

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**Current Report
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 30, 2009

Flagstar Bancorp, Inc.

(Exact name of registrant as specified in its charter)

Michigan
(State or other jurisdiction of
incorporation)

1-16577
(Commission File
Number)

38-3150651
(I.R.S. Employer
Identification No.)

5151 Corporate Drive, Troy, Michigan
(Address of principal executive offices)

48098
(Zip Code)

(248) 312-2000

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement

On January 30, 2009, Flagstar Bancorp, Inc. (“Flagstar”) consummated the closing (the “Closing”) of its previously announced transaction with MP Thrift Investments L.P. (“MatlinPatterson”), an entity formed by MP (Thrift) Global Partners III LLC, an affiliate of MatlinPatterson Global Advisers LLC, under the Investment Agreement, dated as of December 17, 2008 (the “Investment Agreement”), which was described in Flagstar’s Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on December 18, 2008 (the “Prior Form 8-K”), pursuant to which MatlinPatterson purchased 250,000 shares of a newly authorized series of Flagstar’s convertible participating voting preferred stock, designated as Convertible Participating Voting Preferred Stock, Series B (the “Preferred Stock”). The applicable terms and preferences attached to the Preferred Stock are more fully described in Item 1.01 of the Prior Form 8-K, and this summary is qualified in its entirety by reference to the Certificate of Designations attached hereto as Exhibit 3.1.

Subscription Agreements/Registration Rights Agreements

As a condition to closing the transaction under the Investment Agreement, Flagstar was required to issue and sell a minimum number of shares of its common stock to directors and members of management (the “Management Investors”). On January 30, 2009, Flagstar entered into Subscription Agreements with the Management Investors (the “Subscription Agreements”), pursuant to which the Management Investors purchased, in the aggregate, 6,650,000 shares of common stock at a purchase price of \$0.80 per share. This summary of the Subscription Agreement is qualified in its entirety by reference to the form of Subscription Agreement attached hereto as Exhibit 10.1.

Further, on January 30, 2009, Flagstar entered into a Registration Rights Agreement with the Management Investors (the “Registration Rights Agreements”), pursuant to which Flagstar granted certain piggyback registration rights to the Management Investors. Flagstar entered into the Registration Rights Agreements in order to induce the Management Investors to enter into the Subscription Agreements, and, in general, Flagstar will register the Management Investors’ common stock on any registration statement that includes the securities purchased by MatlinPatterson. This summary of the Registration Rights Agreement is qualified in its entirety by reference to the form of Registration Rights Agreement attached hereto as Exhibit 10.2.

Closing Agreement

On January 30, 2009, as part of the Closing, Flagstar entered into a Closing Agreement with MatlinPatterson (the “Closing Agreement”), pursuant to which Flagstar agreed to issue and sell subject to certain conditions (i) an additional \$50 million of convertible preferred stock substantially in the form of the Preferred Stock, in two equal parts, on substantially the same terms as the previously announced \$250 million investment by MatlinPatterson (the “Additional Preferred Stock”) and (ii) \$50 million of trust preferred securities with a 10% coupon to MatlinPatterson (the “Trust Preferred Securities”). The Closing Agreement also amended the Investment Agreement and waived certain conditions included therein.

The powers, designations, preferences and relative, participating, optional or other special rights of the Additional Preferred Stock, if issued, will be set forth in a certificate of designations to be filed with the Michigan Department of Labor and Economic Growth prior to the closing of the additional investment. The Additional Preferred Stock will be automatically convertible into shares of common stock upon the approval of Flagstar’s stockholders to increase the number of authorized shares of Flagstar’s common stock. The Additional Preferred Stock will automatically convert into 62,500,000 shares of the Flagstar’s common stock at a conversion price of \$0.80 per share of common stock, subject to customary anti-dilution adjustments. Dividends on the Additional Preferred Stock will be payable, on a non-cumulative basis, as and if declared by Flagstar’s board of directors to holders of Flagstar’s common stock, in cash, on an as-converted basis. The Additional Preferred Stock will not be redeemable by Flagstar or by the holders. Subject to New York Stock Exchange Rules, the holders of Additional Preferred Stock will be entitled to vote upon all matters which holders of Flagstar’s common stock are entitled to vote, and each share of Additional Preferred Stock will be entitled to vote on an as-converted basis. So long as the Additional Preferred Stock is outstanding, then the vote or consent of the holders of the Additional Preferred Stock would be required for certain matters.

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The Trust Preferred Securities, if issued, will be convertible into common stock of Flagstar at MatlinPatterson's option on April 1, 2010, at a conversion price equal to the volume-weighted average price of the common stock from February 1, 2009 through April 1, 2010. If MatlinPatterson does not convert the Trust Preferred Securities at that time, they will remain outstanding perpetually unless redeemed by Flagstar at any time after January 30, 2011.

This summary of the Closing Agreement is qualified in its entirety by reference to the Closing Agreement attached hereto as Exhibit 10.3.

Item 3.02 Unregistered Sales of Equity Securities.

On January 30, 2009, Flagstar issued and sold 6,650,000 shares of its common stock to the Management Investors at a purchase price of \$0.80 per share of common stock. In the aggregate, Flagstar received \$5,320,000 in consideration for the common stock. The common stock was offered and sold to individual accredited investors in an offering exempt from the Securities Act registration requirements of the Securities Act of 1933 pursuant to Section 4(2) thereof.

Upon consummation of the transactions under the Closing Agreement described in Item 1.01, for aggregate consideration of \$100 million, the Company will issue and sell (i) 50,000 shares of convertible preferred stock at a purchase price and liquidation preference of \$1,000 per share and (ii) trust preferred securities in the aggregate amount of \$50 million. The convertible preferred stock and trust preferred securities will be offered and sold to an institutional investor in an offering exempt from the Securities Act registration requirements of the Securities Act of 1933 pursuant to Section 4(2) thereof. Upon receipt of stockholder approval, the shares of convertible preferred stock will automatically convert into 62,500,000 shares of Flagstar's common stock at an conversion price of \$0.80 per share of common stock, subject to customary anti-dilution adjustments. Subject to receipt of stockholder approval, the trust preferred securities will be convertible into common stock at the option of MatlinPatterson on April 1, 2010 at a conversion price equal to 90% of the volume-weighted average price per share of common stock during the period from February 1, 2009 to April 1, 2010, subject to a minimum price per share of \$0.80 and a maximum of \$2.00.

Item 3.03 Material Modification to Rights of Security Holders.

As part of the offering to MatlinPatterson announced on December 17, 2008, Flagstar issued 250,000 shares of the Preferred Stock, the terms of which are more fully described in the Certificate of Designations of Convertible Participating Voting Preferred Stock, Series B of Flagstar (the "Certificate of Designations") filed with the Michigan Department of Labor and Economic Growth setting forth the powers, designations, preferences and relative, participating, optional or other special rights of the Preferred Stock. The holders of the Preferred Stock and the Additional Preferred Stock, if issued, have preferential dividend and liquidation rights over the holders of common stock and vote together with the holders of common stock on an as-converted basis. The applicable terms and preferences attached to the Preferred Stock are more fully described in Item 1.01 of the Company's Current Report of Form 8-K, filed with the Securities and Exchange Commission on December 18, 2008, and are contained in the Certificate of Designations. This summary is qualified in its entirety by reference to the Certificate of Designations attached hereto as Exhibit 3.1.

Item 5.01 Changes in Control of Registrant

The information provided in Item 1.01 and Item 5.02 is hereby incorporated by reference herein.

On January 30, 2009, pursuant to the Investment Agreement dated as of December 17, 2008 by and between Flagstar and MatlinPatterson, Flagstar issued and sold 250,000 shares of Preferred Stock to MatlinPatterson for \$250 million. The 250,000 shares of Preferred Stock represent approximately 70% of the issued and outstanding voting power in Flagstar immediately following the Closing. The funding for this transaction came primarily from investors who were investors in existing funds managed by MatlinPatterson Global Advisers LLC, namely, MatlinPatterson Global Opportunities Partners III L.P. and MatlinPatterson Global Opportunities Partners (Cayman) III L.P. At the Closing, and in accordance with the Investment Agreement, Kirstin Hammond, Robert Rondeau, Richard Elsea, Charles Bazy and Frank D' Angelo each resigned as directors of Flagstar, and David J. Matlin, Mark Patterson, and Gregory Eng, each a director designated by MatlinPatterson, were appointed to the Board.

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Upon Closing, Flagstar is considered a “controlled company,” as defined in Section 303A of the New York Stock Exchange (“NYSE”) Listed Company Manual, based on MatlinPatterson’s beneficial ownership of approximately 70% of the outstanding voting stock of Flagstar. As a “controlled company,” Flagstar is exempt from certain requirements of the NYSE Listed Company Manual, including the requirement to maintain a majority of independent directors and requirements related to the compensation committee and nominating/corporate governance committee.

Item 5.02 Departure of Directors or Principal Officer; Election of Directors; Appointment of Principal Officer; Compensatory Arrangements of Certain Officers

Resignation of Directors

On January 30, 2009, Kirstin Hammond, Robert Rondeau, Richard Elsea, Charles Bazy and Frank D’Angelo resigned from the Board of Directors of Flagstar (the “Board”) effective as of the Closing.

Resignation of Named Executive Officer

On January 30, 2009, Robert Rondeau resigned from his position as an Executive Director of Flagstar effective as of the Closing. In connection with the resignation, Flagstar, its wholly-owned subsidiary, Flagstar Bank, FSB, and Mr. Rondeau entered into a Severance Agreement on January 30, 2009 (the “Severance Agreement”). Pursuant to the Severance Agreement, Mr. Rondeau is entitled to the sum of two years base salary plus two years of targeted bonus (the “Severance Payment”), which is payable in one lump sum 10 days after January 30, 2009. In consideration for the Severance Payment, Mr. Rondeau waived any and all rights to any other compensation or benefits to which he may have been entitled. This summary is qualified in its entirety by reference to the Severance Agreement attached hereto as Exhibit 10.4.

Appointment of Directors

On January 30, 2009, the Board appointed David J. Matlin, Chief Executive Officer of MatlinPatterson Global Advisers LLC, Mark Patterson, Chairman of MatlinPatterson Global Advisers LLC, and Gregory Eng, a partner in MatlinPatterson Global Advisers LLC, as members of Flagstar’s Board (the “Appointed Directors”) as of the Closing. In addition, on January 30, 2009, Mr. Matlin and Mr. Eng were appointed to serve as members of the Compensation Committee and the Nominating/Corporate Governance Committee as of the Closing.

The Appointed Directors were nominated for appointment to the Board by MatlinPatterson in accordance with Section 4.1(a) of the Investment Agreement. Pursuant to the terms of the Investment Agreement, upon the Closing, MatlinPatterson was entitled to designate up to 70% of Flagstar’s Board. For so long as MatlinPatterson owns at least 10% of the total voting power of the Company, it will be entitled to designate such number of directors to serve on the Board as would be proportionate to the total voting power of voting stock beneficially then owned by MatlinPatterson. To the extent that MatlinPatterson decreases its holdings of voting stock of Flagstar below 10%, Flagstar has the right to request the resignation of directors designated by MatlinPatterson. The election and appointment of each Appointed Director is subject to all legal and governance requirements regarding service as a director of Flagstar and to the reasonable approval of the Nominating and Corporate Governance Committee.

Set forth below is information regarding the Appointed Directors:

David J. Matlin, age 47, became a director of Flagstar on January 30, 2009, effective as of the Closing and pursuant to the Investment Agreement. Mr. Matlin is the Chief Executive Officer of MatlinPatterson Global Advisers LLC, a \$9.0 billion private equity firm, which he co-founded in July 2002. Prior to forming MatlinPatterson, Mr. Matlin was a Managing Director at Credit Suisse First Boston, and headed their Distressed Securities Group since its inception in 1994. Mr. Matlin was also a Managing Director and a founding partner of Merrion Group, L.P., a successor to Scully Brothers & Foss L.P., from 1988 to 1994. Mr. Matlin serves on the Boards of Global Aero Logistics and Goss International. Mr. Matlin holds a JD degree from the Law School of the University of California at Los Angeles and a BS in Economics from the Wharton School of the University of Pennsylvania.

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Mark Patterson, age 57, became a director of Flagstar on January 30, 2009, effective as of the Closing and pursuant to the Investment Agreement. Mr. Patterson is the Chairman of MatlinPatterson Global Advisers LLC, a \$9.0 billion private equity firm, which he co-founded in July 2002. Mr. Patterson is also a Director of Allied World Assurance Company. Mr. Patterson has over 30 years of commercial, investment and merchant banking experience. Prior to the formation of MatlinPatterson Global Advisers LLC, Mr. Patterson was a Managing Director at Credit Suisse First Boston, where he served as Vice Chairman from 2000 to 2002. Mr. Patterson holds a BA (Law) — 1972 and a BA Honors (Economics) — 1974 from South Africa's Stellenbosch University and an MBA (with distinction) — 1986 from New York University's Stern School of Business.

Gregory Eng, age 43, became a director of Flagstar on January 30, 2009, effective as of the Closing and pursuant to the Investment Agreement. Mr. Eng is a Partner at MatlinPatterson Global Advisers LLC.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

Certificate of Designations

On January 30, 2009, Flagstar filed the Certificate of Designations with the Michigan Department of Labor and Economic Growth for the purpose of amending its Amended and Restated Articles of Incorporation to establish the powers, designations, preferences and relative, participating, optional or other special rights of the Preferred Stock. The Certificate of Designations became effective with the Michigan Department of Labor and Economic Growth upon filing. This description is qualified in its entirety by reference to the copy of the Certificate of Designations, which is attached hereto as Exhibit 3.1.

