



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

December 14, 2016

Mr. Neal J. Wilson
Chief Operating Officer
EJF Capital LLC
2107 Wilson Boulevard, Suite 410
Arlington, Virginia 22201

Dear Mr. Wilson:

This letter responds to your request on behalf of EJF Capital LLC (together with its affiliates and subsidiaries, “EJF”), Arlington, Virginia, for relief from commitments that EJF made to the Board on March 20, 2013, in connection with its purchase of preferred shares (“CPP Shares”) issued by Flagstar Bancorp, Inc. (“Flagstar”), Troy, Michigan, to the U.S. Department of the Treasury as part of the Troubled Asset Relief Program’s Capital Purchase Program. EJF provided the Board with passivity commitments that were intended to ensure that EJF would not exercise a controlling influence over Flagstar and that the CPP Shares would not be treated as voting securities under the Home Owners’ Loan Act. The requested relief would completely relieve EJF from the commitments.

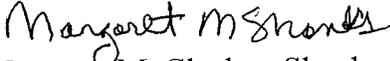
Flagstar redeemed all of its outstanding CPP Shares in July 2016, and EJF has no remaining interest in the CPP Shares. EJF represents that its current interests in Flagstar consist of (1) warrants to purchase approximately 1.13 percent of Flagstar’s common stock and (2) \$15.5 million in liquidation value of Flagstar’s trust preferred securities, which together comprise approximately 3.52 percent of Flagstar’s total equity, assuming full exercise of the warrants.¹ Additionally, EJF represents that it does not have representation on the boards of directors of Flagstar or any of its affiliates or the right to appoint a director to or have representation on the boards of directors of Flagstar or any of its affiliates; existing or contemplated business relationships with Flagstar; employee

¹ Flagstar’s trust preferred securities do not and cannot under any circumstances entitle the holder to (i) vote for or select directors, trustees, or partners (or persons exercising similar functions of the issuing company) of Flagstar; or (ii) vote on or direct the conduct of the operations or other significant policies of Flagstar. See 12 CFR 238.2(r)(1).

or director interlocks with Flagstar or any of its affiliates; formal or informal agreements with Flagstar or any of its affiliates or shareholders, relating to the management or policies of Flagstar; or relationships with other shareholders of Flagstar through which it might exercise influence over Flagstar. EJV also has represented that it will not exercise or attempt to exercise a controlling influence over the management or policies of Flagstar.

Based on all the facts of record, the Director of the Division of Banking Supervision and Regulation, acting pursuant to authority delegated by the Board, and after consulting with the General Counsel, has approved EJV's request for relief from the commitments provided in connection with EJV's purchase of the CPP Shares. This action is based on the representations and commitments set forth in all of your communications related to your request, including the representations discussed above. Any change in the facts presented could result in a different conclusion and should be reported to Board staff immediately. This determination should not be construed as granting relief from any other conditions or commitments to which EJV may be subject.

Very truly yours,


Margaret McCloskey Shanks
Deputy Secretary of the Board