

SECURITIES AND EXCHANGE COMMISSION

FORM S-3

Registration statement for specified transactions by certain issuers

Filing Date: **1999-03-26**
SEC Accession No. **0000950124-99-002089**

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FILER

FLAGSTAR BANCORP INC

CIK: **1033012** | IRS No.: **383150651** | State of Incorporation: **MI** | Fiscal Year End: **1231**
Type: **S-3** | Act: **33** | File No.: **333-75147** | Film No.: **99574985**
SIC: **6035** Savings institution, federally chartered

Mailing Address	Business Address
2600 TELEGRAPH ROAD BLOOMFIELD HILLS MI 48302	2600 TELEGRAPH ROAD BLOOMFIELD HILLS MI 48032-0953 8103387700

FLAGSTAR TRUST

CIK: **1082819** | State of Incorporation: **MI** | Fiscal Year End: **1231**
Type: **S-3** | Act: **33** | File No.: **333-75147-01** | Film No.: **99574986**
SIC: **6035** Savings institution, federally chartered

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As filed with the Securities and Exchange Commission on March 26, 1999

Registration No. 333-
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

FLAGSTAR BANCORP, INC.
(Exact name of registrant as specified in its charter)

<TABLE>
<S> MICHIGAN <C> 38-3150651
(State or other jurisdiction of (I.R.S. Employer
Incorporation or organization) Identification No.)
</TABLE>

FLAGSTAR TRUST
(Exact name of registrant as specified in its charter)

<TABLE>
<S> DELAWARE <C> APPLIED FOR
(State or other jurisdiction of (I.R.S. Employer
Incorporation or organization) Identification No.)
</TABLE>

2600 TELEGRAPH ROAD
BLOOMFIELD HILLS, MICHIGAN 48302-0953
(248) 338-7700
(Address, including zip code, and telephone number, including area code, of
Registrants' principal executive offices)

THOMAS J. HAMMOND
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER
FLAGSTAR BANCORP, INC.
2600 TELEGRAPH ROAD
BLOOMFIELD HILLS, MICHIGAN 48302-0953
(248) 338-7700
(Name, address, including zip code, and telephone number, including area code,
of agent for service of process)

Copies To:

<TABLE>
<S> MATTHEW G. ASH, ESQ. DONALD J. KUNZ, ESQ.
PAUL D. BORJA, ESQ. DAVID E. BARNES, ESQ.
ROGER D. BAILEY, ESQ. HONIGMAN MILLER SCHWARTZ AND COHN
KUTAK ROCK 2290 FIRST NATIONAL BUILDING
1101 CONNECTICUT AVENUE, N.W., SUITE 1000 660 WOODWARD AVENUE
WASHINGTON, DC 20036-4374 DETROIT, MICHIGAN 48226-3583
(202) 828-2400 (PHONE) (313) 465-7000 (PHONE)
(202) 828-2488 (FAX) (313) 465-7455 (FAX)
</TABLE>

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF SECURITIES TO THE PUBLIC:
As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box. []

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. []

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If the delivery of the Prospectus is expected to be made pursuant to Rule 434, please check the following box. []

CALCULATION OF REGISTRATION FEE

<TABLE>
<CAPTION>

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1)	AMOUNT OF REGISTRATION FEE
<S> Preferred Securities of Flagstar Trust.....	<C> 2,990,000 (2)	<C> \$25.00	<C> \$74,750,000	<C> \$21,000

% Junior Subordinated Debentures of Flagstar Bancorp, Inc. (3).....				

Guarantee of Flagstar Bancorp, Inc. with respect to Preferred Securities (4).....				

</TABLE>

- (1) Estimated solely for the purpose of computing the registration fee based on Section 6(b), in accordance with Rule 457(a) of the General Rules and Regulations under the Securities Act of 1933, as amended.
- (2) Includes 390,000 Preferred Securities that are being registered in connection with a 15% over-allotment option granted to the Underwriters.
- (3) The % Junior Subordinated Debentures (the "Junior Subordinated Debentures") will be purchased by Flagstar Trust with the proceeds of the sale of the Preferred Securities. The Junior Subordinated Debentures may later be distributed for no additional consideration to holders of the Preferred Securities upon Flagstar Trust's dissolution and distribution of its assets.
- (4) No fee is required pursuant to Rule 457(n).

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION. DATED APRIL , 1999
PROSPECTUS

2,600,000 PREFERRED SECURITIES
[FLAGSTAR TRUST LOGO]

% CUMULATIVE PREFERRED SECURITIES
(LIQUIDATION AMOUNT \$25 PER PREFERRED SECURITY)

GUARANTEED BY

The Offering:

<TABLE>
<CAPTION>

	PER PREFERRED SECURITY	TOTAL
<S>	<C>	<C>
Public Price.....	\$25.00	\$65,000,000
Underwriting Discounts and Commissions.....		
Proceeds to Trust.....	\$	\$

</TABLE>

This offering is for 2,600,000 Preferred Securities of Flagstar Trust; however, the Underwriters have a 30-day option to purchase up to an additional 15% of the shares of Preferred Securities (390,000 additional Preferred Securities) from Flagstar Trust.

Flagstar Trust is a Delaware business trust. The trust will:

- sell Preferred Securities (representing undivided beneficial interests in the trust) to the public,
- sell Common Securities (representing undivided beneficial interests in the trust) to Flagstar Bancorp,
- use the proceeds from these sales to buy an equal principal amount of Junior Subordinated Debentures due 2029 of Flagstar Bancorp,
- distribute the cash payments it receives on the Junior Subordinated Debentures it owns to the holders of the Preferred and Common Securities.

For each Preferred Security that you own, you will be entitled to receive cumulative cash distributions at an annual rate of % payable after each calendar quarter on the last business day of March, June, September and December, beginning on June 30, 1999. We may defer payment of distributions at any time for periods of up to 20 consecutive quarters. The Preferred Securities are subordinated to all of our Senior and Subordinated Debt. The Preferred Securities mature on , 2029. Flagstar Trust may redeem the Preferred Securities, at a redemption price of \$25 per Preferred Security plus accrued and unpaid distributions, at any time on or after , 2004, or earlier under certain circumstances.

Flagstar Bancorp will fully and unconditionally guarantee the Preferred Securities based on its obligations under a guarantee, a trust declaration and an indenture.

We have applied to The Nasdaq Stock Market to list the Preferred Securities under the trading symbol " _____ ".

INVESTING IN THE PREFERRED SECURITIES INVOLVES RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 7.

NONE OF THE SECURITIES OFFERED BY THIS PROSPECTUS ARE DEPOSITS OR ACCOUNTS. THEY ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSIONS HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

RONEY CAPITAL MARKETS LOGO
MCDONALD INVESTMENTS INC.
STIFEL, NICOLAUS & COMPANY
INCORPORATED
JWGENESIS CAPITAL MARKETS, LLC

DATE OF THIS PROSPECTUS IS , 1999.

ABOUT THIS PROSPECTUS

This Prospectus is part of a registration statement on Form S-3 that we and Flagstar Trust have filed with the Securities and Exchange Commission (the "SEC") relating to Flagstar Trust's Preferred Securities being offered by this Prospectus. As permitted by SEC rules, this Prospectus does not contain all of the information contained in the registration statement and accompanying exhibits and schedules we file with the SEC. You may refer to the registration statement, the exhibits and schedules for more information about us and Flagstar Trust's Preferred Securities. The registration statement, exhibits and schedules are also available at the SEC's public reference rooms or through its EDGAR database on the internet.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy, upon payment of a fee set by the SEC, any document that we file with the SEC at its public reference rooms in Washington, D.C. (450 Fifth Street, N.W., 20549), New York, New York (Seven World Trade Center, 13th Floor, Suite 1300, 10048) and Chicago, Illinois (Citicorp Center, 500 West Madison Street, 14th Floor, Suite 1400, 60661). You may also call the SEC at 1-800-432-0330 for more information on the public reference rooms. Our filings are also available to the public on the internet, through the SEC's EDGAR database. You may access the EDGAR database at the SEC's web site at <http://www.sec.gov>.

You may also obtain a copy of these filings from us at no cost upon your written or oral request to us. Please direct your requests to our Corporate Secretary, Mary Kay McGuire, at Flagstar Bancorp, Inc., 2600 Telegraph Road, Bloomfield Hills, Michigan, 48302-0953, or by telephoning us at (248) 338-7700. To obtain timely delivery, you must request the information no later than five business days prior to the date you decide to invest in Flagstar Trust's Preferred Securities.

The SEC allows us to "incorporate by reference" into this Prospectus the information we file with them. This means that we can disclose important business, financial and other information in our SEC filings by referring you to the documents containing this information. Any information referred to in this way is considered part of this Prospectus, and any information filed with the SEC by us after the date of this Prospectus will automatically be deemed to update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") until we file a post-effective amendment to the Form S-3 indicating the termination of this offering:

- Annual Report on Form 10-K for the year ended December 31, 1998.

There are not separate financial statements of Flagstar Trust in this Prospectus. We do not believe such financial statements would be helpful because:

- Flagstar Trust is a subsidiary of Flagstar Bancorp, Inc., which files consolidated financial information under the Exchange Act.
- Flagstar Trust does not have any independent operations other than issuing the preferred and common securities and purchasing the Junior Subordinated Debentures of Flagstar Bancorp, Inc.
- Flagstar Trust's only material assets will be the Junior Subordinated Debentures of Flagstar Bancorp, Inc. when issued.
- The combined obligations of Flagstar Bancorp, Inc. under the Junior Subordinated Debentures, the Guarantee, the Trust Agreement and the Indenture (each as we define later) have the effect of providing a full and unconditional guarantee of Flagstar Trust's

obligations under its Preferred Securities. See "Description of Junior Subordinated Securities," "Description of Preferred Securities," "Description of Guarantee" and "Relationship Among Preferred Securities, the Junior Subordinated Debentures and the Guarantee."

SPECIAL NOTE OF CAUTION REGARDING
FORWARD-LOOKING STATEMENTS

Certain statements contained in (i) this Prospectus, (ii) any applicable amendment to this Prospectus and (iii) the documents incorporated by reference into this Prospectus, may constitute "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements are based on our management's beliefs, assumptions and expectations of our future economic performance, taking into account the information currently available to them. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties that may cause our actual results, performance or financial condition to be materially different from the expectations of future results, performance or financial condition we express or imply in any forward-looking statements. Some of the important factors that could cause our actual results, performance or financial condition to differ materially from our expectations are:

- The effect that changes in interest rates have on our earnings and assets.
- Our cost of funds.
- Our ability to resell mortgages.
- Our level of loan defaults and delinquencies.
- Concentrations of our loans in one geographic area or with a few mortgage companies.
- The seasonal variations in the mortgage banking business.
- Our ability to manage our retail banking expansion.
- Our ability to retain key personnel.
- The degree and nature of our competition.
- Changes in government regulation of our business.
- The threat of litigation in the mortgage banking business.
- Environmental liability associated with foreclosures.
- The effect of the Year 2000 problem on us and on those entities with which we deal.

When used in our documents or oral presentations, the words "believe," "may," "will," "should," "anticipate," "estimate," "expect," "objective," "projection," "forecast," "goal," or similar words or the negatives of these words are intended to identify forward-looking statements. We qualify any such forward-looking statements entirely by these cautionary factors.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this Prospectus. The summary is not complete and does not contain all of the information that you should consider before investing in the Preferred Securities. You should read the entire Prospectus carefully.

We use the term "we" or "the Company" to refer to Flagstar Bancorp, Inc., a business corporation organized under Michigan law. We use the term "Flagstar Trust" to refer to Flagstar Trust, a Delaware business trust organized to purchase our Junior Subordinated Debentures and issue the Preferred Securities. We use the term "the Bank" to refer to Flagstar Bank, FSB, a federal savings bank organized under federal laws of the United States. In some cases, a reference to "we" or "the Company" will include the Bank and Flagstar Trust since they are both our wholly-owned subsidiaries.

FLAGSTAR BANCORP, INC.

We are one of the largest home mortgage lenders in the United States. Our business is the origination of single-family mortgage loans. Through the Bank, we attract deposits from the general public and originate or acquire residential mortgage loans. The Bank is the largest independent savings institution in Michigan based on asset size. For the year ended December 31, 1998, we ranked 13th in the United States in residential mortgage loan originations.

We have experienced significant asset growth and achieved continuing profitability:

- Total assets increased to \$3.0 billion for the year ended December 31,

1998 from \$1.9 billion for the same period in 1997 and \$1.3 billion for the same period in 1996.

- Net income increased to \$41.1 million (\$2.90 per share -- diluted) for the year ended December 31, 1998 from \$21.8 million (\$1.68 per share -- diluted) for the same period in 1997 and \$17.0 million (\$1.51 per share -- diluted) for the same period in 1996.
- For the year ended December 31, 1998 return on average assets equaled 1.45% and return on average equity equaled 28.77% compared to return on average assets of 1.29% and return on average equity of 20.69% for the same period in 1997.

Our primary lines of business are mortgage banking and retail banking.

- Our mortgage banking operations originate residential mortgages through 31 retail loan origination offices located in Michigan (27), Florida (3) and Ohio (1), as well as a nationwide network of independent mortgage brokers.
- We currently operate a network of 30 retail bank branches located in Michigan, including two opened in 1999.

For the year ended December 31, 1998, we produced \$18.8 billion in mortgage loans as compared to \$7.9 billion in 1997. In addition, our loan servicing portfolio totaled \$11.5 billion at December 31, 1998 as compared to \$6.4 billion at December 31, 1997. Substantially all of our servicing portfolio (net of loans subserviced for others) is comprised of conventional loans.

OUR BUSINESS STRATEGY

Our strategy consists of the following key elements:

- continue to expand our bank branch network into demographically desirable communities in Michigan in order to gain access to additional deposits;
- as market conditions permit, retain a portion of our mortgage loan production volume or mortgage servicing rights or both (thereby benefiting from economies of scale);

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- continue to utilize advanced technology and automated processes throughout our business to improve customer service, reduce costs of loan production and servicing and increase efficiencies; and
- cross-sell retail banking services to our large Michigan base of existing mortgage customers.

FLAGSTAR TRUST

Flagstar Trust is a Delaware business trust. Flagstar Trust will exist solely to:

- issue and sell its Common Securities to us;
- issue and sell its Preferred Securities to the public;
- use the proceeds from the sale of its Common Securities and Preferred Securities to purchase the Junior Subordinated Debentures from us;
- distribute the cash payments it receives on the Junior Subordinated Debentures it owns to the holders of the Preferred and Common Securities; and
- engage in other activities that are necessary or incidental to these purposes.

Flagstar Bancorp's and Flagstar Trust's principal executive offices are located at 2600 Telegraph Road, Bloomfield Hills, Michigan, 48302-0968. The main telephone number for both Flagstar Bancorp and Flagstar Trust is (248) 338-7700.

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RISK FACTORS

In addition to the other information in this Prospectus, you should carefully consider the following factors before investing in the Preferred Securities.

PREFERRED SECURITIES RISK FACTORS

THE HOLDERS OF OUR SENIOR AND SUBORDINATED DEBT WILL GET PAID BEFORE YOU WILL GET PAID UNDER THE GUARANTEE.

Our obligations under the Junior Subordinated Debentures are unsecured and rank junior in right of payment to all of our Senior and Subordinated Debt and equal to any junior debt securities we may later have.

The Preferred Securities, the Junior Subordinated Debentures and the Guarantee do not limit our ability to incur additional indebtedness, including indebtedness that ranks senior to the Junior Subordinated Debentures and the Guarantee. See "Description of Guarantee -- Status of Guarantee" and "Description of the Junior Subordinated Debentures -- Subordination."

IF WE DO NOT MAKE PAYMENTS UNDER THE JUNIOR SUBORDINATED DEBENTURES, FLAGSTAR TRUST WILL BE UNABLE TO PAY DISTRIBUTIONS AND LIQUIDATION AMOUNTS AND THE PREFERRED SECURITIES GUARANTEE WILL NOT APPLY.