Fifth Amended and Restated Bylaws

Effective as of the Closing, on January 30, 2009, Flagstar's Board approved an amendment to Article II, Section 10 of Flagstar's Fourth Amended and Restated Bylaws (the "Bylaws") to clarify that the Preferred Stock will be permitted to vote in the election of directors on an as-converted basis and an amendment to Article III, Section 2 of the Bylaws to reduce the number of directors to eleven (11) members from thirteen (13) members. Flagstar's Board also approved the restatement of the Bylaws. The Fifth Amended and Restated Bylaws of the Company reflecting such amendment are attached as Exhibit 3.2.

Item 8.01. Other Events.

On January 30, 2009, Flagstar issued a press release announcing the closing of its previously announced transaction. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference herein.

Additional Information

In connection with the proposed MatlinPatterson investment, a proxy statement relating to certain of the matters discussed in this Form 8-K is expected to be filed with the SEC. When filed, copies of the proxy statement and other related documents may be obtained free of charge on the SEC website (www.sec.gov). FLAGSTAR'S SHAREHOLDERS ARE ADVISED TO READ THE PROXY STATEMENT WHEN IT BECOMES AVAILABLE, BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. Shareholders are encouraged to read the proxy statement when filed, and Flagstar notes that the shareholder meeting on the matters discussed in the proxy statement will occur after the closing of the MatlinPatterson investment and the issuance of the voting preferred stock provides MatlinPatterson with approximately 70% of the votes at any shareholder meeting. Flagstar, its directors, executive officers and certain members of management and employees may be considered "participants in the solicitation" of proxies from Flagstar's shareholders in connection with certain of the matters discussed in this Form 8-K. Information regarding such persons and their interests in Flagstar is contained in Flagstar's proxy statements and annual reports on Form 10-K filed with the SEC. Shareholders and investors may obtain additional information regarding the interests of Flagstar and its directors and executive officers in the matters discussed in this Form 8-K, which may be different than those of Flagstar's shareholders generally, by reading the proxy statement and other relevant documents regarding the matters discussed in this Form 8-K, which are expected to be filed with the SEC.

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The information contained in this release is not intended as a solicitation to buy Flagstar's stock and is provided for general information. This Form 8-K contains certain statements that may constitute "forward-looking statements" within the meaning of federal securities laws. These forward-looking statements include statements about the company's beliefs, plans, objectives, goals, expectations, anticipations, estimates, and intentions, that are subject to significant risks and uncertainties, and are subject to change based upon various factors (some of which may be beyond Flagstar's control). The words "may," "could," "should," "would," "believe," and similar expressions are intended to identify forward-looking statements.

Item 9.01 Financial Statements and Exhibits

(c) The following exhibits are being furnished herewith:

<i>Exhibit No.</i>	<i>Exhibit Description</i>
3.1	Certificate of Designations of Convertible Participating Voting Preferred Stock, Series B of Flagstar, dated January 28, 2009
3.2	Fifth Amended and Restated Bylaws of Flagstar
10.1	Form of Subscription Agreement, dated as of January 30, 2009, by and between Flagstar and the Management Investors
10.2	Form of Registration Rights Agreement, dated as of January 30, 2009, by and between Flagstar and the Management Investors
10.3	Closing Agreement, dated as of January 30, 2009, by and between Flagstar and MatlinPatterson
10.4	Severance Agreement, dated as of January 30, 2009, by and among Flagstar, Flagstar Bank, FSB, and Robert Rondeau
99.1	Press Release dated January 30, 2009.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

FLAGSTAR BANCORP, INC.

Dated: February 2, 2009

By: /s/ Paul D. Borja
Paul D. Borja
Executive Vice-President and Chief Financial Officer

EXHIBIT 3.1

CERTIFICATE OF DESIGNATIONS

OF

CONVERTIBLE PARTICIPATING VOTING PREFERRED STOCK SERIES B

OF

FLAGSTAR BANCORP, INC.

(Pursuant to Section 450.1302 of the Michigan Business Corporation Act)

Flagstar Bancorp, Inc., a corporation organized and existing under the Michigan Business Corporation Act (the "*Corporation*"), hereby certifies that, pursuant to authority granted by Article III of the Amended and Restated Articles of Incorporation of the Corporation, and in accordance with the provisions of Section 450.1302 of the Michigan Corporation Business Act, the Board of Directors of the Corporation has adopted the following resolutions, at a meeting duly called and held on December 16, 2008:

RESOLVED, that there is hereby established a series of Preferred Stock, par value \$0.01 per share, and the designation and certain terms, powers, preferences and relative, participating and other rights and certain qualifications, limitations and restrictions thereon, are hereby fixed as follows:

Section 1. Designation and Number. The distinctive serial designation of this Series shall be "Convertible Participating Voting Preferred Stock Series B" (hereinafter called "*Series B Preferred Stock*"). Each share of Series B Preferred Stock shall be identical in all respects with the other shares of Series B Preferred Stock. The number of shares in Series B Preferred Stock will initially be 500,000, which number may from time to time be increased or decreased by the Board of Directors. Shares of Series B Preferred Stock purchased by the Corporation will be canceled and revert to authorized but unissued shares of Preferred Stock undesignated as to series.

Section 2. Ranking. The Series B Preferred Stock shall, with respect to dividend rights and rights on liquidation, winding-up and dissolution of the Corporation, rank junior to all other preferred stock of the Corporation, other than a class or series of preferred stock established after the Effective Date by the Corporation the terms of which expressly provide that such class or series will rank on a parity with or junior to the Series B Preferred Stock as to dividend rights and rights on liquidation, winding-up and dissolution of the Corporation.

Section 3. Definitions. Unless the context or use indicates another meaning or intent, the following terms shall have the following meanings, whether used in the singular or the plural:

- (a) "Applicable Conversion Price" means the Conversion Price in effect at any given time.
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(b) “Board of Directors” shall have the meaning set forth in the preamble hereto.

(c) “Business Day” means any day other than a Saturday, Sunday or any other day on which banks in New York City, New York are generally required or authorized by law to be closed.

(d) “Capital Stock” means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of the Corporation, including any Common Stock or any series of preferred stock of the Corporation, but excluding any debt securities convertible into such equity.

(e) “Certificate of Designations” has the meaning set forth in the preamble hereto.

(f) “Certificate of Incorporation” has the meaning set forth in the preamble hereto.

(g) “Closing Price” of the Common Stock on any date of determination means the closing sale price or, if no closing sale price is reported, the last reported sale price of the shares of the Common Stock on the New York Stock Exchange on such date. If the Common Stock is not traded on the New York Stock Exchange on any date of determination, the Closing Price of the Common Stock on such date of determination means the closing sale price as reported in the composite transactions for the principal U.S. national or regional securities exchange on which the Common Stock is so listed or quoted, or, if no closing sale price is reported, the last reported sale price on the principal U.S. national or regional securities exchange on which the Common Stock is so listed or quoted, or if the Common Stock is not so listed or quoted on a U.S. national or regional securities exchange, the last quoted bid price for the Common Stock in the over-the-counter market as reported by Pink Sheets LLC or similar organization, or, if that bid price is not available, the market price of the Common Stock on that date as determined by a nationally recognized independent investment banking firm retained by the Corporation for this purpose. For purposes of this Certificate of Designations, all references herein to the “Closing Price” and “last reported sale price” of the Common Stock on the New York Stock Exchange shall be such closing sale price and last reported sale price as reflected on the website of the New York Stock Exchange (<http://www.nyse.com>) and as reported by Bloomberg Professional Service; provided that in the event that there is a discrepancy between the closing sale price or last reported sale price as reflected on the website of the New York Stock Exchange and as reported by Bloomberg Professional Service, the closing sale price and last reported sale price on the website of the New York Stock Exchange shall govern. If the date of determination is not a Trading Day, then such determination shall be made as of the last Trading Day prior to such date.

(h) “Common Stock” shall have the meaning set forth in Section 4(b).

(i) “Conversion Price” means for each share of Series B Preferred Stock, \$0.80 per share; provided, that such price shall be subject to adjustment as set forth herein.

(j) “Corporation” shall have the meaning set forth in the preamble hereto.

(k) “Current Market Price” means, on any date, the average of the daily Closing Price per share of the Common Stock on each of the five (5) consecutive Trading Days preceding the earlier of the day before the date in question and the day before the Ex-Date with respect to the issuance or distribution giving rise to an adjustment to the Conversion Price pursuant to Section 10.

(l) “Effective Date” means the date on which shares of the Series B Preferred Stock are first issued.

(m) “Exchange Act” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

(n) “Ex-Date” when used with respect to any issuance or distribution, means the first date on which the Common Stock or other securities trade without the right to receive the issuance or distribution giving rise to an adjustment to the Conversion Price pursuant to Section 10.

(o) “Exchange Property” shall have the meaning set forth in Section 11(a).

(p) “Fundamental Change” means the occurrence of the consummation of any consolidation or merger of the Corporation or similar transaction or any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of the Corporation and its subsidiaries, taken as a whole, to any Person other than one or more of the Corporation’s subsidiaries, in each case pursuant to which the Common Stock will be converted into cash, securities or other property, other than pursuant to a transaction in which the Persons that “beneficially owned” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, voting shares of the Corporation immediately prior to such transaction beneficially own, directly or indirectly, voting shares representing a majority of the continuing or surviving Person immediately after the transaction.

(q) “Holder” shall mean, as of any date, the Person in whose name the shares of the Series B Preferred Stock are registered as of such date, which may be treated by the Corporation as the absolute owner of the shares of Series B Preferred Stock for the purpose of making payment and settling the related conversions and for all other purposes.

(r) “Mandatory Conversion” shall have the meaning set forth in Section 8(b).

(s) “Mandatory Conversion Date” shall have the meaning set forth in Section 8(b).

(t) “Notice of Conversion” shall have the meaning set forth in Section 9.

(u) "Person" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company or trust.

(v) "Record Date" has the meaning set forth in Section 4(d).

(w) "Reorganization Event" shall have the meaning set forth in Section 11(a).

(x) "Series B Preferred Stock" shall have the meaning set forth in the preamble hereof.

(y) "Stockholder Approvals" means all approvals of the stockholders of the Corporation necessary to amend the Certificate of Incorporation to increase the number of authorized shares of Common Stock to at least such number as shall be sufficient to permit the full conversion of the Series B Preferred Stock into Common Stock.

(z) "Trading Day" means a day on which the shares of Common Stock:

(1) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business; and

(2) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the Common Stock.

(aa) "Voting Stock" means securities of any class of Capital Stock of the Corporation entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of any contingency) to vote in the election of members of the Board of Directors.

Section 4. Dividends.

(a) From and after the Effective Date, Holders shall be entitled to receive, out of the funds legally available therefor, non-cumulative cash dividends in the amount determined as set forth in Section 4(b) and no more.

(b) If the Board of Directors declares and pays a dividend in the form of cash or other assets (other than shares of Common Stock or rights or warrants to subscribe for Common Stock) in respect of any shares of common stock of the Corporation, par value \$.01 per share (the "*Common Stock*"), then the Board of Directors shall declare and pay to the Holders of the Series B Preferred Stock a dividend in an amount per share of Series B Preferred Stock equal to the product of (i) the per share dividend declared and paid in respect of each share of Common Stock and (ii) the number of shares of Common Stock into which such share of Series B Preferred Stock is then convertible and for the purpose of such calculation, shares of Common Stock sufficient for the full conversion of all shares of Series B Preferred Stock shall be deemed to be authorized for issuance under the Certificate of Incorporation on the Record Date.

(c) Dividends payable pursuant to Section 4(b) shall be payable on the same date that dividends are payable to holders of shares of Common Stock, and no dividends shall be payable to holders of shares of Common Stock unless the full dividends contemplated by Section 4(b) are paid at the same time in respect of the Series B Preferred Stock.

(d) Each dividend will be payable to Holders of record as they appear in the records of the Corporation at the close of business on the record date (each, a "*Record Date*"), which, with respect to dividends payable pursuant to Section 4(b), shall be the same day as the record date for the payment of the corresponding dividends to the holders of shares of Common Stock.

(e) Dividends payable pursuant to Section 4(b) are non-cumulative. If the Board of Directors does not declare a dividend pursuant to Section 4(b) in respect of any dividend period, the Holders will have no right to receive any dividend for such dividend period, and the Corporation will have no obligation to pay a dividend for such dividend period, whether or not dividends are declared and paid for any future dividend period with respect to the Series B Preferred Stock or any other class or series of the Corporation's preferred stock or Common Stock.

Section 5. Liquidation.

(a) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the Holders of full and fractional shares of Series B Preferred Stock will be entitled, before any distribution or payment is made on any date to the holders of the Common Stock or any other stock of the Corporation ranking junior to Series B Preferred Stock upon liquidation, to receive in full an amount per share equal to the greater of (the "*liquidation preference*") (i) \$0.01 plus an amount equal to any dividends that have been declared on Series B Preferred Stock but not paid and (ii) the amount that a holder of one share of Series B Preferred Stock would be entitled to receive if such share were converted into Common Stock immediately prior to such liquidation, dissolution or winding up, together with any declared but unpaid dividend prior to such distribution or payment date, and, for the purpose of such calculation, shares of Common Stock sufficient for the full conversion of all shares of Series B Preferred Stock shall be deemed to be authorized for issuance under the Certificate of Incorporation on such date. If such payment has been made in full to all Holders of shares of Series B Preferred Stock, the Holders of shares of Series B Preferred Stock as such will have no right or claim to any of the remaining assets of the Corporation.

