(q).

ARTICLE II

COMPTROLLER’S FINDINGS

(1) AAMG has “Direct Endorsement” authority from the U.S. Department of Housing and Urban Development (HUD), meaning it has delegated authority to underwrite FHA loans on behalf of HUD and to submit them to HUD for insurance endorsement.

(2) In general, such FHA loans may only be submitted, under HUD requirements, after Direct Endorsement (DE) underwriters (i.e., those authorized to underwrite FHA loans) make certain certifications (including those related to due diligence) on each such loan. AAMG certifies to HUD when it submits these loans that they meet the agency’s underwriting requirements.

(3) During the period January 2000 to April 2003, such certifications were being falsely or improperly made, potentially affecting 28,097 FHA loans.

(4) Certain employees and supervisors within AAMG knew, or should have known, that the company's practices during this period with respect to underwriter certifications were inconsistent with HUD's requirements.

(5) When these practices became known at the highest levels of AAMG, it undertook an internal investigation, took disciplinary measures, and reported results of its internal investigation to HUD and the OCC.

(6) The OCC, in coordination with HUD's Office of Inspector General, conducted a formal investigation of this matter, including the taking of sworn statements.

(7) Subject to ongoing OCC supervisory review, AAMG has taken remedial measures aimed at preventing a recurrence of this matter.

ARTICLE III

RESTITUTION & CIVIL MONEY PENALTY

(1) Without admitting or denying any wrongdoing, AAMG hereby consents to the payment of restitution and indemnification (along with related fees and damages) in the amount of \$10.6 million, which shall be paid upon execution of this Order.

(2) Without admitting or denying any wrongdoing, AAMG hereby consents to the payment of a civil money penalty in the amount of \$6.25 million, which shall be paid upon the execution of this Order.

(3) To satisfy the payment of restitution, indemnification and the civil money penalty prescribed under this Order, AAMG shall make a total payment of \$16.85 million to the U.S. Department of Justice (DOJ), which has agreed to make appropriate allocations of these funds, including to HUD and the U.S. Treasury Department.

(4) AAMG shall enter into a related settlement agreement with DOJ and HUD (“Coinciding Agreement”). The 28,097 loans serving as the basis for this Order are identified in Exhibit A of the Coinciding Agreement. AAMG agrees not to submit claims, or cause claims to be submitted, to HUD for any of the 783 mortgage loans identified in Exhibit C of the Coinciding Agreement.

ARTICLE IV

WAIVERS & PRESERVATION OF RIGHTS

- (1) AAMG, by signing this Order, hereby waives:
 - (a) the right to issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b) and Notice of Assessment of a Civil Money Penalty pursuant to 12 U.S.C. § 1818(i);
 - (b) any and all procedural rights available in connection with the issuance of the Order;
 - (c) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818 and 12 C.F.R. Part 19;
 - (d) all rights to seek any type of administrative or judicial review of the Order;
 - (e) any and all rights to challenge or contest the validity of the Order; and
 - (f) any and all claims for fees, costs or expenses against the Comptroller, or any of his agents or employees, related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of the statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

(2) AAMG declares that no separate promise or inducement of any kind has been made by the Comptroller, or by his agents or employees, to cause or induce AAMG to agree to consent to the issuance of this Order and/or to execute this Order.

(3) It is hereby agreed that the provisions of this Order constitute a settlement of the restitution, indemnification, and civil money penalty proceedings contemplated by the Comptroller. The Comptroller agrees not to institute proceedings against AAMG for the specific acts, omissions, violations, breaches or practices described in Article II of this Order, unless such acts, omissions, violations, breaches or practices reoccur.

(4) It is further agreed that the provisions of this Order shall not be construed as an adjudication on the merits and, except as set forth above, shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action at any time if the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America.

ARTICLE V

CLOSING

(1) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived or terminated in writing by the Comptroller.

(2) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818, and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or on the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of

the commitments or obligations herein undertaken by AAMG under its supervisory powers, and not as a matter of contract law. AAMG expressly acknowledges that neither it nor the Comptroller has any intention to enter into a contract. AAMG also expressly acknowledges that no officer or employee of the Comptroller has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities.

(3) The terms of this Order, including this paragraph, are not subject to amendment or modification by an extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IT IS SO ORDERED. IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

/s/ Delora Ng Jee

12/30/05

Delora Ng Jee
Deputy Comptroller
Large Bank Supervision

Date

IN TESTIMONY WHEREOF, the undersigned, authorized by AAMG's board of directors to enter into this Stipulation and Consent Order, has irrevocably hereunto set his hand, on behalf of ABN AMRO Mortgage Group, Inc.:

/s/ Thomas Goldstein

12/29/05

Thomas Goldstein
Chairman of the Board, Chief Executive Officer, and
President

Date