The ability of Flagstar Trust to pay Distributions and, upon redemption, the Liquidation Amount of \$25 per Preferred Security is solely dependent upon our ability to make the related payments on the Junior Subordinated Debentures when due. If we default on our obligation to pay principal of or interest on the Junior Subordinated Debentures, Flagstar Trust will not have sufficient funds to pay Distributions or the Liquidation Amount.

In that case, you will not be able to rely upon the Preferred Securities Guarantee for payment of these amounts because the Preferred Securities Guarantee only applies if we make a payment of principal or interest on the Junior Subordinated Debentures. For more information on our obligations under the Preferred Securities Guarantee and the Junior Subordinated Debentures, see "Description of Guarantee -- Status of Guarantee" and "Description of the Junior Subordinated Debentures -- Subordination."

OUR INTEREST PAYMENTS ON THE JUNIOR SUBORDINATED DEBENTURES ARE DEPENDENT ON OUR RECEIPT OF DIVIDENDS FROM THE BANK.

A substantial majority of our assets consists of our investment in the Bank. Thus, our ability to pay interest and principal on the Junior Subordinated Debentures to Flagstar Trust depends primarily upon our receipt of cash dividends from the Bank. Dividend payments from the Bank to us are subject to, among other things:

- regulatory limitations, generally based on current and retained earnings and capital maintenance requirements, imposed by various bank regulatory agencies;
- profitability, financial condition and capital expenditures and other cash flow requirements of the Bank; and
- prior claims of creditors of the Bank.

This means that the Junior Subordinated Debentures will be effectively subordinated to all obligations of our subsidiaries. For example, our Bank currently has a subsidiary that acts as a real estate investment trust ("REIT") and sold preferred shares to the public. If the Bank is required to terminate the REIT, the REIT's preferred shares will be exchanged for the Bank's preferred shares. If this happens, the Bank's funds would be used first to satisfy its obligations on its own preferred shares before paying any dividends to the Company.

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If the Bank is unable to pay sufficient dividends to us, then we will likely be unable to make payments on the Junior Subordinated Debentures, thereby leaving insufficient funds for Flagstar Trust to make payments to you on the Preferred Securities.

DISTRIBUTIONS ON THE PREFERRED SECURITIES MAY BE DEFERRED; YOU MAY HAVE TO INCLUDE INTEREST IN YOUR TAXABLE INCOME BEFORE YOU RECEIVE CASH.

It is possible that you will not receive cash distributions on the Preferred Securities for up to 20 consecutive quarters (in each case, an "Extension Period"). We have the right, at one or more times, to defer interest payments on the Junior Subordinated Debentures for up to 20 consecutive quarters, but not beyond the maturity date of the Junior Subordinated Debentures and must make payments of all deferred interest upon the earlier of the end of the Extension Period or the maturity date. This right exists only if no Event of Default under the Junior Subordinated Debentures has occurred and is continuing. If we exercise this right, Flagstar Trust could defer Distributions on the

Preferred Securities during any Extension Period. However, you would still accumulate Distributions at the annual rate of % of the Liquidation Amount of \$25 per Preferred Security, plus you will earn interest at the annual rate of %, compounded quarterly, on any unpaid Distributions. When we pay all the accumulated amounts due to you during an Extension Period, the Extension Period will terminate. However, we have the right to begin another Extension Period under the same terms outlined above. There is no limit on the number of times we can elect to begin an Extension Period. During an Extension Period, the Preferred Securities may trade at a price that does not fully reflect the value of accrued but unpaid Distributions. See "Description of the Preferred Securities."

You will also not receive the cash distributions related to any accrued and unpaid interest from Flagstar Trust if you sell the Preferred Securities before the end of an Extension Period. However, you will be required to include accrued interest income as original issue discount for United States federal income tax purposes in respect of your pro rata share of the Junior Subordinated Debentures held by Flagstar Trust. While we will take the position that original issue discount will not arise before the first Extension Period, it is possible that all interest on the Junior Subordinated Debentures would be required to be accounted for as original issue discount. In these circumstances, the receipt of interest would not separately be reported as taxable income. See "United States Federal Income Tax Consequences" for more information regarding the tax consequences of the Preferred Securities.

We have no current intention of exercising our right to defer interest payments on the Junior Subordinated Debentures. However, if we exercise our right in the future, the market price of the Preferred Securities is likely to be adversely affected.

IF WE REDEEM THE JUNIOR SUBORDINATED DEBENTURES IT WILL CAUSE A REDEMPTION OF THE PREFERRED SECURITIES AND YOU MAY NOT BE ABLE TO REINVEST THE PROCEEDS AT THE SAME OR HIGHER RATE OF RETURN.

You are subject to prepayment risk of your Preferred Securities. If your Preferred Securities are redeemed, you may not be able to reinvest the money you receive in the redemption at a rate that is equal to or higher than the rate of return you receive on the Preferred Securities. Although the Junior Subordinated Debentures have a stated maturity date of , 2029, they may be redeemed by us prior to maturity which, in turn, would cause an early redemption of the Preferred Securities, in the following circumstances:

- In whole or in part, beginning on 2004 at our option.
- In whole upon a change in the federal tax laws or a change in the interpretation of the tax laws by the courts or the Internal Revenue Service, which would result in a risk that (1) Flagstar Trust may be subject to federal income tax, (2) the interest we pay on the Junior Subordinated Debentures will not be deductible by us for federal income tax pur-

poses, or (3) Flagstar Trust is or will be subject to more than a minimal amount of other taxes or governmental charges.

- In whole upon a change in the laws or regulations to the effect that Flagstar Trust is or will be considered to be an investment company that is required to be registered under the Investment Company Act of 1940.
- In whole upon a change in the laws or regulations if there is a risk that we will not be able to treat all or a substantial portion of the Preferred Securities as core capital for purposes of federal banking guidelines.

Our exercise of these redemption rights is subject to our receipt of prior approval of federal banking regulators, if required. For further information concerning tax or regulatory events that may trigger redemption of the Junior Subordinated Debentures and prepayment of the Preferred Securities, see "Description of the Preferred Securities -- Redemption."

DISTRIBUTION OF JUNIOR SUBORDINATED DEBENTURES TO HOLDERS OF PREFERRED SECURITIES MAY HAVE AN ADVERSE EFFECT ON THE MARKET PRICE OF YOUR INVESTMENT.

Your investment in the Preferred Securities may decrease in value if the Junior Subordinated Debentures are distributed to you in exchange for your Preferred Securities. We cannot predict the liquidity or market prices for the Junior Subordinated Debentures that may be distributed. Accordingly, the Junior Subordinated Debentures that you receive upon a distribution, or the Preferred Securities you hold pending such a distribution, may trade at a discount to the price that you paid to purchase the Preferred Securities.

Because you may receive Junior Subordinated Debentures, you must also make an investment decision with regard to these securities. You should carefully review all the information regarding the Junior Subordinated Debentures contained in this Prospectus.

Under "United States Federal Income Tax Consequences" we discuss applicable United States federal income tax consequences of a distribution of the Junior Subordinated Debentures.

IN THE EVENT OF A DEFAULT UNDER THE PREFERRED SECURITIES, YOU MAY BE REQUIRED TO RELY ON THE PROPERTY TRUSTEE OF FLAGSTAR TRUST TO ENFORCE YOUR RIGHTS.

You may not be able to directly enforce rights against us if an event of default occurs with respect to the Junior Subordinated Debentures. For a listing of events that are events of default, see "Description of the Preferred Securities -- Events of Default, Notice" and "Description of the Junior Subordinated Debentures -- Debenture Events of Default."

If an event of default under the Junior Subordinated Debentures occurs and is continuing, this event will also be an event of default under the Preferred Securities. In that case, you generally would first have to rely on the Property Trustee's enforcement of its rights as holder of the Junior Subordinated Debentures against us. If the Property Trustee fails to exercise its rights under the Junior Subordinated Debentures, you will then be able to exercise any other remedies available under the Junior Subordinated Debentures.

However, if the default arises because we fail to pay interest or principal (except during an Extension Period) on the Junior Subordinated Debentures, you may proceed directly against us without first relying on the Property Trustee.

LIMITED COVENANTS RELATING TO THE PREFERRED SECURITIES AND THE JUNIOR SUBORDINATED DEBENTURES WILL NOT NECESSARILY PROTECT YOU.

Our obligations as set forth in the governing documents (i.e., relating to the Preferred Securities and the Junior Subordinated Debentures) are limited. As a result, the governing documents will not necessarily protect you in the event of an adverse change in our financial

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condition or results of operations. The governing documents do not limit our ability or any of our subsidiaries to incur additional debt. You should not consider the terms of the governing documents to be a significant factor in evaluating whether we will be able to comply with our obligations under the Junior Subordinated Debentures or the Guarantee.

WE WILL CONTROL FLAGSTAR TRUST BECAUSE YOU WILL HAVE LIMITED VOTING RIGHTS.

As a holder of Preferred Securities, you have limited voting rights. These rights relate only to the modification of the Preferred Securities and removal of the Property and Indenture Trustees of Flagstar Trust upon a limited number of events. You will not have any voting rights regarding Flagstar Bancorp's business or any matters regarding the Administrative Trustees. See "Description of the Preferred Securities -- Voting Rights; Amendment of the Trust Agreement" for more information on your limited voting rights.

TRADING CHARACTERISTICS OF THE PREFERRED SECURITIES MAY CREATE ADVERSE TAX CONSEQUENCES FOR YOU.

The Preferred Securities may trade at a price that does not reflect the value of accrued but unpaid interest on the underlying Junior Subordinated Debentures. If you dispose of your Preferred Securities between record dates for payments on the Preferred Securities, you may have adverse tax consequences. Under these circumstances, you will be required to include accrued but unpaid interest on the Junior Subordinated Debentures allocable to the Preferred Securities through the date of disposition in your income as ordinary income.

If interest on the Junior Subordinated Debentures is included in income under the original issue discount provisions, you would add this amount to your adjusted tax basis in your share of the underlying Junior Subordinated Debentures deemed disposed. If your selling price is less than your adjusted tax basis, which will include all accrued but unpaid original issue discount interest included in your income, you could recognize a capital loss which, subject to exceptions, cannot be applied to offset ordinary income for federal income tax purposes. See "United States Federal Income Tax Consequences -- Potential Extension of Interest Payment Period and Original Issue Discount" and "-- Sale of Preferred Securities" for more information on possible adverse tax consequences to you.

THERE HAS NOT BEEN A PRIOR PUBLIC MARKET FOR THE PREFERRED SECURITIES, AND AN ACTIVE TRADING MARKET FOR THE PREFERRED SECURITIES MAY NOT DEVELOP.

The Preferred Securities constitute a new issue of securities with no established trading market. Although an application for listing of the Preferred Securities on The Nasdaq Stock Market(R) has been filed, there can be no assurance that our listing will be approved. Further, even if approved, a listing does not guarantee that a trading market for the Preferred Securities will develop. If a trading market does develop, there is no assurance of the depth of that market or that holders of Preferred Securities will be able to sell their Preferred Securities easily.

FLAGSTAR BANCORP RISK FACTORS

ANY CHANGES IN INTEREST RATES MAY ADVERSELY AFFECT OUR EARNINGS AND FINANCIAL CONDITION.

Changes in interest rates affect our operating performance and financial condition in diverse ways. Our profitability depends in substantial part on our "net interest spread," which is the difference between the rates we receive on loans and investments and the rates we pay for deposits and other sources of funds. Our net interest spread will depend on many factors that are partly or entirely outside our control, including competition, federal economic, monetary and fiscal policies, and economic conditions generally. Historically, net interest spreads for other financial institutions have widened and narrowed in response to these and other factors, which are often collectively referred to as "interest rate risk." We intend to try to minimize our exposure to interest rate risk, but we will be unable to eliminate it.

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In our retail banking operations, we are subject to interest rate risk on loans held in our portfolio arising from mismatches (i.e., the interest rate sensitivity gap) between the dollar amount of repricing or maturing assets and liabilities, which is measured in terms of the ratio of the interest rate sensitivity gap to total assets. A higher level of assets repricing or maturing than liabilities over a given time frame is considered asset-sensitive and is reflected as a positive gap. In contrast, a higher level of liabilities repricing or maturing than assets over a given time frame is considered liability-sensitive and is reflected as a negative gap. An asset-sensitive position (i.e., a positive gap) will generally enhance earnings in a rising interest rate environment and will negatively impact earnings in a falling interest rate environment. A liability-sensitive position (i.e., a negative gap) will generally enhance earnings in a falling interest rate environment and negatively impact earnings in a rising interest rate environment. Fluctuations in interest rates are not predictable or controllable. Although we have attempted to structure our asset and liability management strategies to mitigate the impact on net interest income of changes in market interest rates, we can not give any assurance that a sudden or significant change in prevailing interest rates will not have a material adverse effect on our operating results.

In our mortgage banking operations, we are exposed to interest rate risk from the time the interest rate on a mortgage loan application is committed to by us through the time we sell or commit to sell the mortgage loan. On a daily basis, we analyze various economic and market factors and, based upon these analyses, project the amount of mortgage loans we expect to sell for delivery at a future date. The actual amount of loans we sell will be a percentage computed as (i) the number of mortgage loans on which we have issued binding commitments (and thereby locked in the interest rate) but have not yet closed ("pipeline loans") divided by (ii) actual closings. If interest rates change in an unanticipated fashion, the actual percentage of pipeline loans that close may differ from the projected percentage. The resulting mismatch of commitments to fund mortgage loans and commitments to sell mortgage loans may have an adverse effect on the results of operations in any such period. For instance, a sudden increase in interest rates can cause a higher percentage of pipeline loans to close than projected. To the degree that this is not anticipated, we may not have made commitments to sell these additional pipeline loans and may incur significant losses upon their sale as the market rate of interest will be higher than the mortgage interest rate we committed to on such additional pipeline loans. Our profitability may be adversely affected to the extent our hedging strategy is not successful.

The market value of, and earnings from, our mortgage loan servicing portfolio may be adversely affected by declines in interest rates. When mortgage interest rates decline, mortgage loan prepayments usually increase as customers refinance their loans. When this happens, the income stream from our current mortgage loan servicing portfolio may decline. In that case, we may be required to amortize the portfolio over a shorter period of time or reduce the carrying value of our mortgage loan servicing portfolio. This would adversely affect our operating results and financial condition.

THE LOSS OF OR INCREASED COST OF OUR OPERATING FUNDS MAY REDUCE OUR EARNINGS.

The principal sources of funding for our operations have been bank deposits and, to a lesser extent, borrowings from the Federal Home Loan Bank (the "FHLB") and funds held in escrow for mortgage loan servicing purposes. Historically, our cost of funds associated with deposits has generally been lower than our cost to borrow from the FHLB. If we are unable to fund our asset growth through the maintenance and growth of our deposit base, we may have to rely to a greater extent on borrowings from the FHLB or other sources. If this causes our net cost of funds to increase, our net interest margin would be adversely affected. At December 31, 1998, we had a \$1.3 billion line of credit with the FHLB, of which \$456.0 million had been drawn and was outstanding.

We cannot assume that we will be successful in retaining our access to funds at the level or cost necessary to continue originations of single-family mortgage loans at their current volume

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and level of profitability. We may have to curtail our origination of single-family mortgage loans if we cannot maintain our low cost of funds. If we have to reduce our single family mortgage loan originations, we may suffer a material adverse effect on our operating results and financial condition.

OUR PROFITABILITY WILL BE SIGNIFICANTLY REDUCED IF WE ARE NOT ABLE TO RESELL MORTGAGES.

Currently, we sell substantially all the mortgage loans we originate. Our profitability depends in large part upon our ability to originate or purchase a high volume of loans and to quickly sell them in the secondary market.