(b) If the assets of the Corporation available for distribution to the Holders of shares of Series B Preferred Stock upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, are insufficient to pay in full all amounts to which such Holders are entitled pursuant to Section 5(a), no such distribution will be made on account of any shares of any other class or Series of Preferred Stock ranking on a parity with the shares of Series B Preferred Stock upon such liquidation, dissolution or winding up unless proportionate distributive amounts are paid on account of the shares of Series B Preferred Stock, ratably in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such liquidation, dissolution or winding up.

(c) Upon the liquidation, dissolution or winding up of the Corporation, the Holders of shares of Series B Preferred Stock then outstanding will be entitled to be paid out of assets of the Corporation available for distribution to its stockholders all amounts to which such holders are entitled pursuant to the first paragraph of this Section 5 before any payment is made to the holders of Common Stock or any other stock of the Corporation ranking junior upon liquidation to Series B Preferred Stock.

(d) For the purposes of this Section 5, the consolidation or merger of, or binding shares exchange by, the Corporation with any other corporation will not be deemed to constitute a liquidation, dissolution or winding up of the Corporation, provided, however, that a Fundamental Change shall be deemed to constitute such a liquidation.

Section 6. Maturity. The Series B Preferred Stock shall be perpetual unless converted in accordance with this Certificate of Designations.

Section 7. No Redemption. The Series B Preferred Stock shall not be redeemable either at the Corporation's option or at the option of Holders at any time.

Section 8. Conversion.

(a) Mandatory Conversion. Effective as of the receipt of all Stockholder Approvals (the "*Mandatory Conversion Date*"), all shares of Series B Preferred Stock shall automatically convert into shares of Common Stock as set forth in Section 8(b) hereof (the "*Mandatory Conversion*").

(b) Number of Shares Upon Conversion. The number of shares of Common Stock into which a share of Series B Preferred Stock shall be convertible shall be determined by dividing \$1,000 by the Applicable Conversion Price (subject to the conversion procedures of Section 9 hereof) plus cash in lieu of fractional shares in accordance with Section 13 hereof.

Section 9. Conversion Procedures.

(a) As promptly as practicable following the Mandatory Conversion, each Holder shall provide the Corporation with a notice (the "*Notice of Conversion*"). In addition to any information required by applicable law or regulation, the Notice of Conversion with respect to such Holder shall state, as appropriate:

- (1) The number of shares of Common Stock to be issued upon conversion of each share of Series B Preferred Stock held of record by such Holder and subject to the Mandatory Conversion;
- (2) The name in which shares of Common Stock to be issued upon conversion of shares of Series B Preferred Stock should be registered; and
- (3) The manner in which certificates of Series B Preferred Stock held of record by such Holder are to be surrendered for issuance of certificates representing shares of Common Stock.

(b) Effective immediately prior to the close of business on the Mandatory Conversion Date, with respect to any share of Series B Preferred Stock, dividends shall no longer be declared on any such converted share of Series B Preferred Stock and such share of Series B Preferred Stock shall only represent such number of shares of Common Stock issuable upon conversion thereof and shall cease to be outstanding, subject to the right of the Holder to receive any declared and unpaid dividends on such share to the extent provided in Section 4 and any other payments to which such Holders is otherwise entitled pursuant to Section 8, Section 11 and Section 13 hereof, as applicable.

(c) No allowance or adjustment, except pursuant to Section 10, shall be made in respect of dividends payable to holders of the Common Stock of record as of any date prior to the close of business on the Mandatory Conversion Date, with respect to any share of Series B Preferred Stock. Prior to the close of business on the Mandatory Conversion Date, with respect to any share of Series B Preferred Stock, shares of Common Stock issuable upon conversion thereof, or other securities issuable upon conversion of such share of Series B Preferred Stock, shall not be deemed outstanding for any purpose, and the Holder thereof shall have no rights with respect to the Common Stock or other securities issuable upon conversion (including voting rights, rights to respond to tender offers for the Common Stock or other securities issuable upon conversion and rights to receive any dividends or distributions on the Common Stock or other securities issuable upon conversion) by virtue of holding such share of Series B Preferred Stock.

(d) Shares of Series B Preferred Stock converted in accordance with this Certificate of Designations will resume the status of authorized and unissued preferred stock, undesignated as to series and available for future issuance.

(e) The Person or Persons entitled to receive the Common Stock and/or cash, securities or other property issuable upon conversion of Series B Preferred Stock shall be treated for all purposes as the record holder(s) of such shares of Common Stock and/or securities as of the close of business on the Mandatory Conversion Date, with respect thereto. In the event that a Holder shall not by written notice designate the name in which shares of Common Stock and/or cash, securities or other property (including payments of cash in lieu of fractional shares) to be issued or paid upon conversion of shares of Series B Preferred Stock should be registered or paid or the manner in which such shares should be delivered, the Corporation shall be entitled to register and deliver such shares, and make such payment, in the name of the Holder and in the manner shown on the records of the Corporation or pursuant to applicable law.

(f) No later than three (3) Business Days following delivery of the Notice of Conversion, with respect to any share of Series B Preferred Stock as to which the Mandatory Conversion shall have occurred, certificates representing shares of Common Stock shall be issued and delivered to the Holder thereof or such Holder's designee upon presentation and surrender of the certificate evidencing such Series B Preferred Stock to the Corporation and, if required, the furnishing of appropriate endorsements and transfer documents and the payment of all transfer and similar taxes.

Section 10. Anti-Dilution Adjustments.

(a) The Conversion Price shall be subject to the following adjustments.

(1) *Stock Dividends and Distributions.* If the Corporation pays dividends or other distributions on the Common Stock in shares of Common Stock, then the Conversion Price in effect immediately prior to the Ex-Date for such dividend or distribution will be multiplied by the following fraction:

$$\frac{OS_0}{OS_1}$$

OS₀ = the number of shares of Common Stock outstanding immediately prior to the Ex-Date for such dividend or distribution.

OS₁ = the sum of the number of shares of Common Stock outstanding immediately prior to the Ex-Date for such dividend or distribution plus the total number of shares of Common Stock constituting such dividend or distribution.

For the purposes of this clause (1), the number of shares of Common Stock at the time outstanding shall not include shares acquired by the Corporation. If any dividend or distribution described in this clause (1) is declared but not so paid or made, the Conversion Price shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to make such dividend or distribution, to such Conversion Price that would be in effect if such dividend or distribution had not been declared.

(2) *Subdivisions, Splits and Combination of the Common Stock.* If the Corporation or any of its subsidiaries subdivides, splits or combines the shares of Common Stock, then the Conversion Price in effect immediately prior to the effective date of such share subdivision, split or combination will be multiplied by the following fraction:

$$\frac{OS_0}{OS_1}$$

OS₀ = the number of shares of Common Stock outstanding immediately prior to the effective date of such share subdivision, split or combination.

OS₁ = the number of shares of Common Stock outstanding immediately after the close of business on the effective date of such share subdivision, split or combination.

For the purposes of this clause (2), the number of shares of Common Stock at the time outstanding shall not include shares acquired by the Corporation. If any subdivision, split or combination described in this clause (2) is announced but the outstanding shares of Common Stock are not subdivided, split or combined, the Conversion Price shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to subdivide, split or combine the outstanding shares of Common Stock, to such Conversion Price that would be in effect if such subdivision, split or combination had not been announced.

(3) *Issuance of Stock Purchase Rights.* If the Corporation or any of its subsidiaries issues to all holders of the shares of Common Stock (and does not make the equivalent issuance to the Holders of Series B Preferred Stock) rights or warrants (other than rights or warrants issued pursuant to a dividend reinvestment plan or share purchase plan or other similar plans) entitling them, for a period of up to 180 days (or any shorter period) from the date of issuance of such rights or warrants, to subscribe for or purchase shares of Common Stock at less than the Current Market Price on the date fixed for the determination of stockholders entitled to receive such rights or warrants, then the Conversion Price in effect immediately prior to the Ex-Date for such distribution will be multiplied by the following fraction:

$$\frac{OS_0 + Y}{OS_0 + X}$$

OS₀ = the number of shares of Common Stock outstanding immediately prior to the Ex-Date for such distribution.

X = the total number of shares of Common Stock issuable pursuant to such rights or warrants.

Y = the number of shares of Common Stock equal to the aggregate price payable to exercise such rights or warrants divided by the Current Market Price.

For the purposes of this clause (3), the number of shares of Common Stock at the time outstanding shall not include shares acquired by the Corporation. The Corporation shall not issue any such rights or warrants in respect of shares of the Common Stock acquired by the Corporation. In the event that such rights or warrants described in this clause (3) are not so issued, the Conversion Price shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to issue such rights or warrants, to the Conversion Price that would then be in effect if such issuance had not been declared. To the extent that such rights or warrants are not exercised prior to their expiration or shares of Common Stock are otherwise not delivered pursuant to such rights or warrants upon the exercise of such rights or warrants, the Conversion Price shall be readjusted to

such Conversion Price that would then be in effect had the adjustment made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock actually delivered. In determining the aggregate offering price payable for such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants and the value of such consideration (if other than cash, to be determined by the Board of Directors).

(4) *Self Tender Offers and Exchange Offers.* If the Corporation or any of its subsidiaries successfully completes a tender or exchange offer for the Common Stock (and does not make the equivalent offer to the Holders of Series B Preferred Stock) where the cash and the value of any other consideration included in the payment per share of the Common Stock exceeds the Closing Price per share of the Common Stock on the Trading Day immediately succeeding the expiration of the tender or exchange offer, then the Conversion Price in effect at the close of business on such immediately succeeding Trading Day will be multiplied by the following fraction:

$$\frac{OS_0 \times SP_0}{AC + (SP_0 \times OS_1)}$$

SP₀ = the Closing Price per share of Common Stock on the Trading Day immediately succeeding the expiration of the tender or exchange offer.

OS₀ = the number of shares of Common Stock outstanding immediately prior to the expiration of the tender or exchange offer, including any shares validly tendered and not withdrawn.

OS₁ = the number of shares of Common Stock outstanding immediately after the expiration of the tender or exchange offer and after taking into account the shares purchased pursuant thereto.

AC = the aggregate cash and fair market value of the other consideration payable in the tender or exchange offer, as determined by the Board of Directors.

In the event that the Corporation, or one of its subsidiaries, is obligated to purchase shares of Common Stock pursuant to any such tender offer or exchange offer, but the Corporation, or such subsidiary, is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then the Conversion Price shall be readjusted to be such Conversion Price that would then be in effect if such tender offer or exchange offer had not been made.

(5) *Rights Plans.* To the extent that the Corporation has a rights plan in effect with respect to the Common Stock on the Mandatory Conversion Date, upon conversion of any shares of the

Series B Preferred Stock, Holders will receive, in addition to the shares of Common Stock, the rights under the rights plan, unless, prior to the Mandatory Conversion Date, the rights have separated from the shares of Common Stock, in which case the Conversion Price will be adjusted at the time of separation as if the Corporation had made a distribution to all holders of the Common Stock as described in clause (3) above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

(b) All adjustments to the Conversion Price shall be calculated to the nearest 1/10 of a cent. No adjustment in the Conversion Price shall be required if such adjustment would be less than \$0.01; provided, that any adjustments which by reason of this subparagraph are not required to be made shall be carried forward and taken into account in any subsequent adjustment; provided further that on the Mandatory Conversion Date, adjustments to the Conversion Price will be made with respect to any such adjustment carried forward and which has not been taken into account before such date. When any adjustment is to be made in respect of a distribution of Common Stock or rights or warrants to purchase Common Stock, such adjustment shall also be made for any securities convertible, exchangeable or exercisable for shares of Common Stock.

(c) No adjustment to the Conversion Price shall be made if Holders may participate in the transaction that would otherwise give rise to an adjustment, as a result of holding the Series B Preferred Stock (including without limitation pursuant to Section 4(b) hereof), without having to convert the Series B Preferred Stock, as if they held the full number of shares of Common Stock into which a share of the Series B Preferred Stock may then be converted.

(d) Notwithstanding anything contained herein, the Applicable Conversion Price shall not be adjusted:

- (1) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Corporation's securities and the investment of additional optional amounts in shares of Common Stock under any plan;
- (2) upon the issuance of any shares of Common Stock or rights or warrants to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Corporation or any of its subsidiaries;
- (3) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the date shares of the Series B Preferred Stock were first issued and not substantially amended thereafter;
- (4) for a change in the par value or no par value of Common Stock; or
- (5) for accrued and unpaid dividends on the Series B Preferred Stock.

(e) Whenever the Conversion Price is to be adjusted in accordance with Section 10(a), the Corporation shall: (i) compute the Conversion Price in accordance with Section 10(a), taking into account the threshold set forth in Section 10(b); (ii) as soon as practicable following the occurrence of an event that requires an adjustment to the Conversion Price pursuant to Section 10(a) taking into account the threshold set forth in Section 10(b) (or if the Corporation is not aware of such occurrence, as soon as practicable after becoming so aware), provide, or cause to be provided, a written notice to the Holders of the occurrence of such event; and (iii) as soon as practicable following the determination of the revised Conversion Price in accordance with Section 10(a), provide, or cause to be provided, a written notice to the Holders setting forth in reasonable detail the method by which the adjustment to the Conversion Price was determined and setting forth the revised Conversion Price.

Section 11. Reorganization Events.