Our ability to sell mortgage loans readily is dependent upon the availability of an active secondary market for single-family mortgage loans, which in turn depends in part upon the continuation of programs currently offered by Fannie Mae, Freddie Mac, Ginnie Mae and other institutional and non-institutional investors. These entities account for a substantial portion of the secondary market in residential mortgage loans. Some of the largest participants in the secondary market, including Fannie Mae, Freddie Mac and Ginnie Mae, are government-sponsored enterprises whose activities are governed by federal law. Any future changes in laws that limit the activity of such government sponsored enterprises could, in turn, adversely affect our operations.

In addition, our ability to sell mortgage loans readily is dependent upon our ability to remain eligible for the programs offered by Fannie Mae, Freddie Mac, Ginnie Mae and other institutional and non-institutional investors. We expect to remain eligible to participate in such programs but any significant impairment of such eligibility could materially and adversely affect our operations. Further, the criteria for loans to be accepted under such programs may be changed from time to time by the sponsoring entity. The profitability of participating in specific programs may vary depending on a number of factors, including our administrative costs of originating and purchasing qualifying loans.

WE ARE AT RISK FOR LOSSES ON OUR LOANS THAT HAVE DEFAULTS OR DELINQUENCIES.

We are generally at risk for any loan defaults from the time we fund a loan until the time we sell the loan. This time period is generally 10 to 40 days. Once we sell the mortgage loans, the risk of loss from loan defaults and foreclosure generally passes to the purchaser or insurer of the loans. In connection with the sale, we typically make certain representations and warranties to the purchasers and insurers of such loans. Such representations and warranties generally relate to the origination and servicing of loans in substantial conformance with the laws of the state of origination and applicable investor guidelines and program eligibility standards. We rely upon our underwriting department to ascertain compliance with individual investor standards prior to sale of the loans in the secondary market, and we rely upon our quality control department to test sold loans on a sample basis for compliance. The purchasers of such loans will typically conduct a more detailed review of such loans following acquisition to determine whether such loans were originated in compliance with the purchaser's underwriting guidelines and program eligibility standards. We become liable for the unpaid principal and interest on any defaulted mortgage loan if there has been a breach of our representations and warranties. In such instances, we may be required to repurchase the loan.

We are also affected by loan delinquencies and defaults on mortgage loans that we service. At December 31, 1998, approximately 1.83% of the loans we serviced for others were 30 days or more delinquent (including foreclosures). Under certain types of servicing contracts, the servicer must advance all or

part of the scheduled payments to the owner of the loan, even when loan payments are delinquent. Also, to protect their liens on mortgaged properties, owners of loans usually require the servicer to advance the cost of mortgage and hazard insurance and tax payments on schedule even if sufficient escrow funds are not available. The servicer will be reimbursed by the mortgage owner or from liquidation proceeds for payments advanced that the

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servicer is unable to recover from the mortgagor, although the timing of such reimbursement is typically uncertain. In the interim, the servicer must absorb the cost of funds advanced. Further, the servicer must bear the costs of attempting to collect on delinquent and defaulted loans. We do not collect servicing income from the time a loan becomes delinquent until foreclosure, at which time such amounts, if any, may be recovered.

IF THERE ARE ADVERSE CONDITIONS IN ONE GEOGRAPHIC AREA OR WITH A FEW CUSTOMERS, THESE MAY HAVE A DISPROPORTIONATELY LARGE EFFECT ON OUR FINANCIAL RESULTS.

Historically, our single-family mortgage loan portfolio has been concentrated in certain geographic regions, particularly Michigan, based upon the location of the property collateralizing the mortgage loan. Because borrowers of single-family mortgage loans usually reside on the collateral property, changes in economic and business conditions in the area in which the property is located can affect the borrower and thus have an effect on the performance of the loan. For instance, the mortgage loans we serviced (as measured by unpaid principal balance), including loans held for investment, that were collateralized by property located in Michigan comprised 22.4% of total mortgage loans at December 31, 1998. As a result, unfavorable or worsened economic conditions in Michigan could have a material adverse effect on our financial condition and results of operations.

In addition to risks associated with a geographic concentration of our loan portfolio, our results of operations can be affected by concentration of credit to just a few borrowers. We currently provide warehouse lines of credit ranging up to \$21.5 million to certain mortgage companies. We have also originated commercial real estate loans in amounts up to \$6.5 million. Repayment of such loans is primarily dependent upon the successful operation of the business involved and therefore could be subject to a greater extent to adverse conditions in the economy. If any single large loan customer defaults on their loan from us, it could adversely affect our operating results.

A SIGNIFICANT PORTION OF OUR INCOME ARISES FROM THE MORTGAGE BANKING BUSINESS, WHICH IS SEASONAL.

We earn a significant amount of income in the mortgage banking industry, which is generally subject to seasonal variations. These variations reflect the general national pattern of sales and resales of homes, although refinancings tend to be less seasonal and more closely related to changes in interest rates. Sales and resales of homes typically peak during the spring and summer seasons and decline to lower levels from mid-November through February. In addition, delinquency rates typically rise in the winter months, which results in higher servicing costs. The magnitude of these variations, which is beyond our control, could adversely affect our operating results.

THE EXPANSION OF OUR RETAIL BANKING BUSINESS WILL BE EXPENSIVE.

We intend to expand our retail banking operations through the acquisition or establishment of additional bank branches. This expansion is expected to occur in communities across southern and western Michigan. If we are unable to generate a customer base within these communities because of consumer loyalty to other financial institutions or for other reasons, we will have incurred construction or building acquisition costs and liabilities under lease agreements as well as related branch overhead expenses without an appropriate return on our investment.

WE ARE DEPENDENT ON OUR KEY PERSONNEL.

Our growth and development to date have been largely dependent on certain key employees, the loss of whom could have a material adverse effect. Our key employees are Thomas J. Hammond, Chief Executive Officer; Mark T. Hammond, President; Michael W. Carrie, Executive Vice President and Chief Financial Officer; and Joan H. Anderson, Executive Vice President. Each of these persons are officers of the Company and the Bank. Our key employees also include

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Kirstin A. Hammond, Executive Vice President; and Robert O. Rondeau, Jr.,

Executive Vice President, who are officers of the Bank. We do not carry "key person" life insurance on the lives of any officers.

WE ARE IMPACTED BY COMPETITION FROM MANY OTHERS.

Both our retail banking business and mortgage banking business are extremely competitive. In the retail banking segment, we will have to overcome historical relationships to attract customers away from our competition. In the mortgage banking segment, many of our competitors are, or are affiliates of, enterprises that have greater resources than we do.

Through our various businesses, we compete with different institutions, including:

- mortgage companies;
- other banks and thrift institutions;
- credit unions;
- full service and discount broker dealers;
- investment companies, mutual funds and money market funds; and
- insurance companies.

Some of our competitors are not regulated as extensively as we are and, therefore, may have greater flexibility in competing for business. Some of these competitors are subject to similar regulation but have the advantages of established customer bases, higher lending limits, extensive branch networks, numerous automated teller machines or other factors. We compete by offering market rates on our products and prompt service to our customers.

WE OPERATE A BUSINESS THAT IS SUBJECT TO SIGNIFICANT GOVERNMENT REGULATION.

We are subject to extensive regulation by state and federal banking authorities. These regulations govern our existence, our general operations and our other functions such as mortgage origination, processing, underwriting, selling and servicing. Many of these regulations are intended to protect depositors, the public or the FDIC and not our shareholders. Regulatory requirements will affect our lending practices, capital structure, investment practices, dividend policy and growth. Any change in these regulatory requirements could adversely affect us. In some instances, regulatory changes are applied retroactively. Our mortgage banking operations are also affected by the rules and regulations of quasi-governmental agencies that purchase, guarantee or insure mortgage loans. Further, federal economic and monetary policies, which are entirely out of our control, will affect various aspects of our operations.

In addition, certain states require that interest be paid to mortgagors on funds deposited by them in escrow to cover mortgage-related payments such as property taxes and insurance premiums. Federal legislation has been introduced in the past that would, if enacted, revise current escrow regulations and establish a uniform escrow calculation methodology in all states. If such federal legislation were enacted or if other states enact legislation relating to payment of, or increases in the rate of, interest on escrow balances, or if such legislation were retroactively applied to loans in our servicing portfolio, our earnings would be adversely affected.

WE OPERATE A BUSINESS IN AN INDUSTRY THAT HAS BEEN SUBJECT TO SIGNIFICANT LITIGATION.

In recent years, mortgage originators have been subject to class action lawsuits that allege violations of federal and state laws and regulations, including the propriety of collecting and paying various fees and charges and the calculation of escrow amounts. Class action lawsuits may continue to be filed in the future against mortgage originators generally. The results of our operations could be adversely affected if we suffer an unfavorable court judgment in any such lawsuit.

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WE MAY INCUR SIGNIFICANT COSTS IF WE FORECLOSE ON ENVIRONMENTALLY CONTAMINATED REAL ESTATE.

If we foreclose on a defaulted mortgage loan to recover our investment in such mortgage loan, we may be subject to environmental liabilities in connection with the underlying real property. These liabilities could exceed the fair value of the real property. It is also possible that hazardous substances or wastes, contaminants, pollutants or their sources (as defined by state and federal laws and regulations) may be discovered on properties during our ownership or after

they are sold to a third party. If they are discovered on a property that we have acquired through foreclosure or otherwise, we may be required to remove those substances and clean up the property. We may have to pay for the entire cost of any removal and clean-up without the contribution of any other third parties. These costs may also exceed the fair value of the property. We may also be liable to tenants and other users of neighboring properties. In addition, we may find it difficult or impossible to sell the property prior to or following any such clean-up.

THE YEAR 2000 PROBLEM MAY HAVE AN ADVERSE IMPACT ON US OR ON OTHERS UPON WHOM WE DEPEND.

Much of today's information technology (i.e., computer systems) and embedded technology (e.g., microcontrollers) identifies a particular year on the basis of the last two digits of that year. For example, the year "1998" is recognized by the digits "98." The inability of information technology and embedded technology to properly recognize a year that begins with "20" instead of "19," if not corrected, may result in the production of erroneous results or the failure of systems which rely on information technology and embedded technology. This failure of systems, production of erroneous results and the resulting damages is commonly known as the "Year 2000 Problem" or the "Y2K Problem."

We are dependent, to a substantial degree, upon the proper functioning of our computer systems as well as those of our vendors, suppliers and customers. Most of our products and services rely on information and data provided by others. Most of this information and data is provided electronically and is dependent on information systems and telecommunications. The inability of our vendors and suppliers to provide accurate information in a timely manner, our inability to accurately and timely process such information, the inability of our customers to receive and use our products and services, and a general disruption of telecommunications and utilities as a result of the Year 2000 Problem would most likely result in business interruption or shutdown, financial loss, potential regulatory action, harm to our reputation and potential legal liability.

Although we have conducted internal development and testing of our computer systems to insure millennium compliance, we can give no assurance that our internal systems will be completely free of errors. Furthermore, we can give no assurance that all of our vendors will deliver Year 2000 compliant certificates or that the vendors will in fact be Year 2000 compliant despite their certification of compliance. If either our computer systems or those of our vendors fail to function properly because of the Year 2000 problem, the results of our operations may materially suffer.

THE OFFERING

Preferred Securities

Issuer..... Flagstar Trust

Securities Offered..... Flagstar Trust is offering 2,600,000 of its Preferred Securities, which represent an indirect interest in our Junior Subordinated Debentures that it will purchase with the proceeds of this offering.

Flagstar Trust will sell its Preferred Securities to the public and its Common Securities to us. Together, the Preferred Securities and the Common Securities are referred to as Trust Securities. Flagstar Trust will use the proceeds from the sale of Trust Securities to buy our % Junior Subordinated Debentures which will have the same payment terms as the Preferred Securities.

Use of Proceeds of Sale of the Preferred Securities...

The proceeds of the sale of the Preferred Securities will be invested by Flagstar Trust in our Junior Subordinated Debentures. We will receive the proceeds from the issuance of the Junior Subordinated Debentures. We intend to:

- invest a significant portion of the net proceeds in the Bank; and
- retain the remainder for our general corporate purposes.

Quarterly Distributions Are

Payable to You on the Preferred Securities..... The Distributions payable on each Preferred Security will:

- be fixed and accumulate at a rate per year of %;
- accrue from the date of issuance of the Preferred Securities; and
- be payable after each calendar quarter on the last business day of March, June, September and December of each year that the Preferred Securities are outstanding, beginning on June 30, 1999.

Flagstar Bancorp and Flagstar Trust May Defer Distributions to You on the Preferred Securities..... Flagstar Trust may defer Distributions on the Preferred Securities if we defer paying interest to Flagstar Trust on the Junior Subordinated Debentures. We generally have the right to defer interest payments on the Junior Subordinated Debentures for up to 20 consecutive quarters. During any deferral period, you will accumulate Distributions at the annual rate of %, plus you will earn additional interest at the annual rate of %, compounded quarterly, on any unpaid Distributions.

You Will Still be Taxed Even If Distributions on the Preferred Securities are Deferred..... If Distributions on the Preferred Securities are deferred, you must still include the related income in your taxable gross income for United States federal income tax purposes for as long as 16

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as the Junior Subordinated Debentures remain outstanding. As a result, you may incur a tax liability on the income before you have received cash to pay the tax. For further information on deferrals and their tax consequences, see "Risk Factors -- Distributions on the Preferred Securities may be deferred; you may have to include interest in your taxable income before you receive cash," "Description of the Junior Subordinated Debentures -- Option to Extend Interest Payment Period" and "United States Federal Income Tax Consequences -- Potential Extension of Interest Payment Period and Original Issue Discount."

You Will Be Required to Sell Your Preferred Securities To Flagstar Trust When the Junior Subordinated Debentures Mature or if They Are Prepaid..... The Junior Subordinated Debentures will mature on , 2029. You will be required to sell your Preferred Securities to Flagstar Trust upon the stated maturity date of the Junior Subordinated Debentures or earlier if they are prepaid. If we prepay the Junior Subordinated Debentures, Flagstar Trust will simultaneously redeem your Preferred Securities on the date of payment of the Junior Subordinated Debentures.

If the Junior Subordinated Debentures Are Prepaid, Your Preferred Securities Will Be Redeemed..... If we receive prior approval of federal banking regulators, if required, we may prepay the Junior Subordinated Debentures prior to maturity:

- on or after , 2004; or
- at any time if certain specified events occur that may have a significant adverse effect on our

benefits of having the Preferred Securities outstanding.

Upon any prepayment of the Junior Subordinated Debentures, your Preferred Securities will be redeemed at the liquidation amount of \$25 per Preferred Security plus any accrued and unpaid Distributions to the date of redemption. For further information on redemptions, see "Description of the Preferred Securities -- Redemption" and "Description of the Junior Subordinated Debentures Redemption."

At our Option, We May
Require You to Exchange
Your Preferred Securities
For Our Junior Subordinated
Debentures.....

We have the right at any time to dissolve or liquidate Flagstar Trust and distribute the Junior Subordinated Debentures to you in exchange for your Preferred Securities. If that happens, you will receive Junior Subordinated Debentures in exchange for the same principal amount of your holdings of Preferred Securities. However, we must pay the creditors of Flagstar Trust and, if required, receive prior approval of federal banking regulators

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before we dissolve or liquidate Flagstar Trust. If the Junior Subordinated Debentures are distributed, we will use our best efforts to list them on The Nasdaq Stock Market(R) in place of the Preferred Securities. For further information concerning distribution of the Junior Subordinated Debentures, see "Description of the Preferred Securities -- Distribution of Junior Subordinated Debentures."

We Fully and
Unconditionally Guarantee
Your Preferred Securities
On a Subordinated Basis....

We fully and unconditionally guarantee the payment of all distributions Flagstar Trust is obliged to make, but only to the extent Flagstar Trust has sufficient funds to satisfy those payments.