(a) In the event of:

(1) consolidation or merger of the Corporation with or into another Person, or other similar transaction, in each case pursuant to which the Common Stock will be converted into cash, securities or other property of the Corporation or another Person;

(2) any sale, transfer, lease or conveyance to another Person of all or substantially all of the property and assets of the Corporation, in each case pursuant to which the Common Stock will be converted into cash, securities or other property of the Corporation or another Person;

(3) any reclassification of the Common Stock into securities including securities other than the Common Stock;

(any such event specified in this Section 11(a), a "*Reorganization Event*"); each share of Series B Preferred Stock outstanding immediately prior to such Reorganization Event shall remain outstanding but shall become convertible into the kind of securities, cash and other property receivable in such Reorganization Event by the holder (excluding the counterparty to the Reorganization Event or an affiliate of such counterparty) of that number of shares of Common Stock into which the share of Series B Preferred Stock would then be convertible (and for the purpose of such calculation, shares of Common Stock sufficient for the full conversion of all shares of Series B Preferred Stock shall be deemed to be authorized for issuance under the Certificate of Incorporation on such date) (such securities, cash and other property, the "*Exchange Property*").

(b) In the event that holders of the shares of Common Stock have the opportunity to elect the form of consideration to be received in the Reorganization Event, the consideration that the Holders are entitled to receive shall be deemed to be the types and amounts of consideration received by the majority of the holders of the shares of Common Stock that affirmatively make an election. The amount of Exchange Property receivable upon conversion of any Series B Preferred Stock in accordance with Section 8 shall be determined based upon the Conversion Price in effect on the date of consummation of the Reorganization Event.

(c) The above provisions of this Section 11 shall similarly apply to successive Reorganization Events and the provisions of Section 10 shall apply to any shares of capital stock of the Corporation (or any successor) received by the holders of the Common Stock in any such Reorganization Event.

(d) The Corporation (or any successor) shall, within twenty (20) days of the occurrence of any Reorganization Event, provide written notice to the Holders of such occurrence of such event and of the kind and amount of the cash, securities or other property that constitutes the Exchange Property. Failure to deliver such notice shall not affect the operation of this Section 11.

(e) Notwithstanding anything to the contrary in this Section 11 or otherwise in this Certificate of Designations, the Corporation shall not enter into any agreement for a transaction constituting a Fundamental Change unless such agreement (i) entitles Holders to receive, on an as-converted basis, the securities, cash and other property receivable in such transaction by a holder of shares of Common Stock that was not the counterparty to such transaction or an affiliate of such other party as described in Section 11(a), (ii) provides that each share of Series B Preferred Stock shall be converted into the number of shares of Common Stock as provided in Section 8(b), or (iii) provides that (1) the Series B Preferred Stock remains outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, is converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, that is an entity organized and existing under the laws of the United States of America, any state thereof or the District of Columbia, and (2) such Series B Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the Holders thereof than the rights, preferences, privileges and voting powers of the Series B Preferred Stock, taken as a whole. For the avoidance of doubt, nothing herein shall prohibit the Corporation from entering into or consummating a transaction constituting a Fundamental Change provided that the Series B Preferred Stock is treated as set forth in the preceding sentence.

Section 12. Voting Rights.

(a) The Holders of the Series B Preferred Stock vote together with the Holders of Common Stock on all matters upon which the Holders of Common Stock are entitled to vote. Each share of Series B Preferred Stock shall be entitled to such number of votes as the number of shares of Common Stock into which such share of Series B Preferred Stock is convertible at the time of the record date for any such vote, and for the purpose of such calculation, shares of Common Stock sufficient for the full conversion of all shares of Series

B Preferred Stock shall be deemed to be authorized for issuance under the Certificate of Incorporation on such date and shall be included in such calculation.

(b) So long as any shares of Series B Preferred Stock are outstanding, the vote or consent of the Holders of a majority of the shares of Series B Preferred Stock at the time outstanding, voting as a single class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, will be necessary for effecting or validating any of the following actions, whether or not such approval is required by Michigan law:

(1) any amendment, alteration or repeal of any provision of the Certificate of Incorporation, this Certificate of Designations, or the Corporation's bylaws (whether by merger, consolidation, business combination or otherwise) that would alter or change the voting powers, preferences or special rights of the Series B Preferred Stock so as to affect them adversely; or

(2) the consummation of a binding share exchange or reclassification involving the Common Stock or a merger or consolidation of the Corporation with another entity, except that Holders will have no separate right to vote under this provision or under Section 450.1773 of the Michigan Business Corporation Act or otherwise under Michigan law if (x) the Corporation shall have complied with Section 11(e), (y) the transaction shall be a Reorganization Event in which each share of Series B Preferred Stock shall be convertible into the Exchange Property, or (z) (1) the Series B Preferred Stock remains outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, is converted into or exchanged for preference securities or common stock of the surviving or resulting entity or its ultimate parent, that is an entity organized and existing under the laws of the United States of America, any state thereof or the District of Columbia, and (2) such Series B Preferred Stock remaining outstanding or such preference securities or common stock, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the Holders thereof than the rights, preferences, privileges and voting powers of the Series B Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized preferred stock or any securities convertible into preferred stock or the creation and issuance, or an increase in the amount of the authorized or issued amount, of any series of preferred stock, or any securities convertible into preferred stock ranking junior to, equally with and/or senior to the Series B Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or the distribution of assets upon a liquidation, dissolution or winding up of the Corporation, will not, in and of itself, be deemed to adversely affect the voting powers, preferences or special rights of the Series B Preferred Stock and, notwithstanding Section 450.1773 of the Michigan Business

Corporation Act or any other provision of Michigan law, Holders will have no right to separately vote solely by reason of such an increase, creation or issuance.

If an amendment, alteration, repeal, share exchange, reclassification, merger or consolidation described above would adversely affect one or more but not all series of preferred stock with like voting rights (including the Series B Preferred Stock for this purpose), then only the series affected and entitled to vote shall vote as a class in lieu of all such series of preferred stock.

(c) Notwithstanding the foregoing, Holders shall not have any voting rights if, at or prior to the effective time of the act with respect to which such vote would otherwise be required, all outstanding shares of Series B Preferred Stock shall have been converted into shares of Common Stock.

Section 13. Fractional Shares.

(a) No fractional shares of Common Stock will be issued as a result of any conversion of shares of Series B Preferred Stock.

(b) In lieu of any fractional share of Common Stock otherwise issuable in respect of any conversion pursuant to Section 8 hereof, the Corporation shall pay an amount in cash (computed to the nearest cent) equal to the same fraction of the Closing Price of the Common Stock determined as of the second Trading Day immediately preceding the Mandatory Conversion Date.

(c) If more than one share of the Series B Preferred Stock is surrendered for conversion at one time by or for the same Holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of the Series B Preferred Stock so surrendered.

Section 14. Reservation of Common Stock.

(a) Following the receipt of the Stockholder Approvals for conversion of outstanding shares of Series B Preferred Stock, the Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock or shares acquired by the Corporation, solely for issuance upon the conversion of such shares of Series B Preferred Stock as provided in this Certificate of Designations, free from any preemptive or other similar rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all such shares of Series B Preferred Stock then outstanding, assuming that the Applicable Conversion Price equaled the Conversion Price on the Effective Date.

(b) Notwithstanding the foregoing, the Corporation shall be entitled to deliver upon conversion of shares of Series B Preferred Stock, as herein provided, shares of Common Stock acquired by the Corporation (in lieu of the issuance of authorized and unissued shares of Common Stock), so long as any such acquired shares are free and clear of all liens, charges, security interests or encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders).

(c) All shares of Common Stock delivered upon conversion of the Series B Preferred Stock shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders).

(d) Prior to the delivery of any securities that the Corporation shall be obligated to deliver upon conversion of the Series B Preferred Stock, the Corporation shall use its reasonable best efforts to comply with all federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority, and if notwithstanding such efforts the shares of Common Stock cannot be delivered in compliance with such laws and regulations, then the Corporation shall not be required to so deliver until it can deliver in compliance with such laws and regulations.

(e) The Corporation hereby covenants and agrees that, if at any time the Common Stock shall be listed on the New York Stock Exchange or any other national securities exchange or automated quotation system, the Corporation will, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all the Common Stock issuable upon conversion of the Series B Preferred Stock, and, for the purpose of such calculation, shares of Common Stock sufficient for the full conversion of all shares of Series B Preferred Stock shall be deemed to be authorized for issuance under the Certificate of Incorporation on such date.

Section 15. Replacement Certificates.

(a) The Corporation shall replace any mutilated certificate representing Series B Preferred Stock at the Holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates representing Series B Preferred Stock that become destroyed, stolen or lost at the Holder's expense upon delivery to the Corporation of satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be required by the Corporation.

(b) The Corporation shall not be required to issue any certificates representing the Series B Preferred Stock on or after the Mandatory Conversion Date.

IN WITNESS WHEREOF, the undersigned have signed and attested this certificate on the 28th day of January, 2009.

FLAGSTAR BANCORP, INC.

By: /s/ Mark T. Hammond

Name: Mark T. Hammond

Title: Vice-Chairman, President and Chief Executive Officer

By: /s/ Paul D. Borja

Name: Paul D. Borja

Title: Executive Vice-President and Chief Financial Officer

Attest: /s/ Mary Kay Ruedisueli

Name: Mary Kay Ruedisueli

Title: Executive Vice-President and Secretary

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Exhibit 3.2

FIFTH AMENDED AND RESTATED BYLAWS

OF

FLAGSTAR BANCORP, INC.

ARTICLE I

PRINCIPAL EXECUTIVE OFFICE

The principal executive office of Flagstar Bancorp, Inc. (the "Corporation") shall be at 5151 Corporate Drive, Troy, Michigan 48098-2639. The Corporation may also have offices at such other places within or without the State of Michigan as the board of directors shall from time to time determine.

ARTICLE II

SHAREHOLDERS

SECTION 1. Place of Meetings. All annual and special meetings of shareholders shall be held at the principal executive office of the Corporation or at such other place within or without the State of Michigan as the board of directors may determine and as designated in the notice of such meeting.

SECTION 2. Annual Meeting. A meeting of the shareholders of the Corporation for the election of directors and for the transaction of any other business of the Corporation shall be held annually on the first Monday in March, if not a legal holiday, and if a legal holiday, then on the next following which is not a legal holiday, at noon. If the annual meeting is not held on the day designated therefor, the meeting shall be held on such other date and at such time as the board of directors shall determine.

SECTION 3. Special Meetings. Special meetings of the shareholders for any purpose or purposes may be called at any time by the chief executive officer of the Corporation or by the chairman of the board, the president or the secretary of the Corporation at the direction of the board of directors.

SECTION 4. Conduct of Meetings. Annual and special meetings shall be conducted in accordance with these Bylaws or as otherwise prescribed by the board of directors. The chairman or the chief executive officer of the Corporation shall preside at such meetings.

SECTION 5. Notice of Meeting. Written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be mailed by the secretary or the officer performing his duties, not less than ten (10) days nor more than 60 days before the meeting to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the

shareholder at his address as it appears on the stock transfer books or records of the Corporation as of the record date prescribed in Section 6, with postage thereon prepaid. If a shareholder be present at a meeting, or in writing waive notice thereof before or after the meeting, notice of the meeting to such shareholder shall be unnecessary. When any shareholders' meeting, either annual or special, is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. It shall not be necessary to give any notice of the time and place of any meeting adjourned for less than 30 days or of the business to be transacted at such adjourned meeting, other than an announcement at the meeting at which such adjournment is taken.

SECTION 6. Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors shall fix in advance a date as the record date for any such determination of shareholders. Such date in any case shall be not more than 60 days, and in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

SECTION 7. Voting Lists. The officer or agent having charge of the stock transfer books for shares of the Corporation shall make, at least ten (10) days before each meeting of shareholders, a complete record of the shareholders entitled to vote at such meeting or any adjournment thereof, with the address of and the number of shares held by each. The record shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder of the Corporation during the whole time of the meeting. The record of shareholders shall be prima facie evidence as to who are the shareholders entitled to examine such record or transfer books or to vote at any meeting of shareholders.

SECTION 8. Quorum. A majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If less than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

SECTION 9. Proxies. At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or by his duly authorized attorney in fact. Proxies solicited on behalf of the management shall be voted as directed by the shareholder or, in the absence of such direction, as determined by a majority of the board of directors. No proxy shall be valid after three (3) years from the date of its execution unless otherwise provided in the proxy.

SECTION 10. Voting. Unless otherwise provided by the Corporation's Articles of Incorporation, at each election of directors every shareholder entitled to vote at such election shall be entitled to one vote for each share of stock held. Unless otherwise provided by the Corporation's Articles of Incorporation, by statute, or by these Bylaws, a majority of those votes cast by shareholders at a lawful meeting shall be sufficient to pass on a transaction or matter, except in the election of directors, which election shall be determined by a plurality of the votes of the shares present in person or by proxy at the meeting and entitled to vote on the election of directors.

SECTION 11. Voting of Shares in the Name of Two or More Persons. When ownership of stock stands in the name of two or more persons, in the absence of written directions to the Corporation to the contrary, at any meeting of the shareholders of the Corporation any one or more of such shareholders may cast, in person or by proxy, all votes to which such ownership is entitled. In the event an attempt is made to cast conflicting votes, in person or by proxy, by the several persons in whose name shares of stock stand, the vote or votes to which these persons are entitled shall be cast as directed by a majority of those holding such stock and present in person or by proxy at such meeting, but no votes shall be cast for such stock if a majority cannot agree.

SECTION 12. Voting of Shares by Certain Holders. Shares standing in the name of another corporation may be voted by any officer, agent or proxy as the bylaws of such corporation may prescribe, or, in the absence of such provision, as the board of directors of such corporation may determine. Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name. Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority to do so is contained in an appropriate order of the court or other public authority by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee and thereafter the pledgee shall be entitled to vote the shares so transferred.