If we do not make a payment on the Junior Subordinated Debentures, Flagstar Trust will not have sufficient funds to make payments on the Preferred Securities. The Guarantee does not require us to make any payments on our Junior Subordinated Debentures nor does it require us to make up any shortfall in Flagstar Trust's funds needed to make a payment on the Preferred Securities to you. The Guarantee only requires us to make payments to the extent Flagstar Trust holds any funds.

For further information concerning our Guarantee of the Preferred Securities, see "Description of Guarantee."

Your Preferred Securities
Rank Lower in Payment
Compared to Our Other
Obligations.....

Our obligations under the Preferred Securities Guarantee, the Junior Subordinated Debentures and other governing documents are unsecured and have a payment priority below all of our current and future Senior and Subordinated Debt. In addition, because we are a holding company that relies on our subsidiaries for virtually all of our income, all existing and future liabilities of our subsidiaries will effectively rank higher than all of our obligations relating to the Preferred Securities and the Junior Subordinated Debentures. For example, our Bank currently has a subsidiary that acts as a real estate investment trust and sold preferred shares to the public. If the Bank is required to terminate the REIT, the REIT's

preferred shares will be exchanged for the Bank's preferred shares. If this happens, the Bank's funds would be used to first satisfy its obligations on its own preferred shares before paying any dividends to the Company.

There is no limit on the amount of other preferred securities or other junior subordinated debentures that we may issue in the future or on the amount of future liabilities of the Bank. Future issuances of securities similar to the Preferred Securities and the Junior Subordinated Debentures will rank equally with our obligations under the Junior Subordinated Debentures and our Preferred Securities Guarantee described in this Prospectus.

You Will Have Limited

Voting Rights.....

As a holder of Preferred Securities, you will have limited voting rights. These rights relate only to the dissolution or termination of Flagstar Trust and removal of the Property Trustee and the Indenture Trustee of Flagstar Trust under certain conditions. See "Description of the Preferred Securities -- Voting Rights; Amendment of the Trust Agreement."

The Preferred Securities Will Be In Book Entry Form Only.....

You will not receive a certificate for your Preferred Securities. Instead, the Preferred Securities will be represented by a global security that will be deposited with and registered in the name of The Depository Trust Company or its nominee.

The Nasdaq Stock Market(R).....

Flagstar Trust has applied to have the Preferred Securities listed for trading on The Nasdaq Stock Market(R) under the trading symbol ".....". Prior to this offering, there has been no public market of the Preferred Securities. The Underwriters have advised Flagstar Trust that they presently intend to make a market in the Preferred Securities prior to the commencement of trading on The Nasdaq Stock Market(R). The Underwriters are not obligated to make a market in the Preferred Securities, however, and may cease market making activities at any time. We can not give any assurance as to the liquidity of any trading market for the Preferred Securities.

USE OF PROCEEDS

All of the proceeds from the sale of Preferred Securities by Flagstar Trust will be invested in the Junior Subordinated Debentures. The net proceeds to Flagstar Bancorp from the sale of the Junior Subordinated Debentures, after deducting underwriting commissions and estimated offering expenses, will be approximately \$64,500,000 or \$74,250,000 if the underwriters' over-allotment option is exercised in full. We intend to invest a significant portion of the net proceeds in the Bank, with the remainder to be retained by us and used for general corporate purposes.

CAPITALIZATION

The following table sets forth (a) our historical capitalization at December 31, 1998 and (b) our adjusted capitalization at December 31, 1998 after giving effect to the offering and the use of net proceeds as described in "Use of Proceeds" above.

<TABLE>
<CAPTION>

AT DECEMBER 31, 1998

HISTORICAL AS ADJUSTED

	(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)	
	<C>	<C>
<S>		
Long-term debt(1).....	\$300,000	\$300,000
Company obligated mandatorily redeemable securities of subsidiary trust holding solely Junior Subordinated Debentures.....	--	65,000
Stockholders' Equity:		
Preferred Stock (10,000,000 shares authorized; no shares issued or outstanding).....	--	--
Common Stock (40,000,000 shares authorized; 13,670,000 shares issued and outstanding);.....	137	137
Additional paid in capital.....	29,988	29,988
Retained earnings.....	133,727	133,727
	-----	-----
Total Stockholders' equity.....	163,852	163,852
	-----	-----
Total capitalization.....	\$463,852	\$528,852
	=====	=====
Ratio of equity to assets.....	5.38%	5.27%
Regulatory capital ratios of the Bank:		
Tangible Capital.....	6.44%	8.21%
Core Capital.....	6.54%	8.37%
Total Risk Based Capital.....	12.93%	15.94%
</TABLE>		

(1) Reflects FHLB advances maturing more than one year from December 31, 1998.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents our selected consolidated financial data as of and for each of the years in the period ended December 31, 1998, 1997, 1996, 1995 and 1994. The information has been derived from our consolidated financial statements, including our audited consolidated financial statements incorporated in this Prospectus by reference to our 1998 Form 10-K, and should be read in conjunction with the notes to those financial statements. See "WHERE YOU CAN FIND MORE INFORMATION."

Historical results are not necessarily indicative of results to be expected for any future period.

<TABLE>
<CAPTION>

	AT OR FOR THE YEAR ENDED DECEMBER 31,				
	1998	1997	1996(1)	1995	1994
	----	----	-----	----	----
	(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)				
<S>	<C>	<C>	<C>	<C>	<C>
SUMMARY OF CONSOLIDATED STATEMENTS OF EARNINGS:					
Interest income.....	\$ 191,261	\$ 122,752	\$ 76,179	\$ 71,304	\$ 35,112
Interest expense.....	137,187	80,033	45,967	41,443	14,486
	-----	-----	-----	-----	-----
Net interest income.....	54,074	42,719	30,212	29,861	20,626
Provisions for losses.....	18,631	5,015	2,604	238	290
	-----	-----	-----	-----	-----
Net interest income after provisions for losses.....	35,443	37,704	27,608	29,623	20,336
Other income.....	118,413	59,836	58,534	36,988	42,732
Operating and administrative expenses.....	86,843	62,503	58,820	41,716	37,619
	-----	-----	-----	-----	-----
Earnings before federal income tax provision...	67,013	35,037	27,322	24,895	25,449
Provision for federal income taxes.....	25,950	13,265	10,299	9,419	9,318
	-----	-----	-----	-----	-----
Net earnings.....	\$ 41,063	\$ 21,772	\$ 17,023	\$ 15,476	\$ 16,131
	=====	=====	=====	=====	=====
Basic earnings per share.....	\$ 3.00	\$ 1.70	\$ 1.51	\$ 1.37	\$ 1.42
Diluted earnings per share.....	\$ 2.90	\$ 1.68	\$ 1.51	\$ 1.37	\$ 1.42
Dividends per common share.....	\$ 0.28	\$ 0.06	\$ 0.09	\$ 0.18	\$ 0.04
Dividend payout ratio.....	9.32%	3.77%	5.87%	12.92%	2.48%
SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION:					
Total assets.....	\$ 3,046,445	\$1,901,084	\$1,297,226	\$1,045,094	\$ 723,150
Loans receivable.....	2,558,716	1,655,259	1,110,836	923,933	633,409
Mortgage servicing rights.....	150,258	83,845	30,064	27,957	18,179
Deposits.....	1,923,370	1,109,933	624,485	526,974	307,624
FHLB advances.....	456,019	482,378	389,801	191,156	200,750
Stockholders' equity.....	163,852	126,617	78,468	62,445	49,419

OTHER FINANCIAL AND STATISTICAL DATA:

Ratio of earnings to fixed charges.....	1.49x	1.44x	1.59x	1.60x	2.76x
Tangible capital ratio.....	6.44%	5.40%	5.58%	5.19%	5.54%
Core capital ratio.....	6.54%	5.62%	6.01%	5.84%	6.63%
Total risk-based capital ratio.....	12.93%	11.74%	10.91%	10.12%	12.08%
Equity-to-assets ratio (at the end of the period).....	5.38%	6.66%	6.05%	5.98%	6.83%
Equity-to-assets ratio (average for the period).....	5.03%	6.22%	6.19%	5.54%	8.91%
Book value per share.....	\$ 11.98	\$ 9.26	\$ 6.97	\$ 5.55	\$ 4.37
Shares outstanding.....	13,670	13,670	11,250	11,250	11,309
Average shares outstanding.....	13,670	12,837	11,250	11,274	11,389
Mortgage loans originated or purchased.....	\$18,852,885	\$7,873,099	\$6,791,665	\$5,195,605	\$3,720,173
Mortgage loans sold.....	\$17,803,958	\$7,222,394	\$6,581,897	\$4,760,806	\$3,551,319
Mortgage loans serviced for others.....	\$11,472,211	\$6,412,797	\$4,801,581	\$6,788,530	\$5,691,421
Capitalized value of mortgage servicing rights.....	1.31%	1.31%	0.63%	0.41%	0.32%
Interest rate spread.....	1.85%	2.10%	2.13%	2.36%	3.37%
Net interest margin.....	2.14%	2.74%	3.07%	3.46%	4.63%
Return on average assets.....	1.45%	1.29%	1.53%	1.63%	3.19%
Return on average equity.....	28.77%	20.69%	24.68%	29.42%	35.78%
Efficiency ratio.....	49.6%	59.7%	64.8%	60.4%	58.3%
Net charge offs to average loans.....	0.17%	0.20%	0.13%	0.00%	0.08%
Ratio of allowances to total loans.....	0.78%	0.33%	0.31%	0.23%	0.29%
Ratio of non performing assets to total assets.....	1.97%	3.29%	3.16%	1.25%	0.42%
Ratio of allowance to non performing loans.....	53.78%	12.41%	11.43%	19.67%	107.59%
Number of Bank branches.....	28 (2)	19	15	13	9
Number of retail loan origination centers.....	31	35	31	31	29
Number of correspondent offices.....	15	16	10	9	6

</TABLE>

 (1) Included in the 1996 operation and administrative expenses is a one-time assessment to recapitalize the SAIF, which totaled \$3.4 million pre-tax (\$2.2 million or \$.20 per share on an after-tax basis). Without this assessment, return on average assets would have been 1.73%, return on average equity would have been 27.87%, and the efficiency ratio would have been 61.0%.

(2) In 1999, we opened two branches.

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BUSINESS

GENERAL. We are one of the largest home mortgage lenders in the United States. Our business is the origination of single-family mortgage loans. Through our Bank, we attract deposits from the general public and originate or acquire residential mortgage loans. The Bank is the largest independent savings institution in Michigan based on asset size. We also acquire funds on a wholesale basis from a variety of sources, service a significant volume of mortgage loans for others, and to a lesser extent, make consumer loans, commercial real estate loans and non-real estate commercial loans. For the year ended December 31, 1998, we ranked 13th in the United States in residential mortgage loan originations.

We have experienced significant asset growth and achieved continuing profitability: our total assets increased to \$3.0 billion for the year ended December 31, 1998 from \$1.9 billion for the same period in 1997 and \$1.3 billion for the same period in 1996; our net income increased to \$41.1 million (\$2.90 per share -- diluted), for the year ended December 31, 1998 from \$21.8 million (\$1.68 per share -- diluted) for the same period in 1997 and \$17.0 million (\$1.51 per share -- diluted) for the same period in 1996; and for the year ended December 31, 1998 return on average assets equaled 1.45% and return on average equity was 28.77% compared to return on average assets of 1.29% and return on average equity of 20.69% for the same period in 1997.

MORTGAGE AND RETAIL BANKING. Our primary lines of business are mortgage banking and retail banking. A majority of our revenue (net interest income and non-interest income) and earnings before income taxes is attributable to the mortgage banking segment. We believe that our retail banking business provides us with access to attractive and relatively stable funding sources for our mortgage origination business. We believe we have a strategic advantage compared to other mortgage originators with no retail banking operations due to our stable, lower cost of funds.

Mortgage Banking. Our mortgage banking operations originate residential mortgages through 31 retail loan origination offices located in Michigan (27), Florida (3) and Ohio (1). In addition, we originate mortgage loans on a wholesale basis through a nationwide network of independent mortgage brokers. We

also purchase mortgage loans on a regular basis from independent mortgage lenders, commercial banks, savings and loan associations and other financial institutions with whom we are familiar. These independent mortgage brokers and mortgage lenders originate such loans using our underwriting standards. We service this network through over 60 account executives, who are organized among 10 regional wholesale/correspondent lending offices and five wholesale/correspondent satellite offices.

Retail Banking. We provide a full range of retail banking services to consumers and small businesses in southern and western Michigan. We currently operate a network of 30 bank branches (including nine opened in 1998 and two in 1999) located in southern and western Michigan counties. Since 1994, we have focused on expanding our branch network in these markets in order to increase our access to retail deposit funding sources. We believe that this also provides a greater opportunity for cross-marketing of consumer banking services to our large base of mortgage customers in Michigan. We believe we can benefit from the customer displacement in our markets caused by the substantial consolidation of the banking industry in Michigan.

LOAN PRODUCTION. For the year ended December 31, 1998, we produced \$18.8 billion in mortgage loans. These included \$17.4 billion in mortgage loans produced through the wholesale and correspondent network and \$1.4 billion originated through the retail network. We produced mortgage loans of \$7.9 billion during 1997 which included \$7.1 billion produced through the wholesale and correspondent network and \$745.2 million originated through the retail network. For the year ended December 31, 1996, the wholesale and correspondent network produced \$6.1 billion and the retail network originated \$685.3 million for a total production of \$6.8 billion.

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LOAN SALES AND SERVICING. We sell a substantial portion of our loan production into the secondary market. These sales are principally completed by securitizing pools of loans through programs offered by government-sponsored enterprises such as Fannie Mae, Freddie Mac, and Ginnie Mae and through sales to private investors. We generally retain the servicing rights to many of the loans that we sell. We also realize additional income by selling servicing rights on an individual and a bulk basis to other mortgage servicers. Our loan servicing portfolio totaled \$11.5 billion at December 31, 1998, \$6.4 billion at December 31, 1997 and \$4.8 billion at December 31, 1996 (net of loans subserviced for others).

TECHNOLOGY. We make extensive use of advanced technology and automated processes which we believe enhance our competitiveness and reduce the cost of our mortgage origination operations. We were one of the first major mortgage lenders to utilize video conferencing for loan production. In 1996, we began full-scale operational use of automated underwriting system technologies, including Fannie Mae's Desktop Underwriter (TM) and Freddie Mac's Loan Prospector (TM). In fact, we are currently one of the largest users of the Loan Prospector (TM) system. We underwrite substantially all of our mortgage loans using these automated systems. We believe that our use of these systems reduces overhead, enhances customer service and better ensures that our mortgage loans conform to secondary market guidelines.

BUSINESS STRATEGY. Our strategy consists of the following key elements:

- continue to expand our bank branch network into demographically desirable communities in Michigan in order to gain access to additional retail funding sources;
- as market conditions permit, retain a portion of our mortgage loan production volume or mortgage servicing rights or both (thereby benefiting from economies of scale);
- continue to utilize advanced technology and automated processes throughout our business to improve customer service, reduce costs of loan production and servicing and increase efficiencies; and
- cross-sell retail banking services to our large Michigan base of existing mortgage customers.

ACCOUNTING TREATMENT

For financial reporting purposes, we will treat Flagstar Trust as our subsidiary. Accordingly, we will include the accounts of Flagstar Trust in our consolidated financial statements. We will include the Preferred Securities in debt in our consolidated statements of financial condition, and will include appropriate disclosures about the Preferred Securities, the Guarantee and the Junior Subordinated Debentures in the notes to our consolidated financial statements. For financial reporting purposes, we will record Distributions on the Preferred Securities as interest expense in our consolidated statements of

DESCRIPTION OF THE PREFERRED SECURITIES

DEFINITIONS OF MATERIAL AGREEMENTS

For purposes of this Prospectus:

- the "Indenture" means the Subordinated Indenture dated as of April , 1999, as amended and supplemented from time to time, between Flagstar Bancorp and FMB Bank, as trustee (the "Indenture Trustee"), under which the Junior Subordinated Debentures will be issued,
- the "Trust Agreement" means the Amended and Restated Trust Agreement, under which the Preferred Securities and the Common Securities will be issued, dated as of April , 1999, as amended and supplemented from time to time, among Flagstar Bancorp, as Depositor, First Omni Bank, National Association, as Delaware trustee (the "Delaware Trustee"), FMB Bank, as property trustee (the "Property Trustee"), and the Administrative Trustees named therein,
- the "Guarantee" means the Guarantee Agreement relating to the Guarantee of Flagstar Bancorp, between Flagstar Bancorp and FMB Bank, as trustee (the "Guarantee Trustee") on behalf of the holders, and
- the "Expense Agreement" means the Expense Agreement between Flagstar Bancorp and Flagstar Trust.