Neither treasury shares of its own stock held by the Corporation, nor shares held by another corporation, if a majority of the shares entitled to vote for the election of directors of such other corporation are held by the Corporation, shall be voted at any meeting or counted in determining the total number of outstanding shares at any given time for purposes of any meeting.

SECTION 13. Inspectors of Election. In advance of any meeting of shareholders, the board of directors may appoint any persons, other than nominees for office, as inspectors of election to act at such meeting or any adjournment thereof. The number of inspectors shall be either one or three. If the board of directors so appoints either one or three inspectors, that appointment shall not be altered at the meeting. If inspectors of election are not so appointed, the chairman of the board may make such appointment at the meeting. In case any person appointed as inspector fails to appear or fails or refuses to act, the vacancy may be filled by appointment in advance of the meeting or at the meeting by the chairman of the board or the president.

Unless otherwise prescribed by applicable law, the duties of such inspectors shall include: determining the number of shares of stock and the voting power of each share, the shares of stock represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies; receiving votes, ballots or consents; hearing and determining all challenges and questions in any way arising in connection with the right to vote; counting and tabulating all votes or consents; determining the result; and such acts as may be proper to conduct the election or vote with fairness to all shareholders.

SECTION 14. Nominating Committee. The board of directors or a committee appointed by the board of directors shall act as a nominating committee for selecting the

management nominees for election as directors. Except in the case of a nominee substituted as a result of the death or other incapacity of a management nominee, the nominating committee shall deliver written nominations to the secretary at least 20 days prior to the date of the annual meeting. Provided such committee makes such nominations, no nominations for directors except those made by the nominating committee shall be voted upon at the annual meeting unless other nominations by shareholders are made in writing and delivered to the secretary of the Corporation in accordance with the provisions of the Corporation's Articles of Incorporation.

SECTION 15. New Business. Any new business to be taken up at the annual meeting shall be stated in writing and filed with the secretary of the Corporation in accordance with the provisions of the Corporation's Articles of Incorporation. This provision shall not prevent the consideration and approval or disapproval at the annual meeting of reports of officers, directors and committees, but in connection with such reports no new business shall be acted upon at such annual meeting unless stated and filed as provided in the Corporation's Articles of Incorporation.

ARTICLE III BOARD OF DIRECTORS

SECTION 1. General Powers. The business and affairs of the Corporation shall be under the direction of its board of directors. The chairman shall preside at all meetings of the board of directors.

SECTION 2. Number, Term and Election. The board of directors shall consist of eleven (11) members and shall be divided into two classes as nearly equal in number as possible. The members of each class shall be elected for a term of two (2) years and until their successors are elected or qualified. The board of directors shall be classified in accordance with the provisions of the Corporation's Articles of Incorporation.

SECTION 3. Regular Meetings. A regular meeting of the board of directors shall be held at such time and place as shall be determined by resolution of the board of directors without other notice than such resolution.

SECTION 4. Special Meetings. Special meetings of the board of directors may be called by or at the request of the chairman, the chief executive officer or one-third of the directors. The person calling the special meetings of the board of directors may fix any place as the place for holding any special meeting of the board of directors called by such persons.

Members of the board of directors may participate in special meetings by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other. Such participation shall constitute presence in person.

SECTION 5. Notice. Written notice of any special meeting shall be given to each director at least 24 hours previous thereto. Any director may waive notice of any meeting by a writing filed with the secretary. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

SECTION 6. Quorum. A majority of the number of directors fixed by Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the board of directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time. Notice of any adjourned meeting shall be given in the same manner as prescribed by Section 5 of this Article III.

SECTION 7. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless a greater number is prescribed by these Bylaws, the Corporation's Articles of Incorporation, or the Michigan Business Corporation Act.

SECTION 8. Action Without a Meeting. Any action required or permitted to be taken by the board of directors at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors.

SECTION 9. Resignation. Any director may resign at any time by sending a written notice of such resignation to the home office of the Corporation addressed to the chairman of the board or the president. Unless otherwise specified therein such resignation shall take effect upon receipt thereof by the chairman of the board or the president.

SECTION 10. Vacancies. Any vacancy occurring in the board of directors shall be filled in accordance with the provisions of the Corporation's Articles of Incorporation. Any directorship to be filled by reason of an increase in the number of directors may be filled by the affirmative vote of a majority of the directors then in office or by election at an annual meeting or at a special meeting of the shareholders held for that purpose. The term of such director shall be in accordance with the provisions of the Corporation's Articles of Incorporation.

SECTION 11. Compensation. Directors, as such, may receive such compensation for service on the board of directors as the board may determine. Members of either standing or special committees may be allowed such compensation as the board of directors may determine.

SECTION 12. Removal of Directors. Any director or the entire board of directors may be removed only in accordance with the provisions of the Corporation's Articles of Incorporation.

ARTICLE IV

COMMITTEES OF THE BOARD OF DIRECTORS

The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, as they may determine to be necessary or appropriate for the conduct of the business of the Corporation, and may prescribe the duties, constitution and procedures thereof. Each committee shall consist of one or more directors of the Corporation appointed by a majority of the whole board. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

The board shall have power at any time to change the members of, to fill vacancies in, and to discharge any committee of the board. Any member of any such committee may resign at any time by giving notice to the Corporation; provided, however, that notice to the board, the chairman of the board, the chief executive officer, the chairman of such committee, or the secretary shall be deemed to constitute notice to the Corporation. Such resignation shall take effect upon receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective. Any member of any such committee may be removed at any time, either with or without cause, by the affirmative vote of a majority of the authorized number of directors at any meeting of the board called for that purpose.

ARTICLE V

OFFICERS

SECTION 1. Positions. The officers of the Corporation shall be a president, one or more vice presidents, a secretary and a treasurer, each of whom shall be elected by the board of directors. The board of directors may also designate the chairman of the board as an officer. The board of directors may designate one or more vice presidents as senior executive vice president, executive vice president, first vice president, senior vice president or assistant vice president. The board of directors may also elect or authorize the appointment of such other officers as the business of the Corporation may require. The officers shall have such authority and perform such duties as the board of directors may from time to time authorize or determine. In the absence of action by the board of directors, the officers shall have such powers and duties as generally pertain to their respective offices.

SECTION 2. Election and Term of Office. The officers of the Corporation shall be elected annually by the board of directors at the first meeting of the board of directors held after each annual meeting of the shareholders. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as possible. Each officer shall hold office until his successor shall have been duly elected and qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. Election or appointment of an officer, employee or agent shall not of itself create contract rights. The board of directors may authorize the Corporation to enter into an employment contract with any officer in accordance with state law; but no such contract shall impair the right of the board of directors to remove any officer at any time in accordance with Section 3 of this Article V.

SECTION 3. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the board of directors for the unexpired portion of the term.

SECTION 4. Remuneration. The remuneration of the officers shall be fixed from time to time by the board of directors.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. Contracts. To the extent permitted by applicable law, and except as otherwise prescribed by the Corporation's Articles of Incorporation or these Bylaws with respect to certificates for shares, the board of directors or the executive committee may authorize any officer, employee, or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.

SECTION 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by the board of directors. Such authority may be general or confined to specific instances.

SECTION 3. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by one or more officers, employees or agents of the Corporation in such manner, including in facsimile form, as shall from time to time be determined by resolution of the board of directors.

SECTION 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in any of its duly authorized depositories as the board of directors may select.

ARTICLE VII

CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. Certificates for Shares. The shares of the Corporation may be certificated or uncertificated, as provided in the Michigan Business Corporation Act. The authorization does not affect shares of the Corporation already represented by certificates until the certificates are surrendered to the Corporation. The shares of the Corporation represented by certificates shall be signed by the chairman of the board, a vice-chairman of the board, the president or a vice president and by any other officer of the Corporation, and may be sealed with the seal of the Corporation or a facsimile thereof. Any or all of the signatures upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the Corporation itself or an employee of the Corporation. If any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before the certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of its issue.

SECTION 2. Form of Share Certificates. All certificates representing shares issued by the Corporation shall set forth upon the face or back that the Corporation will furnish to any shareholder upon request and without charge a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued, the variations in the relative rights, preferences and limitations between the shares of each such series so far as the same have been fixed and determined, and the authority of the board of directors to designate and prescribe the relative rights, preferences and limitations of subsequent series.

Each certificate representing shares shall state upon its face: That the Corporation is organized under the laws of the State of Michigan; the name of the person to whom issued; and the number and class of shares, and the designation of the series, if any, which such certificate represents. Other matters in regard to the form of the certificates shall be determined by the board of directors.

SECTION 3. Payment for Shares. No certificate shall be issued for any share until such share is fully paid.

SECTION 4. Form of Payment for Shares. The consideration for the issuance of shares shall be paid in accordance with the provisions of the Corporation's Articles of Incorporation.

SECTION 5. Transfer of Shares. Transfer of shares of capital stock of the Corporation shall be made only on its stock transfer books. Authority and transfer instructions for such transfer shall be given only by the holder of record thereof or by his legal representative, who shall furnish proper evidence of such authority, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Corporation. Such transfer, with respect to certificated shares, shall be made only on surrender for cancellation of the certificated shares. Such transfer, in the case of uncertificated shares, shall be made only upon compliance with appropriate procedures for transferring shares in uncertificated form. The person in whose name

shares of capital stock stand on the books of the Corporation shall be deemed by the Corporation to be the owner thereof for all purposes. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

SECTION 6. Lost Certificates. The board of directors may direct (i) a new certificate or (ii) uncertificated shares to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. When authorizing such issue of (i) a new certificate or (ii) uncertificated shares, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate, or his legal representative, to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

ARTICLE VIII

FISCAL YEAR

The fiscal year of the Corporation shall end on the last day of December of each year or on such other date as shall be fixed from time to time by resolution of the board of directors.

ARTICLE IX

DIVIDENDS

Subject to the provisions of the Corporation's Articles of Incorporation and applicable law, the board of directors may declare dividends upon the stock of the Corporation at any regular or special meeting. Dividends may be paid in cash, in property or in the Corporation's own stock.

ARTICLE X

CORPORATION SEAL

The corporate seal of the Corporation shall be in such form as the board of directors shall prescribe.

ARTICLE XI

AMENDMENTS

In accordance with the Corporation's Articles of Incorporation, these Bylaws may be repealed, altered, amended or rescinded by the shareholders of the Corporation by the affirmative vote of a majority of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the shareholders called for that purpose (provided that notice of such proposed repeal, alteration, amendment or rescission is included in the notice of such meeting). In addition, the board of directors may repeal, alter, amend or rescind these Bylaws by vote of two-thirds of the board of directors at a legal meeting held in accordance with the provisions of these Bylaws.

SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT (this "Agreement") by and between Flagstar Bancorp, Inc. (the "Company"), a corporation organized under the laws of the State of Michigan, with its principal offices at 5151 Corporate Drive, Troy, Michigan 48098-2639, and the undersigned subscriber (the "Subscriber") is made effective as of the date on which the Company accepts this Agreement by executing the acceptance form below.

WHEREAS, the Company has entered into an Investment Agreement made as of December 17, 2008 with MP Thrift Investments L.P., a Delaware limited partnership ("MP Thrift"), pursuant to which MP Thrift agreed to purchase from the Company 250,000 shares of a series of mandatory convertible participating voting preferred stock, \$0.01 par value per share, of the Company (the "Convertible Preferred Stock"), at a purchase price of \$1,000 per share, with each share convertible into common stock, par value \$0.01 per share, of the Company (the "Common Stock"), at the liquidation preference divided by \$0.80 (the "MP Thrift Investment Agreement");

WHEREAS, in order to induce MP Thrift to enter into the MP Thrift Investment Agreement, the Subscribers have agreed to purchase shares of Common Stock (the "Management Shares") for an aggregate purchase price of not less than \$4 million and not more than \$5 million at a price per Management Purchased Share of \$0.80 per share, *provided, however*, that if the Company does not have sufficient shares of Common Stock available for issuance prior to an amendment to the Company's Amended and Restated Articles of Incorporation to increase the number of authorized shares thereunder, then the Subscribers shall instead purchase an equivalent number shares of Convertible Preferred Stock on an as converted basis as would have been purchased if sufficient shares of Common stock were available for issuance.

SECTION 1. Subscription for the Management Shares. At the completion of the purchase and sale of the Management Shares (the "Closing"),

the Subscriber hereby offers to purchase from the Company, upon the terms and conditions hereinafter set forth, _____ shares of Common Stock at a purchase price of \$.80 per share (the "Purchase Price").

SECTION 2. Acceptance of Subscriptions. Subscriber understands that the Company may accept this offer for all or any portion of the aggregate principal amount subscribed for herein or may reject this subscription without notice, in full or in part, with or without cause. Subscriber understands that the execution and delivery of this Agreement will not constitute an agreement between Subscriber and the Company until this Agreement has been accepted by the Company. The undersigned Subscriber will be notified of the acceptance of this subscription, or its rejection, by the Company.

SECTION 3. Delivery of the Shares at the Closing. At the Closing, the Subscriber shall deliver, in immediately available funds, the full amount of the Purchase Price for the Management Shares being subscribed for hereunder to an account designated by the Company and the Company will issue _____ shares of Common Stock sold in the offering against

receipt of subscription funds from Subscribers. Such shares will bear an appropriate legend referring to the fact that the Management Shares were sold in reliance upon the exemption from registration under the Securities Act of 1933, as amended (the “Securities Act”), provided by Section 4(2) thereof and Rule 506 thereunder. The Management Shares, along with a copy of this Agreement accepted by the Company, will be delivered to Subscriber within five business days of the Closing.

SECTION 4. Representations, Warranties and Covenants of the Subscriber. The Subscriber hereby represents and warrants to, and covenants with, the Company that:

4.1 Experience. (i) The Subscriber is knowledgeable, sophisticated and experienced in financial and business matters, in making, and is qualified to make, decisions with respect to investments in shares representing an investment decision like that involved in the purchase of the Management Shares, including investments in securities issued by the Company and comparable entities, has the ability to bear the economic risks of an investment in the Management Shares and has reviewed carefully the information provided by the Company to the Subscriber in connection with this Agreement and the purchase of the Management Shares hereunder, and has requested, received, reviewed and considered all information it deems relevant in making an informed decision to purchase the Management Shares; (ii) the Subscriber is acquiring the number of Management Shares set forth in Section 2.1 above in the ordinary course of its business and for its own account for investment only and with no present intention of distributing any of the Management Shares or any arrangement or understanding with any other persons regarding the distribution of such Management Shares (this representation and warranty not limiting the Subscriber’s right to sell pursuant to the Registration Statement or in compliance with the Securities Act and the rules and regulations promulgated thereunder (the “Rules and Regulations”)); and (iii) the Subscriber will not, directly or indirectly, offer, sell, pledge, transfer or otherwise dispose of (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of) any of the Management Shares, nor will the Subscriber engage in any short sale that results in a disposition of any of the Management Shares by the Subscriber, except in compliance with the Securities Act and the Rules and Regulations and any applicable state securities laws.

4.2 Reliance on Exemptions. The Subscriber understands that the Management Shares are being offered and sold to it in reliance upon specific exemptions from the registration requirements of the Securities Act, the Rules and Regulations and state securities laws and that the Company is relying upon the truth and accuracy of, and the Subscriber’s compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Subscriber set forth herein in order to determine the availability of such exemptions and the eligibility of the Subscriber to acquire the Management Shares.

4.3 Investment Decision. The Subscriber understands that nothing in this Agreement or any other materials presented to the Subscriber in connection with the purchase and sale of the Management Shares, constitutes legal, tax or investment advice. The Subscriber has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of the Management Shares.

4.4 Risk of Loss. The Subscriber understands that its investment in the Management Shares involves a significant degree of risk, including a risk of total loss of the Subscriber’s

investment, and the Subscriber has full cognizance of and understands all of the risk factors related to the Subscriber's purchase of the Securities. The Subscriber understands that the market price of the Common Stock has been volatile, and that no representation is being made as to the future value of the Management Shares.

4.5 Legend. The Subscriber understands that, until such time as the Registration Statement has been declared effective or the Management Shares may be sold pursuant to Rule 144 under the Securities Act without any restriction as to the number of securities as of a particular date that can then be immediately sold, the Management Shares will bear a restrictive legend in substantially the following form:

“THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE SHARES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (2) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE STATE SECURITIES LAWS AND THE SECURITIES LAWS OF OTHER JURISDICTIONS, AND IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT AND SUCH OTHER APPLICABLE LAWS.”

4.6 Transfer Restrictions. Consistent with the legend set forth in Section 3.5, the Management Shares may only be disposed of in compliance with state and federal securities laws.

SECTION 5. Termination of the Offering. The offering of the Management Shares can be terminated at any time by the Company regardless of whether this Agreement has theretofore been accepted by the Company. In the event of termination of this offering, the amount paid for the Management Shares previously remitted by Subscriber, without interest thereon, will be promptly refunded to Subscriber and this Agreement, and the parties' obligations hereunder, shall terminate.

SECTION 6. Subscription Irrevocable. This Agreement and the subscription for the Management Shares hereby shall be irrevocable after delivery to the Company.

SECTION 7. Notices. All notices, requests, consents and other communications hereunder shall be in writing, shall be mailed by first-class registered or certified airmail, e-mail, confirmed facsimile or nationally recognized overnight express courier postage prepaid, and shall be deemed given when so mailed and shall be delivered as addressed as follows:

(a) if to the Company, to:

Flagstar Bancorp, Inc.
5151 Corporate Drive,
Troy, Michigan 48098-2639
Attention: Mr. Paul Borja
Facsimile: (248) 312-6833
E-mail: paul.borja@flagstar.com

with a copy to:

Kutak Rock LLP
1101 Connecticut Avenue, N.W.
Suite 1000
Washington, DC 20036-4374
Attention: Jeremy Johnson, Esq.
Facsimile: (202) 828-2488
E-mail: jeremy.johnson@KutakRock.com

or to such other person at such other place as the Company shall designate to the Subscriber in writing; and

(b) if to a Subscriber, at its address as set forth at the end of this Agreement, or at such other address or addresses as may have been furnished to the Company in writing.

SECTION 8. Changes. This Agreement may not be modified or amended except pursuant to an instrument in writing signed by the Company and the Subscribers. Any amendment or waiver effected in accordance with this Section 7 shall be binding upon each holder of any Management Shares purchased under this Agreement at the time outstanding, each future holder of all such Management Shares, and the Company.

SECTION 9. Headings. The headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be part of this Agreement.

SECTION 10. Severability. In case any provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

SECTION 11. Governing Law; Venue. This Agreement is to be construed in accordance with and governed by the federal law of the United States of America and the internal laws of the State of New York without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of New York to the rights and duties of the parties. The Company and the Subscribers each submit to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York City for purposes of all legal proceedings arising out of or relating to this Agreement and the transactions contemplated hereby. The Company and the Subscribers each irrevocably waive, to the fullest extent

permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

SECTION 12. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument, and shall become effective when one or more counterparts have been signed by each party hereto and delivered to the other parties. Facsimile signatures shall be deemed original signatures.

SECTION 13. Entire Agreement. This Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Subscribers make any representation, warranty, covenant or undertaking with respect to such matters. Each party expressly represents and warrants that it is not relying on any oral or written representations, warranties, covenants or agreements outside of this Agreement.

SECTION 14. Further Assurances. Each party agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurance as may be reasonably requested by any other party to evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intents and purposes of this Agreement.

[Remainder of Page Left Intentionally Blank]

SECTION 15. Subscriber Information. As a material inducement to the Company to issue a Management Share to Subscriber, Subscriber represents and warrants to the Company that the following information is true and correct in all material respects:

Name(s): _____

Tax Identification or
Social Security Number(s): _____

State of Formation or
Residency _____

Mailing Address: _____

Telephone: () _____
Facsimile: () _____
e-mail: _____

The Management Shares should be issued in the following name or names:

If in more than one name, title to the Units should be registered in such names as:

- ___ Joint Tenants with Right of Survivorship
- ___ Tenants in Common
- ___ Husband and Wife, as Community Property

The undersigned certifies that the undersigned is:

___ An “accredited investor” because the undersigned:

___ is a natural person whose individual net worth, or joint net worth with his or her spouse, exceeds \$1,000,000; or

___ is a natural person who had an individual income in excess of \$200,000 in each of the two (2) most recent years or joint income with his or her spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or

___ is a director or executive officer of the Company; or

___ is a corporation, partnership, limited liability company, Massachusetts or similar business trust, organization described Section 501(c)(3) of the Internal Revenue Code of 1986, or other form of business entity, that (i) has not been formed for the specific purpose of acquiring Units and (ii) has total assets in excess of \$5,000,000; or

___ is a bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; or

___ is a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; or

___ is an insurance company as defined in Section 2(13) of the Act; or

___ is an investment company registered under the Investment Company Act of 1940, a business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940, a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, or a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; or

___ is an entity in which all of the equity owners are accredited investors.

___ Not an “accredited investor.”

FLAGSTAR BANCORP, INC.

Signature Page to Subscription Agreement

Individuals:

Entities:

Name of Individual (Please Print)

Name of Entity (Please Print)

Signature of Individual

Name and Title of Officer (Please Print)

Name of Individual (for joint tenants)
(Please Print)

Signature of Officer

Signature of Individual (for joint tenants)

Dated: _____, 2008

Dated: _____, 2008

ACCEPTANCE BY COMPANY

This Agreement has been accepted by the Company as of the date set forth below.

ACCEPTED BY:

FLAGSTAR BANCORP, INC.

By: _____

Title: _____

Date: _____

Exhibit 10.2

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") by and between Flagstar Bancorp, Inc. (the "Company"), a corporation organized under the laws of the State of Michigan, with its principal offices at 5151 Corporate Drive, Troy, Michigan 48098-2639, and the undersigned subscriber (the "Subscriber") is effective as of the date on which the Company accepts that certain Subscription Agreement by and between the Company and the Subscriber (the "Subscription Agreement").

WHEREAS, the Company has entered into an Investment Agreement made as of December 17, 2008 with MP Thrift Investments L.P., a Delaware limited partnership ("MP Thrift"), pursuant to which MP Thrift agreed to purchase from the Company 250,000 shares of a series of convertible participating voting preferred stock, \$0.01 par value per share, of the Company (the "Convertible Preferred Stock"), at a purchase price of \$1,000 per share, with each share convertible into common stock, par value \$0.01 per share, of the Company (the "Common Stock"), at the liquidation preference divided by \$0.80 (subject to adjustment pursuant to anti-dilution provisions) (the "MP Thrift Investment Agreement");

WHEREAS, in order to induce MP Thrift to enter into the MP Thrift Investment Agreement, the Subscribers have agreed to purchase 6,650,000 shares of Common Stock (the "Management Shares") at a price per Management Share of \$0.80 per share, *provided, however*, that if the Company does not have sufficient shares of Common Stock available for issuance prior to an amendment to the Company's Amended and Restated Articles of Incorporation to increase the number of authorized shares thereunder, then the Subscribers shall instead purchase an equivalent number shares of Convertible Preferred Stock on an as converted basis as would have been purchased if sufficient shares of Common stock were available for issuance; and

WHEREAS, in order to induce the Subscriber to enter into the Subscription Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "Securities Act"), and applicable state securities laws.

IN CONSIDERATION of the mutual covenants contained in this Agreement, the Company and the Subscriber agree as follows:

SECTION 1. Piggyback Registration.

(a) Whenever the Company proposes to register with the Securities and Exchange Commission (the "SEC") any of its securities acquired

pursuant to the MP Thrift Investment Agreement and the registration form to be filed may be used for the registration or qualification for distribution of the Management Shares, the Company will give prompt written notice to Subscriber of its intention to effect such a registration (but in no event less than ten days prior to the anticipated filing date with the SEC) and will include in such registration statement all Management Shares with respect to which the Company has received written requests for inclusion therein within five business days after the date of the Company's notice (a "Piggyback Registration"). Any such person who has made such a written request may

withdraw its Management Shares from such Piggyback Registration by giving written notice to the Company and, if applicable, the managing underwriter on or before the fifth business day prior to the planned effective date of such Piggyback Registration. The Company may terminate or withdraw any registration statement under this Section 1(a) prior to the effectiveness of such registration, whether or not Subscriber has elected to include Management Shares in such registration.

(b) If the registration referred to in Section 1(a) is proposed to be underwritten, the Company will so advise Subscriber as a part of the written notice given pursuant to Section 1(a). In such event, the right of Subscriber to registration pursuant to this Section 1 will be conditioned upon such persons' participation in such underwriting and the inclusion of such person's Management Shares in the underwriting, and each such person will (together with the Company and the other persons distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. If any participating person disapproves of the terms of the underwriting, such person may elect to withdraw therefrom by written notice to the Company, the managing underwriter and Subscriber.

(c) If a Piggyback Registration relates to an underwritten primary offering on behalf of the Company, and the managing underwriters advise the Company that in their reasonable opinion the number of securities requested to be included in such registration exceeds the number which can be sold without adversely affecting the marketability of such offering (including an adverse effect on the per share offering price), the Company will include in such registration or prospectus only such number of securities that in the reasonable opinion of such underwriters can be sold without adversely affecting the marketability of the offering (including an adverse effect on the per share offering price), which securities will be so included in the following order of priority subject to any conflicting terms of the agreements entered into by the Company and the United States Department of the Treasury under the TARP Capital Purchase Program: (i) first, the securities the Company proposes to sell, (ii) second, Registrable Securities of MP Thrift and all other Holders and the Management Shares of the Subscriber who have requested registration of Registrable Securities and Management Shares, respectively, pursuant to Section 4.7(a)(4) of the MP Thrift Investment Agreement and Section 1(a) of this Agreement, respectively, *pro rata* on the basis of the aggregate number of such securities or shares owned by each such person, and (iii) third, any other securities of the Company that have been requested to be so included, subject to the terms of the MP Thrift Investment Agreement and this Agreement.

SECTION 2. Expenses of Registration. All Registration Expenses incurred in connection with any registration, qualification or compliance hereunder shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder, shall be borne by the holders of the securities so registered *pro rata* on the basis of the aggregate offering or sale price of the securities so registered.

SECTION 3. Obligations of the Company. The Company shall use its reasonable best efforts for so long as the Subscriber holds the Management Shares to take such actions as are under its control to not become an ineligible issuer (as defined in Rule 405 under the Securities Act). In addition, whenever required to effect the registration of any Management Shares or facilitate the distribution of Management Shares pursuant to an effective registration statement, the Company shall, as expeditiously as reasonably practicable:

(a) Prepare and file with the SEC a prospectus supplement with respect to a proposed offering of Management Shares pursuant to an effective registration statement, subject to this Section 3, to keep such registration statement effective or such prospectus supplement current.

(b) Prepare and file with the SEC such amendments and supplements to the applicable registration statement and the prospectus or prospectus supplement used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(c) Furnish to the Subscriber and any underwriters such number of copies of the applicable registration statement and each such amendment and supplement thereto (including in each case all exhibits) and of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Management Shares owned or to be distributed by them.