The Preferred Securities and the Common Securities will be issued pursuant to the terms of the Trust Agreement, which is qualified as an indenture under the Trust Indenture Act of 1939 (the "Trust Indenture Act"). This summary is not complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Trust Agreement, including the definitions portion of the Trust Agreement, and the Trust Indenture Act. However, we believe that all material terms of the Preferred Securities in the Trust Agreement are set forth in this section of the Prospectus. The form of the Trust Agreement has been filed as an exhibit to the Registration Statement. This Prospectus is a part of the Registration Statement.

GENERAL

The Administrative Trustees on behalf of Flagstar Trust will issue the Preferred Securities and the Common Securities (collectively, the "Trust Securities"). We will own 100% of the Common Securities and you may purchase the Preferred Securities. The Preferred Securities will represent undivided preferred beneficial interests in the assets of Flagstar Trust and each holder will be entitled to a preference in respect of certain distributions by Flagstar Trust and amounts payable on redemption or liquidation of Flagstar Trust. Otherwise, the Preferred Securities will generally rank the same as the Common Securities.

The Preferred Securities, as well as the Junior Subordinated Debentures, are scheduled to mature on , 2029.

The Property Trustee will hold the Junior Subordinated Debentures which we have issued in trust for the benefit of the holders of Trust Securities. Our Guarantee (the "Guarantee") will be subordinated to most of our other obligations and liabilities. Our Guarantee will not provide for the payment of Distributions (as defined below) or amounts payable on redemption of the Preferred Securities if Flagstar Trust does not have funds available to make such payments. See "Description of Guarantee."

If we do not make required payments on the Junior Subordinated Debentures held by Flagstar Trust, taking into account our right to defer such payments for up to 20 quarters, Flagstar Trust will be unable to pay any Distributions to you. In such event, you may make a claim directly against us to enforce payment of the amounts due to you. See "Description of the

Junior Subordinated Debentures -- Enforcement of Certain Rights by Holders of Preferred Securities."

DISTRIBUTIONS

Distributions on the Preferred Securities will be fixed at an annual rate of % of the Liquidation Amount of \$25 per Preferred Security. Unpaid Distributions that are past due will accumulate additional interest at an annual

rate of % of the unpaid Distributions, compounded quarterly. The term "Distribution" includes any additional amounts payable in respect of Distributions unless otherwise stated.

Distributions on the Preferred Securities:

- will be cumulative,
- will accumulate from , 1999, the date of initial issuance of the Preferred Securities, and
- will be payable quarterly in arrears on the last Business Day of March, June, September and December, commencing June 30, 1999.

The amount of Distributions payable for any period will be computed on the basis of a 360-day year of twelve 30-day months. In the event that any date on which a Distribution is payable is not a Business Day, the payment of that Distribution will generally be made on the next Business Day (and without any additional interest). "Business Day" means any day other than a Saturday or a Sunday, or a day on which banking institutions in the State of Michigan are authorized or required by law or executive order to remain closed or a day on which the Corporate Trust Office of the Property Trustee or the Indenture Trustee is closed for business.

We may defer the payment to Flagstar Trust of interest on the Junior Subordinated Debentures at any time for one or more Extension Periods. However, we may not defer any payments if we are in default under the Indenture. No Extension Period may extend beyond the maturity date of the Junior Subordinated Debentures. If we elect to defer the payment of interest, then quarterly Distributions on the Preferred Securities will be deferred by Flagstar Trust during the Extension Period. The Distributions will continue to accumulate, with additional interest, generally at an annual rate of %, compounded quarterly, during the Extension Period.

During any Extension Period:

- we may not declare or pay any dividends on, make any distribution, or redeem, purchase, acquire or make a liquidation payment on any of Flagstar Bancorp's capital stock; and
- we may not make any payment of interest, principal or premium on or repay, repurchase or redeem any debt securities issued by us that rank equal or junior to the Junior Subordinated Debentures (of which there are none at the time of this printing), or make any guarantee payments on the foregoing.

The Extension Period restrictions do not apply to:

- repurchases, redemptions or other acquisitions of shares of our capital stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants, or a dividend reinvestment or shareholder stock purchase plan;
- any declaration of a dividend in connection with any shareholders' rights plan, or the issuance of rights, stock or other property under any shareholders' rights plan, or the redemption or repurchase of rights pursuant to the plan;

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- any dividend in the form of stock, warrants, options or other rights where the dividend or the stock issuable upon exercise of the warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equal or junior to that stock; or
- payments by us under the Guarantee.

When we pay all the accumulated amounts due to you during an Extension Period, the Extension Period will terminate. However, we have the right to begin another Extension Period under the same terms outlined above. There is no limit on the number of times we can elect to begin an Extension Period. In no way may any single Extension Period extend beyond 20 consecutive calendar quarters.

We have no current intention of exercising our right to defer payments of interest by extending the interest payment period on the Junior Subordinated Debentures.

REDEMPTION

When we repay or redeem some or all of the Junior Subordinated Debentures,

whether at maturity or upon earlier redemption, the Property Trustee will apply the proceeds from the repayment or redemption to redeem the same proportionate amount of Preferred Securities and Common Securities. The Redemption Price per Security will equal the \$25 Liquidation Amount, plus accumulated and unpaid Distributions to the date of redemption. We will make this redemption not less than 30 nor more than 60 days after the notice of a date of redemption (the "Redemption Date"), at the Redemption Price (as defined below). See "Description of the Junior Subordinated Debentures -- Redemption."

If less than all the Junior Subordinated Debentures are to be repaid or redeemed, then the aggregate liquidation amount of Preferred and Common Securities to be redeemed will be allocated approximately 3% to the Common Securities and 97% to the Preferred Securities, except in the case of an event of default under the Indenture. See "-- Subordination of Common Securities."

We will have the right, after receipt of prior approval by federal banking regulators, if approval is then required, to redeem the Junior Subordinated Debentures:

- on or after _____, 2004, in whole at any time or in part from time to time; or
- prior to _____, 2004 in whole, but not in part, at any time within 90 days following the occurrence and continuation of a Tax Event, an Investment Company Event or a Capital Treatment Event, each as we defined below. See "Description of the Junior Subordinated Debentures -- Optional Redemption."

SELECTED DEFINITIONS

"Additional Sums" means the additional payments we are required by the Indenture to make under the Junior Subordinated Debentures to cover certain charges imposed upon Flagstar Trust so that the funds available to Flagstar Trust for payment of Distributions will not be reduced. An example of the Additional Sums could be any additional taxes, duties and other governmental charges that Flagstar Trust has incurred.

"Capital Treatment Event" means that we have received an opinion of nationally recognized independent counsel experienced in such matters that, as a result of

- (1) any amendment to, clarification of or change, including any announced prospective change, in applicable laws or regulations or official interpretations thereof or policies with respect thereto; or

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- (2) any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, which amendment, clarification, change, pronouncement or decision is announced or is effective after the date of this Prospectus,

there is more than an insubstantial risk that the Preferred Securities will not then constitute capital of Flagstar Bancorp for purposes of the capital adequacy guidelines or policies of federal banking regulators. There are currently no capital adequacy guidelines applicable to savings and loan holding companies such as Flagstar Bancorp.

"Investment Company Event" means that the Administrative Trustees have received an opinion of nationally recognized independent counsel experienced in such matters that, as a result of the occurrence of a change, including any announced prospective change, in law or regulation or a written change, including any announced prospective change, in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority on or after the date of this Prospectus, there is more than an insubstantial risk that Flagstar Trust is or will be considered an "investment company" that is required to be registered under the Investment Company Act of 1940, as amended (the "Investment Company Act").

"Like Amount" means (i) with respect to a redemption of Trust Securities, Trust Securities having a Liquidation Amount (as defined below) equal to that portion of the principal amount of Junior Subordinated Debentures to be contemporaneously redeemed in accordance with the Indenture, allocated to the Common Securities and to the Preferred Securities based upon the relative Liquidation Amounts of such classes and the proceeds of which will be used to pay the Redemption Price of such Trust Securities, and (ii) with respect to a distribution of Junior Subordinated Debentures to holders of Trust Securities in connection with a dissolution or liquidation of Flagstar Trust, Junior Subordinated Debentures having a principal amount equal to the Liquidation Amount of Trust Securities of each holder to whom such Junior Subordinated Debentures are distributed.

"Liquidation Amount" means the stated amount of \$25 per Trust Security. The Liquidation Amount is the amount that you are entitled to receive if Flagstar Trust is terminated at or prior to the maturity date and its assets are distributed to the holders of its securities. You are entitled to receive this amount from the assets of Flagstar Trust for distribution, after it has paid liabilities owed to its creditors, if Flagstar Trust has sufficient funds to pay this amount.

"Redemption Price" means, with respect to any Trust Security, the Liquidation Amount of such Trust Security, plus accumulated and unpaid Distributions to the Redemption Date, allocated on a pro rata basis (based on Liquidation Amounts) among the holders of Trust Securities.

"Tax Event" means that the regular trustees, or, if Flagstar Trust has been terminated at the time, an appropriate representative of the holders of the Junior Subordinated Debentures, have received an opinion of nationally recognized independent tax counsel experienced in such matters to the effect that, as a result of:

- any amendment to, clarification of, or change, including any announced prospective change, in the laws, or any regulations under the laws, of the United States or any political subdivision or taxing authority affecting taxation;
- any judicial decision, official administrative pronouncement, ruling, regulatory procedure, notice or announcement, including any notice or announcement of intent to adopt such procedures or regulations (an "Administrative Action"); or -- any amendment to, clarification of, or change in the official position or the interpretation of such Administrative Action or judicial decision that differs from the prior generally accepted position,

in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which the amendment, clarification, change or Administrative Action is made known, which amendment, clarification, change or Administrative Action is effective or

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which pronouncement or decision is announced, in each case, on or after the date of this Prospectus, there is more than an insubstantial risk that:

- (1) Flagstar Trust is, or will be within 90 days of the date of the opinion of counsel, subject to United States federal income tax with respect to income accrued or received on the Junior Subordinated Debentures,
- (2) Flagstar Trust is, or will be within 90 days of the date of the opinion of counsel, subject to more than a de minimis amount of taxes, duties or other governmental charges, except for withholding taxes, or
- (3) interest paid in cash by us to Flagstar Trust on the Junior Subordinated Debentures is not, or within 90 days of the date of the opinion of counsel will not be, deductible, in whole or in part, by us for United States federal income tax purposes.

Notwithstanding the foregoing, a Tax Event does not include any change in tax law that requires us to defer taking a deduction for any original issue discount that accrues with respect to the Junior Subordinated Debentures until the interest payment related to the OID is paid by us in cash if the change in tax law does not create more than an insubstantial risk that we will be prevented from taking a deduction for OID accruing on the Junior Subordinated Debentures at a date that is no later than the date the interest payment related to the OID is actually paid by us in cash.

If any event described in clause (1) or (2) of the definition of "Tax Event" above has occurred and is continuing and Flagstar Trust is the holder of all of the Junior Subordinated Debentures, Flagstar Bancorp will pay Additional Sums, if any, on the Junior Subordinated Debentures.

DISTRIBUTION OF JUNIOR SUBORDINATED DEBENTURES

We may at any time elect to dissolve Flagstar Trust and, after we have paid all of the liabilities of creditors of Flagstar Trust as provided by applicable law, cause the Junior Subordinated Debentures to be distributed to you. However, we may only dissolve Flagstar Trust if we have received prior federal banking regulators' approval, if then required. If we dissolve Flagstar Trust and distribute the Junior Subordinated Debentures to you:

- the Preferred Securities will no longer be outstanding;

- the Depository or its nominee, as the record holder of the Preferred Securities, will, upon the distribution of the Junior Subordinated Debentures, receive a registered global certificate or certificates representing the Junior Subordinated Debentures; and
- any certificates representing Preferred Securities not held by the Depository or its nominee will be deemed to represent the Junior Subordinated Debentures having a principal amount equal to the Liquidation Amount of the Preferred Securities.

The Preferred Securities certificates will continue to bear interest until the certificates are presented to the Administrative Trustees or their agent for replacement by certificates representing an equal amount of Junior Subordinated Debentures, at which time only unpaid interest will be paid, if Flagstar Trust has sufficient funds available.

REDEMPTION PROCEDURES

Flagstar Trust may not redeem fewer than all of the outstanding Preferred Securities unless it has paid all accumulated and unpaid Distributions on all Preferred Securities for all quarterly distribution periods terminating on or prior to the date of redemption. Flagstar Trust will only redeem the Preferred Securities if we have redeemed the Junior Subordinated Debentures. Flagstar Trust may redeem Preferred Securities only in an amount equal to the funds it has on

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hand and legally available to pay the Redemption Price. See "-- Subordination of Common Securities" and "Description of Guarantee."

Unless there is a payment default, additional interest will stop accruing on those Preferred Securities called for redemption on the date they are called for redemption.

The Property Trustee will give you notice of the redemption at least 30 but not more than 60 days before the date fixed for redemption. If Flagstar Trust gives a notice of redemption, then, by 12:00 noon, New York City time, on the date of redemption, if the funds are available for payment, the Property Trustee will, for Preferred Securities held in book-entry form:

- deposit irrevocably with The Depository Trust Company ("DTC") funds sufficient to pay the Redemption Price; and
- give DTC irrevocable instructions and authority to pay the Redemption Price to the holders of the Preferred Securities.

With respect to Preferred Securities not held in book-entry form, if funds are available for payment, the Property Trustee will:

- irrevocably deposit with the paying agent for the Preferred Securities funds sufficient to pay the Redemption Price; and
- give such paying agent irrevocable instructions and authority to pay the Redemption Price to the holders of Preferred Securities upon surrender of their certificates evidencing the Preferred Securities.

Notwithstanding the foregoing, distributions payable on or prior to the date of redemption for any Preferred Securities called for redemption will be payable to the holders on the relevant record dates.

Once notice of redemption is given and funds are deposited as required, then all rights of the holders of Preferred Securities called for redemption will cease, except the right to receive the Redemption Price, but without interest after the date of redemption. At that time, those Preferred Securities will cease to be outstanding.

Payment of the Redemption Price on the Preferred Securities and any distribution of Junior Subordinated Debentures to holders of Preferred Securities will be made to the applicable record holders on the relevant record date, which date will be one Business Day prior to the relevant redemption date or liquidation date, as applicable; provided, however, that in the event that any Preferred Securities are not in book-entry form, the relevant record date for such Preferred Securities will be a date at least 15 days prior to the redemption date or liquidation date, as applicable. In the case of a liquidation, the record date will be no more than 45 days before the liquidation date.

If any date fixed for redemption is not a Business Day, then payment of the Redemption Price will be made on the next day that is a Business Day, without any interest or other payment for the delay. If the next Business Day falls in

the next calendar year, the payment will instead be made on the immediately preceding Business Day.

If payment of the Redemption Price for the Preferred Securities called for redemption is improperly withheld or refused and not paid, either by Flagstar Trust or by Flagstar Bancorp under the Guarantee, then Distributions on those Preferred Securities will continue to accumulate at the then applicable rate, from the date of redemption to the date of actual payment. In this case, the actual payment date will be the date fixed for redemption for purposes of calculating the Redemption Price.

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Flagstar Bancorp or its affiliates may at any time and from time to time purchase outstanding Preferred Securities, by tender, in the open market or by private agreement, and may resell Preferred Securities.

If Flagstar Trust is going to redeem less than all the Preferred Securities and Common Securities, then the aggregate liquidation amount of Preferred and Common Securities to be redeemed will be allocated approximately 3% to the Common Securities and 97% to the Preferred Securities, except if an Event of Default has occurred. In such case, holders of Preferred Securities will be paid first. See "-- Subordination of the Common Securities" immediately below for a more complete discussion. The Property Trustee will select the particular Preferred Securities to be redeemed on this pro rata basis not more than 60 days before the date of redemption by any method the Property Trustee deems fair and appropriate, or if the Preferred Securities are then held in book-entry form, in accordance with DTC's customary procedures.

SUBORDINATION OF COMMON SECURITIES

Payment of Distributions on, and the Redemption Price of, the Preferred Securities and Common Securities will be made on a proportionate basis, based on the aggregate Liquidation Amounts of the Preferred Securities and Common Securities. However, if a Debenture Event of Default has occurred and is continuing, then no payment of any Distribution will be made on any of the Common Securities, unless all unpaid amounts due on the Preferred Securities shall have been paid in full or provided for, as appropriate.

In the case of any Event of Default under the Trust Agreement resulting from a Debenture Event of Default, we as the holder of the Common Securities will be deemed to have waived any right to act upon the Event of Default under the Trust Agreement until the effects of all Events of Default under the Trust Agreement regarding the Preferred Securities have been cured, waived or otherwise eliminated. Until that time, the Property Trustee shall act solely on behalf of the holders of the Preferred Securities.

LIQUIDATION DISTRIBUTION UPON DISSOLUTION

We will have the right at any time to dissolve Flagstar Trust, and after paying all the expenses and liabilities of Flagstar Trust, distribute the Junior Subordinated Debentures to you. However, we may only dissolve Flagstar Trust if we have received prior approval of federal banking regulators, if then required. See "-- Distribution of Junior Subordinated Debentures" above.

In addition, the Trust Agreement states that Flagstar Trust will dissolve:

- on the expiration of the term of Flagstar Trust, which currently expires on , 2029;
- upon the bankruptcy of Flagstar Bancorp;
- upon the filing of a certificate of dissolution or its equivalent of Flagstar Bancorp;
- upon our delivery of a written direction to the Property Trustee to dissolve Flagstar Trust, which we may do in our discretion; or
- upon entry of a court order for the dissolution of Flagstar Bancorp or Flagstar Trust.

In the event of a dissolution, after Flagstar Trust pays all amounts owed to its creditors, the holders of the Preferred Securities and Common Securities issued by Flagstar Trust will be entitled to receive:

- cash, if the dissolution arises from redemption of the Junior Subordinated Debentures, equal to the aggregate Liquidation Amount of each Preferred Security and Common

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Security specified in this Prospectus, plus accumulated and unpaid Distributions to the date of payment; or

- Junior Subordinated Debentures, if the dissolution does not arise from redemption of the Junior Subordinated Debentures, in an aggregate principal amount equal to the aggregate Liquidation Amount of the Preferred Securities and Common Securities are distributed to the holders of the Preferred Securities and Common Securities.

If Flagstar Trust cannot pay the full amount due on its Preferred Securities and Common Securities because insufficient assets are available for payment, then the amounts payable by Flagstar Trust on its Preferred Securities and Common Securities shall be paid pro rata. However, if a Debenture Event of Default has occurred, the total amounts due on such Preferred Securities will be paid before any distribution on such Common Securities.

Under current United States federal income tax law and interpretations and assuming, as expected, Flagstar Trust is treated as a grantor trust, a distribution of the Junior Subordinated Debentures should not be a taxable event to you. Should there be a change in law, a change in legal interpretation, a Tax Event or other circumstances, however, the distribution could be a taxable event to you. See "United States Federal Income Tax Consequences."

If we elect to liquidate Flagstar Trust and cause the Junior Subordinated Debentures to be distributed to you in liquidation of Flagstar Trust, we will continue to have the right to shorten the maturity of the Junior Subordinated Debentures, subject to certain conditions. See "Description of the Junior Subordinated Debentures -- Option to Accelerate Maturity."

EVENTS OF DEFAULT; NOTICE

The following events constitute an Event of Default (an "Event of Default") with respect to the Preferred Securities and Common Securities:

(i) the occurrence of a Debenture Event of Default under the Indenture (see "Description of Junior Subordinated Debentures -- Debenture Events of Default"); or

(ii) default by Flagstar Trust in the payment of any Distribution when it becomes due and payable (other than during an Extension Period), and continuation of such default for a period of 30 days; or

(iii) default by Flagstar Trust in the payment of any Redemption Price of any Trust Security when it becomes due and payable; or

(iv) material default in the performance, or breach, of any covenant or warranty of the Property Trustee in the Trust Agreement (other than a default or breach in the performance of a covenant or warranty which is addressed in clause (ii) or (iii) above), and continuation of such default or breach, for a period of 60 days after there has been given, to the Property Trustee by the holders of at least 25% in aggregate Liquidation Amount of the outstanding Preferred Securities, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Trust Agreement; or

(v) if the Property Trustee becomes bankrupt or insolvent and we do not appoint a successor to the Property Trustee within 60 days of the event of bankruptcy or insolvency.

The Property Trustee must give notice of any uncured or unwaived Event of Default to you, to us and to the Administrative Trustees. This notice must be given within five Business Days after the Property Trustee actually knows of the Event of Default. Flagstar Bancorp and the Administrative Trustees are required to file annual certificates with the Property Trustee declaring whether we and they are in compliance with all the conditions and covenants applicable to us and them under the Trust Agreement.

If a Debenture Event of Default has occurred and is continuing, the Preferred Securities will have a preference over the Common Securities upon dissolution of Flagstar Trust as described above. See "-- Liquidation Distribution upon Dissolution." Upon a Debenture Event of Default, unless the principal of all the Junior Subordinated Debentures has already become due and payable, either the Property Trustee or the holders of not less than 25% in aggregate principal amount of the Junior Subordinated Debentures then outstanding may declare all of the Junior Subordinated Debentures to be due and payable immediately by giving us written notice of that fact (and to the Property Trustee, if notice is given by holders of the Junior Subordinated

Debentures). If the Property Trustee or the holders of the Junior Subordinated Debentures fail to declare the principal of all of the Junior Subordinated Debentures due and payable upon a Debenture Event of Default, the holders of at least 25% in Liquidation Amount of the Preferred Securities then outstanding will have the right to declare the Junior Subordinated Debentures immediately due and payable. In either event, payment of principal and interest on the Junior Subordinated Debentures will remain subordinated to the extent provided in the Indenture. In addition, holders of the Preferred Securities have the right in certain circumstances to bring a Direct Action (as defined below). See "Description of the Junior Subordinated Debentures -- Enforcement of Certain Rights by Holders of Preferred Securities."

REMOVAL OF TRUSTEES

As the holder of the Common Securities, we may at any time remove any trustee, unless a Debenture Event of Default has occurred and is continuing. If a Debenture Event of Default has occurred and is continuing, the Property Trustee and the Delaware Trustee may be removed at such time by the holders of a majority in Liquidation Amount of the outstanding Preferred Securities. In no event will the holders of the Preferred Securities have the right to vote to appoint, remove or replace the Administrative Trustees. Flagstar Bancorp as the holder of the Common Securities has the sole power to remove the Administrative Trustee. The resignation or removal of any Trustee and the appointment of a successor Trustee is effective only on the acceptance of appointment by the successor trustee in accordance with the provisions of the Trust Agreement.

CO-TRUSTEES AND SEPARATE PROPERTY TRUSTEE

Unless an Event of Default has occurred and is continuing, we have the right to appoint co-trustees or a separate Property Trustee. We may appoint these additional trustees in order to meet the requirements of the Trust Indenture Act or the state laws of any jurisdiction where property of Flagstar Trust may be located. Our appointment of any additional trustees will be subject to provisions of the Trust Agreement. In case a Debenture Event of Default has occurred and is continuing, the Property Trustee alone will have power to make such appointment.

MERGER OR CONSOLIDATION OF TRUSTEES

Any Person (as defined in the Trust Agreement) into which the Property Trustee, the Delaware Trustee or any Administrative Trustee that is not a natural person may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which such Trustee will be a party, or any person succeeding to all or substantially all the corporate trust business of such Trustee, shall be the successor of such Trustee under the Trust Agreement, provided such corporation shall be otherwise qualified and eligible.

MERGERS, CONSOLIDATIONS, AMALGAMATIONS OR REPLACEMENTS OF FLAGSTAR TRUST

Flagstar Trust may, at our request, with the consent of the Administrative Trustees and without your consent, consolidate, amalgamate, merge with or into or be replaced by or convey,

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transfer or lease its properties and assets substantially as an entirety to another trust organized under the laws of any state provided that:

- such successor entity either (a) expressly assumes all of the obligations of Flagstar Trust with respect to the Preferred Securities or (b) substitutes for the Preferred Securities other securities having substantially the same terms as the Preferred Securities (the "Successor Securities") so long as the Successor Securities rank the same as the Preferred Securities for distributions and payments upon liquidation, redemption and otherwise;
- Flagstar Bancorp expressly appoints a trustee of such successor entity possessing the same powers and duties as the Property Trustee as the holder of the Junior Subordinated Debentures;
- any such transaction does not adversely affect the rights, preferences and privileges of the holders of the Preferred Securities (including any Successor Securities) in any material respect;
- such successor entity has a purpose substantially identical to that of Flagstar Trust;
- the Successor Securities will be listed or traded on any national securities exchange or other organization on which the Preferred Securities may then be listed;

- prior to such a transaction, Flagstar Bancorp has received an opinion from independent counsel to Flagstar Trust experienced in such matters to the effect that (a) such transaction does not adversely affect the rights, preferences and privileges of the holders of the Preferred Securities (including any Successor Securities) in any material respect, and (b) following any such transaction, neither Flagstar Trust nor such successor entity will be required to register as an investment company under the Investment Company Act; and
- Flagstar Bancorp or any permitted successor or designee owns all of the common securities of such successor entity and guarantees the obligations of such successor entity under the Successor Securities at least to the extent provided by the Guarantee and enters into an agreement substantially similar to the Expense Agreement.

In addition, unless all of the holders of the Preferred Securities and Common Securities agree, Flagstar Trust may not consolidate, amalgamate, merge with or into, or be replaced by any other entity or permit any other entity to consolidate, amalgamate, merge with or into, or replace it, if that transaction would cause Flagstar Trust or the successor entity to be classified as other than a grantor trust for United States federal income tax purposes.

VOTING RIGHTS; AMENDMENT OF THE TRUST AGREEMENT

Except as provided below and under "Description of Guarantee -- Amendments and Assignment" and as otherwise required by law and the Trust Agreement, the holders of the Preferred Securities will have no voting rights.

The Trust Agreement may be amended from time to time by Flagstar Bancorp, the Property Trustee and the Administrative Trustees, without the consent of the holders of Trust Securities, (i) to cure any ambiguity, correct or supplement any provisions in the Trust Agreement that may be inconsistent with any other provision, or to make any other provisions with respect to matters or questions arising under the Trust Agreement which shall not be inconsistent with the other provisions of the Trust Agreement, or (ii) to modify, eliminate or add to any provisions of the Trust Agreement to such extent as will be necessary to ensure that Flagstar Trust will be classified for United States federal income tax purposes as a grantor trust at all times that any Trust Securities are outstanding or to ensure that Flagstar Trust will not be required to register as an "investment company" under the Investment Company Act.

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We and the Trustees may amend the Trust Agreement (i) with the consent of holders representing not less than a majority of the aggregate Liquidation Amount of the outstanding Trust Securities, and (ii) upon receipt by both the Property and Administrative Trustees of an opinion of counsel to the effect that the amendment or the exercise of any power granted to trustees in accordance with the amendment will not affect Flagstar Trust's status as a grantor trust for United States federal income tax purposes or Flagstar Trust's exemption from status as an "investment company" under the Investment Company Act.

However, the Trust Agreement may not be amended without the consent of each holder of Trust Securities to (i) change the amount or timing of any Distribution on Trust Securities or otherwise adversely affect the amount of any Distribution required to be made in respect of Trust Securities as of a specified date or (ii) restrict the right of a holder of Trust Securities to institute suit for the enforcement of any such payment on or after such date.

So long as any Junior Subordinated Debentures are held by the Property Trustee, the Trustees shall not (i) direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or executing any trust or power conferred on the Property Trustee with respect to the Junior Subordinated Debentures, (ii) waive any past default that is waivable under the Indenture, (iii) exercise any right to rescind or annul a declaration that the principal of all the Junior Subordinated Debentures shall be due and payable or (iv) consent to any amendment, modification or termination of the Indenture or the Junior Subordinated Debentures, where such consent shall be required, without, in each case, obtaining the prior approval of the holders of a majority in aggregate Liquidation Amount of all outstanding Preferred Securities or in some cases, the prior consent of each holder of the Preferred Securities.

The Trustees may not revoke any action previously authorized or approved by a vote of the holders of the Preferred Securities except by subsequent vote of the holders of the Preferred Securities.

The Property Trustee will notify each holder of the Preferred Securities of any notice of default with respect to the Junior Subordinated Debentures.

In addition to obtaining these approvals, the Trustees must also obtain an opinion of counsel experienced in such matters to the effect that Flagstar Trust will not be classified as an association taxable as a corporation for United States federal income tax purposes on account of such action.

Any required approval of holders of the Preferred Securities may be given at a meeting of holders of Preferred Securities convened for such purpose or pursuant to written consent. The Property Trustee will cause a notice of any meeting at which holders of the Preferred Securities are entitled to vote, or of any matter upon which action by written consent of such holders is to be taken, to be given to each holder of record of the Preferred Securities in the manner set forth in the Trust Agreement.

If we or any of our affiliates, or the Trustees or any of their affiliates own any Preferred Securities, those Preferred Securities will not be treated as outstanding for purposes of the votes or consents described above.

BOOK-ENTRY ONLY ISSUANCE -- THE DEPOSITORY TRUST COMPANY

DTC will act as securities depository for the Preferred Securities. Flagstar Trust will issue one or more fully registered global Preferred Securities certificates in the name of Cede & Co. (DTC's nominee). These certificates will represent the total aggregate number of Preferred Securities. Flagstar Trust will deposit these certificates with DTC or a custodian appointed by DTC. Flagstar Trust will not issue certificates to you for the Preferred Securities that you purchase, unless DTC's services are discontinued.

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DTC has provided Flagstar Trust and Flagstar Bancorp with the following information: DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations ("Direct Participants").

DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as securities brokers and dealers, banks and trust companies, that clear transactions through or maintain a direct or indirect custodial relationship with a Direct Participant ("Indirect Participants"). The rules applicable to DTC and its participants are on file with the SEC.

When you purchase Preferred Securities within the DTC system, the purchase must be made by or through a Direct Participant. The Direct Participant will receive a credit for the Preferred Securities on DTC's records. You, as the actual owner of the Preferred Securities, are the "beneficial owner." Your beneficial ownership interest will be recorded on the Direct and Indirect Participants' records, but DTC will have no knowledge of your individual ownership. DTC's records reflect only the identity of the Direct Participants to whose accounts Preferred Securities are credited.

You will not receive written confirmation from DTC of your purchases. The Direct or Indirect Participant through whom you purchased the Preferred Securities should send you written confirmations providing details of your transactions, as well as periodic statements of your holdings. The participants are responsible for keeping accurate account of the holdings of their customers like you.

Transfers of ownership interests in the Preferred Securities will be accomplished by entries made on the books of participants acting on behalf of beneficial owners.

The laws of some states may require that specified purchasers of securities take physical delivery of the securities in definitive form. These laws may impair the ability to transfer beneficial interests in the global certificate representing the Preferred Securities.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, and any statutory or regulatory requirements that may be in effect from time to time.