(d) Use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as shall be reasonably requested by the Subscriber or any managing underwriter(s), to keep such registration or qualification in effect for so long as such registration statement remains in effect, and to take any other action which may be reasonably necessary to enable such seller to consummate the disposition in such jurisdictions of the securities owned by such Subscriber; *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(e) Notify the Subscriber at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the applicable prospectus, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing.

(f) Give written notice to the Subscriber:

(i) when any registration statement filed pursuant to Section 1 or any amendment thereto has been filed with the SEC and when such registration statement or any post-effective amendment thereto has become effective;

(ii) of any request by the SEC for amendments or supplements to any registration statement or the prospectus included therein or for additional information;

(iii) of the issuance by the SEC of any stop order suspending the effectiveness of any registration statement or the initiation of any proceedings for that purpose;

(iv) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Management Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(v) of the happening of any event that requires the Company to make changes in any effective registration statement or the prospectus related to the registration statement in order to make the statements therein not misleading (which notice shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made); and

(vi) if at any time the representations and warranties of the Company contained in any underwriting agreement contemplated by Section 3(j) cease to be true and correct.

(g) Use its reasonable best efforts to prevent the issuance or obtain the withdrawal of any order suspending the effectiveness of any registration statement referred to in Section 3(f)(iii) at the earliest practicable time.

(h) Upon the occurrence of any event contemplated by Section 3(e) or 3(f)(v), promptly prepare a post-effective amendment to such registration statement or a supplement to the related prospectus or file any other required document so that, as thereafter delivered to the Subscriber and any underwriters, the prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Subscriber in accordance with Section 3(f)(v) to suspend the use of the prospectus until the requisite changes to the prospectus have been made, then the Subscriber and any underwriters shall suspend use of such prospectus and use their reasonable best efforts to return to the Company all copies of such prospectus (at the Company's expense) other than permanent file copies then in such Subscriber's or underwriter's possession.

(i) Use reasonable best efforts to procure the cooperation of the Company's transfer agent in settling any offering or sale of Management Shares, including with respect to the transfer of physical stock certificates into book-entry form in accordance with any procedures reasonably requested by the Subscriber or any managing underwriter(s).

(j) Enter into an underwriting agreement in customary form, scope and substance and take all such other actions reasonably requested by the Subscriber or by the managing underwriter(s), if any, to expedite or facilitate the underwritten disposition of such Management Shares, and in connection therewith in any underwritten offering (including making members of management and executives of the Company available to participate in "road show", similar sales events and other marketing activities), (i) make such representations and warranties to the managing underwriter(s), if any, with respect to the business of the Company and its subsidiaries, and the registration statement, prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in customary form, substance and scope, and, if true, confirm the same if and when requested, (ii) use its reasonable best efforts to furnish underwriters opinions of counsel to the Company, addressed to the managing underwriter(s), if any, covering the matters customarily covered in such opinions requested in underwritten offerings, (iii) use its reasonable best efforts to obtain "cold comfort" letters from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any business acquired by the Company for which financial statements and financial data are included in the registration statement) who have certified the financial statements included in such registration statement, addressed to each of the managing underwriter(s), if any, such letters to be in customary form and covering matters of the

type customarily covered in “cold comfort” letters, (iv) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures customary in underwritten offerings, and (v) deliver such documents and certificates as may be reasonably requested by the Subscriber, its counsel and the managing underwriter(s), if any, to evidence the continued validity of the representations and warranties made pursuant to clause (i) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company. Notwithstanding anything contained herein to the contrary, the Company shall not be required to enter into any underwriting agreement or permit any underwritten offering absent an agreement by the applicable underwriter(s) to indemnify the Company in form, scope and substance as is customary in underwritten offerings by the Company in which an affiliate of the Company acts as an underwriter.

(k) Make available for inspection by a representative of the Subscriber, the managing underwriter(s), if any, and any attorneys or accountants retained by such Subscriber or managing underwriter(s), at the offices where normally kept, during reasonable business hours, financial and other records, pertinent corporate documents and properties of the Company, and cause the officers, directors and employees of the Company to supply all information in each case reasonably requested by any such representative, managing underwriter(s), attorney or accountant in connection with such registration statement.

(l) Cause all such Management Shares to be listed on each securities exchange on which similar securities issued by the Company are then listed or, if no similar securities issued by the Company are then listed on any securities exchange, use its reasonable best efforts to cause all such Management Shares to be listed on the NYSE or the NASDAQ Stock Market, as determined by the Company.

(m) If requested by the Subscriber, or the managing underwriter(s), if any, promptly include in a prospectus supplement or amendment such information as the Subscriber or managing underwriter(s), if any, may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such amendment as soon as practicable after the Company has received such request.

(n) Timely provide to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

SECTION 4. Suspension of Sales. During any Scheduled Black-out Period and upon receipt of written notice from the Company that a registration statement, prospectus or prospectus supplement contains or may contain an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that circumstances exist that make inadvisable use of such registration statement, prospectus or prospectus supplement, Subscriber shall forthwith discontinue disposition of Management Shares until termination of such Scheduled Black-Out Period or until Subscriber has received copies of a supplemented or amended prospectus or prospectus supplement, or until such Subscriber is advised in writing by the Company that the use of the prospectus and, if applicable, prospectus supplement may be resumed, and, if so directed by the Company, such Subscriber shall deliver to the Company (at the Company’s expense) all copies, other than permanent file copies then in such Subscriber’s possession, of the prospectus and, if applicable, prospectus supplement covering such Management Shares current at the time of receipt of such notice.

SECTION 5. Termination of Registration Rights. A Subscriber's registration rights as to any Management Shares shall terminate when (i) they are sold pursuant to an effective registration statement under the Securities Act, (ii) they may be sold pursuant to Rule 144 without limitation thereunder on volume or manner of sale, or (iii) they shall have ceased to be outstanding.

SECTION 6. Furnishing Information.

(a) Subscriber shall not use any free writing prospectus (as defined in Rule 405) in connection with the sale of Management Shares without the prior written consent of the Company.

(b) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 3 that Subscriber and the underwriters, if any, shall furnish to the Company such information regarding themselves, the Management Shares held by them and the intended method of disposition of such securities as shall be required to effect the registered offering of their Management Shares.

SECTION 7. "Market Stand-Off" Agreement; Agreement to Furnish Information. Subscriber hereby agrees:

(a) that Subscriber shall not sell, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any common equity securities of the Company or any securities convertible into or exchangeable or exercisable for any common equity securities of the Company held by Subscriber (other than those included in the registration) for a period specified by the representatives of the underwriters of the common equity or equity-related securities not to exceed ten days prior and 90 days following the effective date of any firm commitment underwritten registered sale of common equity securities of the Company or any securities convertible into or exchangeable or exercisable for any common equity securities of the Company by the Company for the Company's own account in which the Company gave Purchaser an opportunity to participate in accordance with Section 1; *provided* that all executive officers and directors of the Company enter into similar agreements and only if such persons remain subject thereto (and are not released from such agreement) for such period;

(b) to execute and deliver such other agreements as may be reasonably requested by the Company or the representatives of the underwriters which are consistent with the foregoing obligation in Section 7(a) or which are necessary to give further effect thereto; and

(c) if requested by the Company or the representative of the underwriters of Common Stock (or other securities of the Company), Subscriber shall provide, within ten days of such request, such information as may be required by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act in which Subscriber participates;

provided, that clauses (a) and (b) of this Section 7 shall not apply to Subscriber that is the beneficial owner of less than 5% of the outstanding common stock of the Company. With respect

to any underwritten offering of Management Shares by Subscriber pursuant to this Agreement, the Company agrees not to effect (other than pursuant to such registration or pursuant to a Special Registration) any public sale or distribution, or to file any registration statement (other than such registration or a Special Registration) covering any of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities, during the period not to exceed ten days prior and 90 days following the effective date of such offering, if requested by the managing underwriter. “Special Registration” means the registration of (i) equity securities and/or options or other rights in respect thereof solely registered on Form S-4 or Form S-8 (or successor form) or (ii) shares of equity securities and/or options or other rights in respect thereof to be offered to directors, members of management, employees, consultants, customers, lenders or vendors of the Company or its direct or indirect subsidiaries or in connection with dividend reinvestment plans.

SECTION 8. Rule 144; Rule 144A. With a view to making available to Subscriber the benefits of certain rules and regulations of the SEC which may permit the sale of the Management Shares to the public without registration, the Company agrees to use its reasonable best efforts to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144(c)(1) or any similar or analogous rule promulgated under the Securities Act, at all times after the effective date of this Agreement;

(b) (A) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act and (B) if at any time the Company is not required to file such reports, make available, upon request of any Subscriber, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

(c) so long as Subscriber owns any Management Shares, furnish to Subscriber forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act, and of the Securities Exchange Act of 1934; a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as Subscriber may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities without registration; and

(d) take such further action as any Subscriber may reasonably request, all to the extent required from time to time to enable such Subscriber to sell Management Shares without registration under the Securities Act.

SECTION 9. As used in this Agreement, the following terms shall have the following respective meanings:

(a) “Holder” means MP Thrift and any other holder of Management Shares to whom the registration rights conferred by the MP Thrift Investment Agreement have been transferred in compliance with Section 4.7(h) thereof.

(b) “Register” and “registered” shall refer to a registration effected by preparing and (a) filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of effectiveness of such registration statement or (b) filing a prospectus and/or prospectus supplement in respect of an appropriate effective registration statement.

(c) “Registrable Securities” means the securities purchase pursuant to the MP Thrift Investment Agreement (and any shares of capital stock or other equity interests issued or issuable to any Holder with respect to such securities) by way of stock dividends or stock splits or in connection with a combination of shares, recapitalization, merger or other reorganization), *provided* that, once issued, such securities will not be Registrable Securities when (i) they are sold pursuant to an effective registration statement under the Securities Act, (ii) they may be sold pursuant to Rule 144 without limitation thereunder on volume or manner of sale, (iii) they shall have ceased to be outstanding or (iv) they have been sold in a private transaction in which the transferor’s rights under the MP Thrift Investment Agreement are not assigned to the transferee of the securities. No Registrable Securities may be registered under more than one registration statement at any one time.

(d) “Registration Expenses” means all expenses incurred by the Company in effecting any registration pursuant to this Agreement (whether or not any registration or prospectus becomes effective or final) or otherwise complying with its obligations under this Agreement, including, without limitation, all registration, filing and listing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses, expenses incurred in connection with any “road show”, and expenses of the Company’s independent accountants in connection with any regular or special reviews or audits incident to or required by any such registration, but shall not include Selling Expenses and the compensation of regular employees of the Company, which shall be paid in any event by the Company.

(e) “Rule 144”, “Rule 144A”, “Rule 159A”, “Rule 405” and “Rule 415” mean, in each case, such rule promulgated under the Securities Act (or any successor provision), as the same shall be amended from time to time.

(f) “Scheduled Black-out Period” means the period from and including the last day of a fiscal quarter of the Company to and including the business day after the day on which the Company publicly releases its earnings for such fiscal quarter, *provided* that the trading window applicable to the Company’s senior management under the Company’s trading policies then in effect is not open any time during such period.

(g) “Selling Expenses” mean all discounts, selling commissions and stock transfer taxes applicable to the sale of Management Shares.

SECTION 10. At any time, Subscriber may elect to forfeit its rights set forth in this Agreement from that date forward; *provided*, that a Subscriber forfeiting such rights shall nonetheless (i) be obligated under Section 7(a) with respect to any pending underwritten offering to the same extent that such Subscriber would have been obligated if the Subscriber had not withdrawn and (ii) be entitled to participate under Section 1 in any pending underwritten offering to the same extent that such Subscriber would have been entitled to if the Subscriber had not withdrawn; and *provided, further*, that no such forfeiture shall terminate a Subscriber’s rights or obligations under Section 6 with respect to any prior registration or pending underwritten offering. “Pending Underwritten Offering” means, with respect to any Subscriber forfeiting its rights pursuant to this Section 10, (i) any registered sale described in 7(a) that has an effective date prior to the date of such Subscriber’s forfeiture, and (ii) any other underwritten offering of

Management Shares (including an underwritten offering pursuant to a shelf registration statement) in which such Subscriber has advised the Company of its intent to register its Management Shares pursuant to Section 1 prior to the date of such Subscriber's forfeiture.

SECTION 11. Notices. All notices, requests, consents and other communications hereunder shall be in writing, shall be mailed by first-class registered or certified airmail, e-mail, confirmed facsimile or nationally recognized overnight express courier postage prepaid, and shall be deemed given when so mailed and shall be delivered as addressed as follows:

(a) if to the Company, to:

Flagstar Bancorp, Inc.
5151 Corporate Drive,
Troy, Michigan 48098-2639
Attention: Mr. Paul Borja
Facsimile: (248) 312-6833
E-mail: paul.borja@flagstar.com

with a copy to:

Kutak Rock LLP
1101 Connecticut Avenue, N.W.
Suite 1000
Washington, DC 20036-4374
Attention: Jeremy Johnson, Esq.
Facsimile: (202) 828-2488
E-mail: jeremy.johnson@KutakRock.com

or to such other person at such other place as the Company shall designate to the Subscriber in writing; and

(b) if to a Subscriber, at its address as set forth at the end of this Agreement, or at such other address or addresses as may have been furnished to the Company in writing.