Redemption notices will be sent to Cede & Co. If less than all of the Preferred Securities are being redeemed, DTC will reduce each Direct Participant's holdings of Preferred Securities in accordance with its procedures.

In those cases where a vote by the holders of the Preferred Securities is required, neither DTC nor Cede & Co. will itself consent or vote. Under its usual procedures, DTC would mail an omnibus proxy to Flagstar Trust as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Preferred Securities are credited on the record date, which are identified in a listing attached to the omnibus proxy.

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Flagstar Trust will make distribution payments on the Preferred Securities directly to DTC. DTC's practice is to credit Direct Participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe that it will not receive payment on such payment date.

Payments by participants (whether Direct Participants or Indirect Participants) to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the account of customers in bearer form or registered in "street name." These payments will be the responsibility of the participant and not of DTC, Flagstar Trust or Flagstar Bancorp.

Except as provided below in "Description of the Junior Subordinated Debentures -- Discontinuance of the Depository's Services," a beneficial owner in a global Preferred Securities certificate will not be entitled to receive physical delivery of Preferred Securities. Accordingly, each beneficial owner must rely on the procedures of DTC to exercise any rights under the Preferred Securities.

DTC may discontinue providing its services as securities depository with respect to the Preferred Securities at any time by giving reasonable notice to Flagstar Trust. In the event that a successor securities depository is not obtained, Flagstar Trust will print and deliver Preferred Securities certificates. Additionally, the Administrative Trustees, with our consent, may decide to discontinue the book-entry only system of transfers with respect to the Preferred Securities. In that event, Flagstar Trust will print and deliver certificates for the Preferred Securities to its holders.

We have obtained the information in this section concerning DTC and DTC's book-entry system from sources that we and Flagstar Trust believe to be reliable, but neither we nor they take responsibility for the accuracy of the information.

CERTIFICATED SECURITIES

If the Preferred Securities do not remain in book-entry only form as described above, the following provisions would apply:

- The Property Trustee will act as paying agent and may designate an additional or substitute paying agent at any time.
- Registration of transfers of Preferred Securities will be effected without charge by or on behalf of Flagstar Trust, but the registration will require payment, with the giving of such indemnity as Flagstar Trust or Flagstar Bancorp may require, for any tax or other governmental charges that may be imposed.
- Flagstar Trust will not be required to register or cause to be registered the transfer of Preferred Securities after they have been called for redemption.

INFORMATION CONCERNING THE PROPERTY TRUSTEE

The Property Trustee, other than upon the occurrence and during the continuance of an Event of Default, undertakes to perform only those duties as are specifically set forth in the Trust Agreement and, after such Event of Default, must exercise the same degree of care and skill as a prudent person would exercise or use in the conduct of his or her own affairs.

Subject to this provision, the Property Trustee is under no obligation to exercise any of the powers vested in it by the Trust Agreement at the request of any holder of Preferred Securities unless the Property Trustee is offered reasonable indemnity against the costs, expenses and liabilities that it might incur. If no Event of Default has occurred and is continuing and the Property

Trustee is required to decide between alternative causes of action, construe ambiguous provisions in the Trust Agreement or is unsure of the application of any provision of the Trust

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Agreement, and the matter is not one on which holders of the Preferred Securities are entitled under the Trust Agreement to vote, then the Property Trustee shall take such action as is directed by us. If we do not direct any action, then the Property Trustee shall take such action as it deems advisable and in the best interests of the holders of Trust Securities and will have no liability except for its own bad faith, negligence or willful misconduct.

MISCELLANEOUS

The Administrative Trustees are authorized and directed to operate Flagstar Trust in such a way so that Flagstar Trust will not be:

- required to register as an "investment company" under the Investment Company Act; or
- characterized as other than a grantor trust for United States federal income tax purposes.

We are authorized and directed to conduct our affairs so that the Junior Subordinated Debentures will be treated as indebtedness for United States federal income tax purposes on our books and accounts.

We and the Administrative Trustees are authorized to take any action, not inconsistent with applicable law, the certificate of trust of Flagstar Trust or our articles of incorporation, that either we or the Administrative Trustees determine in either of our discretion to be necessary or desirable to achieve that end, as long as the action does not adversely affect the interests of the holders of the Preferred Securities.

Flagstar Trust may not borrow money, issue debt or mortgage or pledge any of its assets.

DESCRIPTION OF THE JUNIOR SUBORDINATED DEBENTURES

The Junior Subordinated Debentures will be issued under the Subordinated Indenture, dated as of April , 1999 (the "Indenture"), between us and FMB Bank, as the Indenture Trustee. The following summary of the terms and provisions of the Junior Subordinated Debentures and the Indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the Indenture. You should also read the Indenture for the complete terms of the Junior Subordinated Debentures. The Indenture has been filed as an exhibit to the Registration Statement. This Prospectus forms a part of the Registration Statement. The Indenture is also qualified in its entirety by reference to the Trust Indenture Act. The Indenture is qualified under the Trust Indenture Act. We believe that this section of the Prospectus describes the material terms of the Junior Subordinated Debentures and the Related Indenture.

Flagstar Trust will invest the proceeds of the issuance of the Preferred Securities and Common Securities in the Junior Subordinated Debentures that are issued by us. Our Junior Subordinated Debentures are subordinated, unsecured debt under the Indenture.

GENERAL

We will issue the Junior Subordinated Debentures as unsecured debt under the Indenture. The Junior Subordinated Debentures will be limited in aggregate principal amount to the sum of the Liquidation Amount of the Preferred Securities and the amount of capital that we contributed to Flagstar Trust in exchange for the Common Securities.

The Junior Subordinated Debentures contain no sinking fund provisions. The entire principal amount of the Junior Subordinated Debentures will become due and payable, together with any accrued and unpaid interest, including compound interest and additional sums, if any, on , 2029.

If Junior Subordinated Debentures are distributed to holders of Preferred Securities in liquidation of those holders' interests in Flagstar Trust, the Junior Subordinated Debentures will

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initially be issued as a global security. As described in "Description of the Junior Subordinated Debentures -- Discontinuance of the Depositary's Services", under limited circumstances, Junior Subordinated Debentures may be issued in certificated form in exchange for a global security. See "-- Book-Entry and

Settlement; Depositary" below.

If Junior Subordinated Debentures are issued in certificated form, we will issue them in denominations of \$25, and integral multiples of \$25, and they may be transferred or exchanged at the offices described below.

We will make payments on Junior Subordinated Debentures issued as a global security to DTC, a successor depositary or, if no depositary is used, to a paying agent for the Junior Subordinated Debentures. If we issue Junior Subordinated Debentures in certificated form, principal and interest will be payable, the transfer of the Junior Subordinated Debentures will be registrable, and Junior Subordinated Debentures will be exchangeable for Junior Subordinated Debentures of other denominations of a like aggregate principal amount, at the Corporate Trust Office of the Indenture Trustee in Baltimore, Maryland. At our option, however, we may pay interest by check mailed to the address of the persons entitled to the interest.

INTEREST

The Junior Subordinated Debentures will bear interest at an annual rate of % from the original date of issuance until the principal becomes due and payable. Interest is payable quarterly in arrears on the last Business Day of March, June, September and December of each year, beginning June 30, 1999. Interest payments not paid when due will accrue interest, compounded quarterly, at the annual rate of %.

The amount of interest payable for any period will be computed on the basis of a 360-day year of twelve 30-day months, and, for any period shorter than a quarter, on the basis of the actual number of days elapsed per 30-day month.

The interest payment provisions for the Junior Subordinated Debentures correspond to the distribution provisions for the Preferred Securities. See "Description of the Preferred Securities -- Distributions".

OPTION TO EXTEND INTEREST PAYMENT PERIOD

As long as we are not in default on the payment of interest on the Junior Subordinated Debentures, we have the right, at any time and from time to time, to defer payments of interest by extending the interest payment period for a period not exceeding 20 consecutive quarters (an "Extension Period"), but not beyond the maturity date of the Junior Subordinated Debentures. At the end of any Extension Period, we will pay all interest then accrued and unpaid, together with interest on that amount, compounded quarterly, at the annual rate of %. After termination of any Extension Period and the payment of all amounts then due, we may begin a new Extension Period.

During an Extension Period, interest will continue to accrue and holders of Junior Subordinated Debentures will be required to accrue interest income for United States federal income tax purposes. See "United States Federal Income Tax Consequences."

During any Extension Period:

- we may not declare or pay any dividends on, make any distribution, or redeem, purchase, acquire or make a liquidation payment on any of our capital stock; and
- we may not make any payment of interest, principal or premium on or repay, repurchase or redeem any debt securities issued by us that rank equal or junior to the Junior Subordinated Debentures, or make any guarantee payments on the foregoing.

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The Extension Period restrictions do not apply to:

- repurchases, redemptions or other acquisitions of shares of our capital stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants, or a dividend reinvestment or shareholder stock purchase plan;
- any declaration of a dividend in connection with any shareholders' rights plan, or the issuance of rights, stock or other property under any shareholders' rights plan, or the redemption or repurchase of rights pursuant to the plan;
- any dividend in the form of stock, warrants, options or other rights where the dividend or the stock issuable upon exercise of the warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equal or junior to that stock; or

- payments by us under the Guarantee.

The restrictions described above will also apply if we default on our obligations under the Junior Subordinated Debentures or the Guarantee.

Before termination of any Extension Period, we may further extend the interest payment period. However, the Extension Period, including all previous and further extensions, may not exceed 20 consecutive quarters or extend beyond the maturity date of the Junior Subordinated Debentures. After termination of any Extension Period and the payment of all amounts then due, we may begin a new Extension Period, for up to an additional 20 consecutive calendar quarters, as described above.

If the Property Trustee is the sole holder of the Junior Subordinated Debentures, we will give the Administrative Trustees, the Indenture Trustee and the Property Trustee notice of our selection of an Extension Period one business day before the earlier of:

- the next date Distributions on the Preferred Securities are payable; or
- the date the Administrative Trustees are required to give notice to the holders of record of the Preferred Securities.

The Indenture Trustee will give notice of our selection of an Extension Period to the holders of the Preferred Securities. We may elect to begin an Extension Period an unlimited number of times.

If the Property Trustee is not the sole holder of the Junior Subordinated Debentures, we will give the holders of the Junior Subordinated Debentures notice of our selection of an Extension Period ten business days before the earlier of:

- the next interest payment date; or
- the date upon which we are required to give notice to the New York Stock Exchange, or other applicable self-regulatory organization, or to holders of the Junior Subordinated Debentures of the record or payment date of the related interest payment.

We have no present intention of exercising our right to defer payments of interest by extending the interest payment period on the Junior Subordinated Debentures.

ADDITIONAL SUMS

If Flagstar Trust is required to pay any additional taxes, duties or other governmental charges as a result of a Tax Event, we will pay as additional amounts on the Junior Subordinated Debentures the amounts (i.e., the "Additional Sums") required to be paid so that the Distributions paid by Flagstar Trust shall not be reduced as a result of such charges.

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REDEMPTION

We have the right, after receipt of prior approval of the federal banking regulators, if approval is then required, to redeem the Junior Subordinated Debentures:

(i) on or after _____, 2004, in whole at any time or in part from time to time; or

(ii) at any time in whole (but not in part), upon the occurrence of a Tax Event, an Investment Company Event or a Capital Treatment Event.

In either case, the Redemption Price will equal 100% of the principal amount to be redeemed, plus any accrued and unpaid interest, to the date of redemption.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of Junior Subordinated Debentures to be redeemed at such holder's registered address. Interest will cease to accrue on any Junior Subordinated Debentures that we call for redemption, unless we default in payment of the Redemption Price.

The Junior Subordinated Debentures will not be subject to any sinking fund.

OPTION TO ACCELERATE MATURITY DATE

The Junior Subordinated Debentures will mature on _____, 2029. We

may, at our option, shorten the maturity to any date not earlier than , 2004. We may only shorten the maturity date if we receive prior approval from the federal banking regulators, if then required. We may only elect to shorten the maturity once.

If we elect to shorten the maturity, we will give notice to each registered holder of the Junior Subordinated Debentures, the Property Trustee and the Indenture Trustee within 90 days of the effective date of the shortened maturity. The Property Trustee must give notice to the holders of Trust Securities of the new maturity date of the Junior Subordinated Debentures. You may be subject to adverse United States federal income tax consequences if we shorten the maturity. See "United States Federal Income Tax Consequences -- Exercise of Right to Shorten Maturity."

DISTRIBUTION UPON LIQUIDATION

As described under "Description of the Preferred Securities -- Liquidation Distribution upon Dissolution," under certain circumstances involving the dissolution of Flagstar Trust, the Junior Subordinated Debentures may be distributed to the holders of the Preferred Securities and Common Securities in liquidation of Flagstar Trust after the expenses of Flagstar Trust have been paid in full. If distributed to holders of the Preferred Securities in liquidation, the Junior Subordinated Debentures will initially be issued in the form of one or more global securities and the Depositary, or any successor depositary for the Preferred Securities, will act as depositary for the Junior Subordinated Debentures. We anticipate that the depositary arrangements for the Junior Subordinated Debentures will be substantially identical to those in effect for the Preferred Securities. See "Book-Entry Issuance".

If the Junior Subordinated Debentures are distributed to the holders of Preferred Securities upon the liquidation of Flagstar Trust, there can be no assurance as to the market price of the Junior Subordinated Debentures.

SUBORDINATION

The Indenture provides that the Junior Subordinated Debentures rank junior in right of payment to all of our "Senior and Subordinated Debt," defined below. We may not make payment

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of principal, including redemption payments, or interest on the Junior Subordinated Debentures if

- any of our Senior and Subordinated Debt is not paid when due and any applicable grace period after the default has ended and the default has not been cured or waived; or
- the maturity of any of our Senior and Subordinated Debt has been accelerated because of a default, and the acceleration has not been rescinded.

Upon any distribution of our assets to creditors upon our dissolution, winding-up, liquidation or reorganization, whether voluntary or involuntary, or in bankruptcy, insolvency, receivership or other proceedings, all principal, premium, if any, and interest due or to become due on all of our Senior and Subordinated Debt must be paid in full before the holders of Junior Subordinated Debentures are entitled to receive or retain any payment. In that event, any payment or distribution on the Junior Subordinated Debentures that would otherwise be payable in respect of the Junior Subordinated Debentures, but for the subordination provision, will be paid or delivered directly to the holders of our Senior and Subordinated Debt in accordance with the priorities then existing among the holders of our Senior and Subordinated Debt until all of our Senior and Subordinated Debt has been paid in full.

If the Indenture Trustee or any holder of Junior Subordinated Debentures receives any payment or distribution on account of the Junior Subordinated Debentures before all of our Senior and Subordinated Debt is paid in full, then that payment or distribution will be paid to the holders of our Senior and Subordinated Debt at the time outstanding.

The rights of the holders of the Junior Subordinated Debentures will be subrogated to the rights of the holders of our Senior and Subordinated Debt to the extent of any payment we made to the holders of our Senior and Subordinated Debt that otherwise would have been made to the holders of the Junior Subordinated Debentures but for the subordination provisions.

SELECTED DEFINITIONS

"Debt" means with respect to any person, whether recourse is to all or a portion of the assets of such person and whether or not contingent:

- every obligation of such person for money borrowed or money owed;
- every reimbursement obligation of such person with respect to letters of credit, bankers' acceptances or similar facilities;
- every obligation of such person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business);
- every capital lease obligation of such person; and
- every obligation of the type referred to in the foregoing clauses of another person and all dividends of another person the payment of which, in either case, such person has guaranteed or is responsible or liable, directly or indirectly, as obligor or otherwise.