SECTION 12. Changes. This Agreement may not be modified or amended except pursuant to an instrument in writing signed by the Company and the Subscriber. Any amendment or waiver effected in accordance with this Section 12 shall be binding upon each holder of any Management Shares purchased under this Agreement at the time outstanding, each future holder of all such Management Shares, and the Company.

SECTION 13. Headings. The headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be part of this Agreement.

SECTION 14. Severability. In case any provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

SECTION 15. Governing Law; Venue. This Agreement is to be construed in accordance with and governed by the federal law of the United States of America and the internal laws of the State of New York without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of New York to the rights and duties of the parties. The Company and the Subscribers each submit to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York City for purposes of all legal proceedings arising out of or relating to this Agreement and the transactions contemplated hereby. The Company and the Subscribers each irrevocably waive, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

SECTION 16. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument, and shall become effective when one or more counterparts have been signed by each party hereto and delivered to the other parties. Facsimile signatures shall be deemed original signatures.

SECTION 17. Entire Agreement. This Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Subscriber make any representation, warranty, covenant or undertaking with respect to such matters. Each party expressly represents and warrants that it is not relying on any oral or written representations, warranties, covenants or agreements outside of this Agreement.

SECTION 18. Further Assurances. Each party agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurance as may be reasonably requested by any other party to evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intents and purposes of this Agreement.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, Subscriber and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

COMPANY:

FLAGSTAR BANCORP, INC.

By: _____

Name:

Title:

IN WITNESS WHEREOF, Subscriber and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

SUBSCRIBER:

By: _____
Name:

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Exhibit 10.3

THIS AMENDMENT AND WAIVER AGREEMENT, dated as of January 30, 2009 (this "Closing Agreement"), by and between Flagstar Bancorp, Inc., a corporation organized under the laws of the State of Michigan (the "Company") and MP Thrift Investments L.P. a Delaware limited partnership ("Purchaser", and together with the Company, the "Closing Parties").

WHEREAS, the Closing Parties entered into that certain Investment Agreement, dated as of December 17, 2008 (the "Original Agreement");

WHEREAS, in accordance with Section 6.3 of the Original Agreement, the Closing Parties wish to waive certain closing conditions as and to the extent provided in Section 2 of this Closing Agreement (the "Waiver");

WHEREAS, in accordance with Section 6.3 of the Original Agreement, the Closing Parties desire to amend certain provisions of the Original Agreement as and to the extent provided in Sections 3 and 4 of this Closing Agreement; and

WHEREAS, in connection with the agreement to grant the Waiver, the Closing Parties have agreed to the terms of Additional Capital (as defined below) on the terms set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the agreements herein contained, the Closing Parties agree as follows:

1. Pursuant to Section 1.2(a), the Closing Parties agree that, subject to the satisfaction of all conditions to Closing set forth in the Original Agreement or waiver thereof (as set forth herein), the Closing Date shall be January 30, 2009.
 2. The Closing Parties hereby waive compliance with the closing condition set forth in Section 1.2(c)(1)(B) of the Original Agreement, solely with respect to the timing (*i.e.*, "prior to the Closing Date") of the receipt of proceeds of TARP Transaction, and hereby amend such section by adding the words "or on" directly following the words "prior to".
 3. The Closing Parties hereby agree to replace the words "not more than \$5 million" in Recital G (Management Purchase) of the Original Agreement with "not more than approximately \$5.32 million".
 4. The Closing Parties hereby agree to delete the following consents and determinations from the definition of Required Approval in the Original Agreement: (a) the Required Approval specified in Company Disclosure Schedule 2.2(f)(k) to the Original Agreement and (b) the written determination by each of the FDIC and the OTS as to "institution affiliated party" status specified in Section 2.2(f) of the Original Agreement.
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5. Subject to the terms and conditions set forth in the Original Agreement and subject to the delivery of such certificates and customary subscription agreements and documentation as are reasonably agreed by the Closing Parties, the Company shall issue additional securities and the Purchaser (or its designee) shall purchase the additional securities (collectively, the "Additional Capital") on the following terms:

(a) No later than February 13, 2009, Purchaser will deliver \$25,000,000 to the Company and the Company will issue and deliver to the Purchaser 25,000 shares of preferred stock with terms substantially identical to the Convertible Preferred Stock;

(b) At any time following the purchase described in clause (a) above, upon two weeks prior notice by the Company to Purchaser (to be delivered no later than February 27, 2009), Purchaser will deliver \$25,000,000 to the Company and the Company will issue and deliver to the Purchaser 25,000 shares of preferred stock with terms substantially identical to the Convertible Preferred Stock; and

(c) At any time following the purchases described in clauses (a) and (b) above, upon two weeks prior notice by the Company to Purchaser (to be delivered no later than March 13, 2009), Purchaser will deliver \$50,000,000 to the Company and the Company will issue and deliver to the Purchaser shares of trust preferred stock with an aggregate liquidation preference of \$50,000,000 and a dividend rate of 10%, and convertible, in whole or in part, into Common Stock at the option of the Purchaser on April 1, 2010 at a conversion price equal to 90% of the volume-weighted average price per share during the period from February 1, 2009 to April 1, 2010, subject to a minimum of \$0.80 and a maximum of \$2.00; Purchaser's conversion right shall lapse if not exercised on April 1, 2010, and such shares shall be redeemable by the Company at any time after January 30, 2011.

6. The Closing Parties further agree that, until any required approval by Stockholders pursuant to Section 312.03 of the NYSE Listed Company Manual is obtained, the voting rights of any shares issued pursuant to Sections 5(b) and 5(c) above shall be capped such that the aggregate voting rights of shares issued under Section 5 of this Closing Agreement is no greater than 4.9% on an as converted basis.

7. Each party hereto represents and warrants that this Closing Agreement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance to its terms.

8. This Closing Agreement shall be governed by and construed in accordance with the laws of the State of New York.

9. This Closing Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same Closing Agreement.

10. Except to the extent expressly amended or waived by this Closing Agreement, all terms of the Original Agreement shall remain in full force and effect without amendment, change or modification.

11. All references in the Original Agreement to “this Agreement”, “the Agreement”, “hereunder”, “hereof”, “herein” or words of like import, and each reference to the Original Agreement in any other agreements, documents or instruments executed and delivered pursuant to or in connection with the Original Agreement shall be deemed to mean and be a reference to the Original Agreement as amended or waived by this Closing Agreement.

12. Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Original Agreement.

[The following page is a signature page.]

IN WITNESS WHEREOF, this Closing Agreement has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first herein above written.

FLAGSTAR BANCORP, INC.

By: /s/ Matthew Roslin

Name: Matthew Roslin

Title: EVP

MP THRIFT INVESTMENTS L.P.

By: MP (Thrift) Global Partners III LLC, its General Partner

/s/ Robert H. Weiss

Name: Robert H. Weiss

Title: General Counsel

Exhibit 10.4

**FLAGSTAR BANK, FSB
SEVERANCE AGREEMENT**

THIS SEVERANCE AGREEMENT (this "Agreement") by and between Flagstar Bank, FSB, a federally-chartered savings bank, Flagstar Bancorp, Inc. (collectively, the "Bank"), and Robert O. Rondeau, Jr. (the "Executive"), is entered into as of the 30th day of January, 2009 (the "Effective Date").

WHEREAS, the Bank and the Executive entered into an Employment Agreement originally effective December 31, 2000 (the "Employment Agreement"); and

WHEREAS, the Bank and the Executive desire to terminate the employment relationship now existing between the Bank and the Executive effective January 30, 2009 (the "Termination Date"); and

WHEREAS, the Bank and the Executive desire to enter into this Agreement to fully set forth the terms and conditions of the Executive's separation from employment with the Bank.

NOW, THEREFORE, for good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged, the undersigned parties do agree as follows:

1. Consideration to Employee: The Bank will pay the Executive severance equal to the sum of two years of the Executive's base salary plus two years of the Executive's targeted bonus (the "Severance Payment"). From this Severance Payment, the Bank shall make any and all deductions required by law. The Bank will make this payment to the Executive in one lump sum payable 10 after the Termination Date. The Executive agrees that absent this Agreement, the Bank is under no obligation to make the Severance Payment set forth herein.

2. Waiver of all other Benefits from Employer: In consideration for the Severance Payment, the Executive waives any and all rights to any other compensation or benefits contemplated under the Employment Agreement that the Executive may have been entitled to. Except for the Severance Payment, neither the Bank nor any entity or person affiliated with the Bank will be obligated to pay the Executive any further compensation or benefits.

3. General Release: In consideration of the payments described in Paragraph 1 above, the Executive, on behalf of himself, his heirs, assigns and successors, generally and irrevocably waives, releases and discharges the Bank and its predecessors, successors and assigns, parent companies, subsidiaries, affiliates, officers, directors, members, employees, attorneys and agents ("Related Persons"), past and present, from any civil, criminal, or equitable action, right or cause of action for monetary or equitable relief, any charge, complaint, or grievance with any governmental agency, court, or otherwise, or any claim for any relief, including damages, lost wages, declaratory, monetary, or other relief, whether known or unknown, vested or contingent, suspected or unsuspected, that the Executive may now have or has ever had against the aforesaid entities. This Agreement irrevocably waives, releases and bars any such action, claim, or grievance whatsoever by the Executive against the aforesaid entities,

including but not limited to back pay, front pay, wages, additional sums, damages, breach of contract, intentional or other tort, accident or injury whether currently known or unknown, and all claims under all federal, state, and local statutes, regulations, and ordinances, or common law claims, including, but not limited to, The National Labor Relations Act, as amended, Title VII of the Civil Rights Act of 1964, as amended, the Equal Pay Act, as amended, the Pregnancy Discrimination Act, as amended, any State Civil or Human Rights Act, 42 U.S.C. § 1981, The Americans with Disabilities Act, as amended, the Age Discrimination in Employment Act of 1967, as amended, the Rehabilitation Act of 1973, the Worker Adjustment and Retraining Notifications Act, as amended, the Family and Medical Leave Act, as amended, the Fair Labor Standards Act, as amended, any state Wage Payment Act, the Employee Retirement Income Security Act, claims for retaliatory discharge under any state Workers' Compensation Act, and any other state, federal, or local statute, ordinance, common law, or regulation, or any alleged contractual right or right under any employee benefit plan, excepting only vested retirement benefits as provided by law.

HAVING ELECTED TO EXECUTE THIS AGREEMENT TO FULFILL THE PROMISES AND TO RECEIVE THE SUMS AND BENEFITS HEREIN, THE EXECUTIVE FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION AND HAVING BEEN ADVISED TO SECURE THE ADVICE AND COUNSEL OF AN ATTORNEY OF EXECUTIVE'S CHOOSING, ENTERS INTO THIS AGREEMENT AND RELEASE INTENDING TO WAIVE, SETTLE, AND RELEASE ANY CLAIM HE HAS OR MIGHT HAVE AGAINST EMPLOYER.

BY SIGNING BELOW, THE EXECUTIVE ACKNOWLEDGES HE HAS CAREFULLY READ THIS AGREEMENT, THAT HE UNDERSTANDS ITS TERMS, AND THAT HE HAS ENTERED INTO THIS AGREEMENT VOLUNTARILY AND NOT IN RELIANCE ON ANY PROMISES OR REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THE AGREEMENT ITSELF.

EXECUTIVE HAS BEEN AFFORDED THE OPPORTUNITY TO REVIEW AND CONSIDER THIS DOCUMENT FOR AT LEAST 21 DAYS, AND HAS SEVEN DAYS FROM THE DATE GIVEN BELOW TO REVOKE THIS RELEASE AND WAIVER.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of this 30th day of January 2009, effective as of the Effective Date specified above.

FLAGSTAR BANK, FSB

By: /s/ Mark T. Hammond
Mark T. Hammond, President and CEO

FLAGSTAR BANCORP, INC.

By: /s/ Mark T. Hammond
Mark T. Hammond, President and CEO

ROBERT O. RONDEAU, JR., Executive

By: /s/ Robert O. Rondeau, Jr.
Robert O. Rondeau, Jr.

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Exhibit 99.1



NEWS RELEASE
For more information, contact:
Paul D. Borja
Executive Vice President / CFO
(248) 312-2000

FOR IMMEDIATE RELEASE

FLAGSTAR REPORTS COMPLETION OF \$523 MILLION INVESTMENT BY U.S. TREASURY'S TARP CAPITAL PURCHASE PROGRAM, MP THRIFT INVESTMENTS L.P., AND MANAGEMENT

TROY, Mich. (January 30, 2009) — Flagstar Bancorp, Inc. (NYSE:FBC), the holding company for Flagstar Bank FSB, today reported the completion of an investment totaling \$523 million from three sources pursuant to previously announced transactions: \$266.6 million from the U.S. Treasury's TARP Capital Purchase Program, \$250 million from MP Thrift Investments L.P. ("MatlinPatterson"), an entity formed by MP (Thrift) Global Partners III LLC, an affiliate of MatlinPatterson Global Advisers LLC, and \$5.32 million from management.

About Flagstar Bancorp, Inc.

Flagstar Bancorp, with \$14.2 billion in total assets, is the largest publicly held savings bank headquartered in the Midwest. At December 31, 2008, Flagstar operated 175 banking centers in Michigan, Indiana and Georgia and 104 home loan centers in 21 states. Flagstar Bank originates loans nationwide and is one of the leading originators of residential mortgage loans.

About MatlinPatterson Global Advisers LLC

MatlinPatterson Global Advisers LLC is a \$9 billion private equity franchise specializing in distressed control investments on a global basis. Over a 14-year period, the firm and its investment professionals have successfully made substantial investments in more than 65 companies across a broad range of industries. MatlinPatterson has a strong record of working with management teams to further their strategic plans.

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