"Senior and Subordinated Debt" means the principal of (and premium, if any) and interest, if any (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to Flagstar Bancorp whether or not such claim for post-petition interest is allowed in such proceeding), on Debt, whether incurred on, prior to or after the date of the Indenture, unless, in the instrument creating or evidencing the Debt, it is provided that such obligations are not superior in right of payment to the Junior Subordinated Debentures or to

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other Debt which ranks equal with, or subordinated to, the Junior Subordinated Debentures. However, that Senior and Subordinated Debt will not include:

- any Debt of the Company which when incurred (and without respect to any election under section 1111(b) of the United States Bankruptcy Code of 1978, as amended), was without recourse to the Company;
- any Debt of the Company to any of its subsidiaries;
- any Debt to any employee of the Company;
- any Debt which by its terms is subordinated to trade accounts payable or accrued liabilities arising in the ordinary course of business but only to the extent that payments made to the holders of such Debt by the holders of the Junior Subordinated Debentures as a result of the subordination provisions of the Indenture would be greater than they otherwise would have been as a result of any obligation of such holders to pay amounts over to the obligees on such trade accounts payable or accrued liabilities arising in the ordinary course of business as a result of subordination provisions to which such Debt is subject;
- the Guarantee; and
- any other debt securities issued pursuant to the Indenture.

The Indenture does not limit the amount of additional Senior and Subordinated Debt that we may incur. We expect that from time to time we may incur additional indebtedness constituting Senior and Subordinated Debt.

BOOK-ENTRY AND SETTLEMENT; DEPOSITARY

If we distribute the Junior Subordinated Debentures to holders of Preferred Securities in connection with the involuntary or voluntary dissolution, winding-up or liquidation of Flagstar Trust, they will be issued in the form of one or more global certificates registered in the name of a depositary or its nominee. Except under the limited circumstances described immediately below under "-- Discontinuance of the Depositary's Services," Junior Subordinated Debentures represented by a global security will not be exchangeable for, and will not otherwise be issuable as, certificated securities.

If Junior Subordinated Debentures are distributed to holders of Preferred Securities upon termination of Flagstar Trust, DTC will act as securities depositary for the Junior Subordinated Debentures. For a description of DTC and the specific terms of the depositary arrangements, see "Description of the Preferred Securities -- Book-Entry Only Issuance -- The Depositary Trust Company."

As of the date of this Prospectus, that description of DTC's book-entry system and DTC's practices as they relate to purchases of, transfers of, notices concerning and payments on the Preferred Securities apply in all material respects to any debt obligations represented by one or more global securities held by DTC.

We may appoint a successor to DTC or any successor depositary if the current depositary is unable or unwilling to continue as a depositary for the global securities.

DISCONTINUANCE OF THE DEPOSITARY'S SERVICES

A global security will be exchangeable for Junior Subordinated Debentures registered in the names of persons other than the depositary or its nominee only if:

- the depositary notifies us that it is unwilling or unable to continue as a depositary for the global security and no successor depositary has been appointed;

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- the depositary ceases to be a clearing agency registered under the Exchange Act at a time the depositary is required to be so registered to act as depositary, and no successor depositary has been appointed;
- we, in our sole discretion, determine that the global security shall be exchangeable for definitive certificates; or
- there shall have occurred a Debenture Event of Default.

Any global security that is exchangeable as described above will be exchangeable for Junior Subordinated Debentures registered in the names the depositary directs. We expect that the instructions will be based upon directions received by the depositary from its participants with respect to ownership of beneficial interests in the global security.

PAYMENT AND PAYING AGENTS

Payment of principal and interest on the Junior Subordinated Debentures will be made at the office of the Indenture Trustee. In addition, at our option, we may pay interest by check mailed to the address of the holder of the Preferred Security as it appears in the securities register or by transfer to an account of the holder of the Preferred Security pursuant to proper transfer instructions that we have received prior to the regular record date. However, we may not exercise these options if the Junior Subordinated Debentures are represented by a Global Subordinated Debenture. Payment of any interest on Junior Subordinated Debentures will be made to the person in whose name such Junior Subordinated Debenture is registered at the close of business on the regular record date for such interest. We may at any time designate additional Paying Agents or rescind the designation of any Paying Agent; however, we will at all times be required to maintain a Paying Agent in each place of payment for the Junior Subordinated Debentures.

Any moneys deposited with the Indenture Trustee or any Paying Agent, or held by us in trust, for the payment of the principal of or interest on the Junior Subordinated Debentures and remaining unclaimed for two years after such principal or interest has become due and payable shall, at our request, be repaid to us. Thereafter the holder of our Junior Subordinated Debenture shall look only to us for payment as one of our general unsecured creditors.

MODIFICATION OF INDENTURE

The Indenture provides that we and the Indenture Trustee may enter into supplemental indentures without the consent of the holders of Preferred Securities to: (i) secure any securities, (ii) evidence the assumption by a successor corporation of our obligations, (iii) add covenants for the protection of the holders of Junior Subordinated Debentures, (iv) cure any ambiguity or correct any inconsistency in the Indenture, (v) qualify or maintain the qualification of the Indenture under Trust Indenture Act and (vi) evidence and provide for the acceptance of appointment by a successor trustee.

The Indenture also provides that we and the Indenture Trustee may, with the consent of at least a majority of the holders in aggregate principal amount of the Junior Subordinated Debentures then outstanding and affected, add any provisions to or change the provisions of the Indenture or the rights of the holders of the Junior Subordinated Debentures. We and the Indenture Trustee may not, however, without the consent of each holder of the Junior Subordinated Debentures:

- extend the final maturity of the Junior Subordinated Debentures;
- reduce the principal amount or premium, if any;
- reduce the rate or extend the time of payment of interest;

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- reduce any amount payable on redemption; or
- reduce the percentage of holders of the Junior Subordinated Debentures whose consent is required for any modification of the Indenture.

DEBENTURE EVENTS OF DEFAULT

The Indenture provides that any one or more of the following described events with respect to the Junior Subordinated Debentures that has occurred and is continuing constitutes a "Debenture Event of Default" with respect to the Junior Subordinated Debentures:

- failure for 30 days to pay any interest on the Junior Subordinated Debentures, when due (not including the deferral of any due date in the case of an Extension Period); or
- failure to pay any principal on the Junior Subordinated Debentures when due whether at maturity, upon redemption by declaration or otherwise; or
- our failure to observe or perform in any material respect certain other covenants contained in the Indenture for 90 days after written notice to us from the Indenture Trustee or to us and the Indenture Trustee by the holders of at least 25% in aggregate outstanding principal amount of the Junior Subordinated Debentures; or
- certain events in bankruptcy, insolvency or reorganization of Flagstar Bancorp, including the voluntary commencement of bankruptcy proceedings, entry of an order for relief against us in a bankruptcy proceeding, appointment of a custodian over substantially all of our property, a general assignment for the benefit of creditors, or a court order for our liquidation; or
- if Flagstar Trust shall have voluntarily or involuntarily dissolved, wound up its business or otherwise terminated its existence (except in connection with (i) the distribution of Junior Subordinated Debentures to the holders in liquidation of their interests in Flagstar Trust; (ii) the redemption of all of the outstanding Trust Securities; or (iii) certain mergers, consolidations or amalgamations, each as permitted by the Trust Agreement).

The holders of a majority in aggregate outstanding principal amount of the Junior Subordinated Debentures have the right to direct any proceeding for any remedy available to the Indenture Trustee. The Indenture Trustee or the holders of not less than 25% in aggregate outstanding principal amount of the Junior Subordinated Debentures may declare the principal due and payable immediately upon a Debenture Event of Default.

However, the holders of a majority in aggregate outstanding principal amount of the Junior Subordinated Debentures may annul such declaration and waive the default if the default (other than the non-payment of the principal of the Junior Subordinated Debentures which has become due solely by such acceleration) has been cured and a sum sufficient to pay all matured installments of interest and principal due otherwise than by acceleration has been deposited with the Indenture Trustee. If the holders of the Junior Subordinated Debentures fail to annul such declaration and waive such default, the holders of a majority in aggregate Liquidation Amount of the Preferred Securities would have such right.

In case a Debenture Event of Default occurs, the Property Trustee may declare the principal of and the interest on the Junior Subordinated Debentures, and any other amounts payable under the Indenture, to be due and payable and to enforce its other rights as a creditor with respect to the Junior Subordinated Debentures.

We will be required to file annually with the Indenture Trustee a certificate, signed by one of our officers, stating whether or not such officer knows of any default by us in the performance, observance or fulfillment of any condition or covenant of the Indenture.

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ENFORCEMENT OF CERTAIN RIGHTS BY HOLDERS OF PREFERRED SECURITIES

If a Debenture Event of Default for failure to pay interest or principal on the Junior Subordinate Debentures has occurred and is continuing, you may institute a legal proceeding directly against us for enforcement of payment to

you of the principal of or interest on the Junior Subordinated Debentures in an amount equal to the aggregate Liquidation Amount of the Preferred Securities you hold ("Direct Action"). Our failure to pay principal or interest during an Extension Period is not a Debenture Event of Default. If the right to bring a Direct Action is removed, Flagstar Trust may become subject to the reporting obligations under the Exchange Act. We have the right under the Indenture to set-off any payment made to a holder of Preferred Securities by us in connection with a Direct Action.

Unless an Event of Default under the Trust Agreement has occurred, you will not be able to exercise directly any remedies except for those listed above. See "Description of the Preferred Securities -- Events of Default; Notice."

CONSOLIDATION, MERGER, SALE OF ASSETS AND OTHER TRANSACTIONS

The Indenture provides that the Company shall not consolidate with, convert into or merge into any other Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, and no Person shall consolidate with, convert into or merge into the Company or convey, transfer or lease its properties and assets substantially as an entirety to the Company.

However, this does not apply if (i) in case the Company consolidates with, converts into or merges into another Person or conveys or transfers its properties and assets substantially as an entirety to any Person, the successor Person is organized under the laws of the United States or any state or the District of Columbia, and such Person expressly assumes the Company's obligations on the Junior Subordinated Debentures issued under the Indenture; (ii) immediately after giving effect thereto, no Debenture Event of Default, and no event which, after notice or lapse of time or both, would become a Debenture Event of Default, shall have occurred and be continuing; and (iii) certain other conditions as prescribed in the Indenture are met.

If these conditions are met, the holders of the Preferred Securities have no grounds to object to a highly leveraged or other transaction involving the Company even if it may adversely affect holders of the Junior Subordinated Debentures.

SATISFACTION AND DISCHARGE

The Indenture provides that when, among other things, all Junior Subordinated Debentures not previously delivered to the Indenture Trustee for cancellation (i) have become due and payable or (ii) will become due and payable at their maturity date within one year, and we deposit with the Indenture Trustee, in trust, funds for the purpose and in an amount sufficient to pay and discharge the entire indebtedness on the outstanding Junior Subordinated Debentures, for the principal and interest to the date of the deposit or to the stated maturity, as the case may be, then the Indenture will cease to be of further effect. However, we will continue to be obliged to pay all other sums due pursuant to the Indenture and to provide the officers' certificates and opinions of counsel required by the Indenture. Under these conditions, we will be deemed to have satisfied and discharged the Indenture.

GOVERNING LAW

The Indenture and the Junior Subordinated Debentures will be governed by and construed in accordance with the laws of the State of Delaware.

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INFORMATION CONCERNING THE INDENTURE TRUSTEE

The Indenture Trustee will be unaffiliated with us. For matters relating to compliance with Trust Indenture Act, the Indenture Trustee will have all of the duties and responsibilities of an Indenture Trustee under the Trust Indenture Act. The Indenture Trustee, other than during the occurrence and continuance of a Debenture Event of Default, undertakes to perform only such duties as are specifically set forth in the Indenture and, upon a Debenture Event of Default, must use the same degree of care and skill as a prudent person would use in the conduct of his or her own affairs. Subject to this provision, the Indenture Trustee is under no obligation to exercise any of the powers given it by the Indenture at the request of any holder of Preferred Securities unless it is offered reasonable security or indemnity against the costs, expenses and liabilities that it might incur. However, the holders of the Preferred Securities will not be required to offer such an indemnity where the holders, by exercising their voting rights, direct the Indenture Trustee to take any action following a Debenture Event of Default.

COVENANTS OF THE COMPANY

We have made certain covenants in the Indenture. One specific covenant we have agreed to is that we will pay to Flagstar Trust the Additional Sums so long

as Flagstar Trust holds the Junior Subordinated Debentures.

In addition, we have also agreed to the following terms:

- we will maintain directly or indirectly 100% ownership of the Common Securities. However, the Indenture does allow us to transfer ownership of the Common Securities to certain successors;
- we will not voluntarily dissolve Flagstar Trust unless we have received prior approval from federal banking regulators, if required. However, we may voluntarily dissolve Flagstar Trust if we distribute the Junior Subordinated Debentures to holders of the Preferred Securities or if Flagstar Trust is a party to certain mergers, consolidations or amalgamations permitted by the Trust Agreement; and
- we will use our reasonable best efforts to cause Flagstar Trust to be classified as a grantor trust and thus not be taxed as a corporation for United States federal income tax purposes.

BOOK-ENTRY ISSUANCE

The Depositary will act as securities depository for all of the Preferred Securities and, if there is a dissolution of Flagstar Trust, the Junior Subordinated Debentures. The Preferred Securities and the Junior Subordinated Debentures will be issued only as fully-registered securities registered in the name of Cede & Co. (the Depositary's nominee). One or more fully-registered global certificates will be issued for the Preferred Securities and the Junior Subordinated Debentures and will be deposited with the Depositary.

The Depositary may discontinue providing its services as securities depository with respect to any of the Preferred Securities or the Junior Subordinated Debentures at any time by giving reasonable notice to the relevant Trustee and the Company. In the event that a successor securities depository is not obtained, definitive Preferred Securities or Subordinated Debenture certificates representing such Preferred Securities or Junior Subordinated Debentures are required to be printed and delivered. At our option, we may decide to discontinue use of the system of book-entry transfers through the Depositary (or a successor depository). After a Debenture Event of Default, the holders of a majority in Liquidation Amount of Preferred Securities or aggregate principal amount of Junior Subordinated Debentures may determine to discontinue the system of book-entry transfers through the Depositary. In any such event, definitive

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certificates for such Preferred Securities or Junior Subordinated Debentures will be printed and delivered.

The Depositary's management is aware that some computer applications, systems, and the like for processing data ("Systems") that are dependent upon calendar dates, including dates before, on, and after January 1, 2000, may encounter "Year 2000 problems." The Depositary has informed its participants and other members of the financial community (the "Industry") that it has developed and is implementing a program so that its Systems, as the same relate to the timely payment of distributions (including principal and income payments) to security holders, book-entry deliveries and settlement of trades with the Depositary, continue to function appropriately. This program includes a technical assessment and a remediation plan, each of which is complete. Additionally, the Depositary's plan includes a testing phase, which is expected to be completed within appropriate time frames.

However, the Depositary's ability to perform properly its services is also dependent upon other parties, including but not limited to issuers and their agents, as well as third-party vendors from whom the Depositary licenses software and hardware, and third-party vendors on whom the Depositary relies for information or the provision of services, including telecommunication and electrical utility service providers, among others. The Depositary has informed the Industry that it is contacting (and will continue to contact) third-party vendors from whom the Depositary acquires services to: (i) impress upon them the importance of such services being Year 2000 compliant and (ii) determine the extent of their efforts for Year 2000 remediation (and, as appropriate, testing) of their services. In addition, the Depositary is in the process of developing such contingency plans as it deems appropriate.

According to the Depositary, the foregoing information with respect to the Depositary has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

DESCRIPTION OF GUARANTEE

We will execute and deliver the Preferred Securities Guarantee Agreement (the "Guarantee") concurrently with the issuance of the Preferred Securities for the benefit of the holders of the Preferred Securities. FMB Bank will act as trustee under the Guarantee (the "Guarantee Trustee") for the purposes of compliance with the Trust Indenture Act, and the Guarantee will be qualified under the Trust Indenture Act. The following summary of certain provisions of the Guarantee does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the Guarantee, including the definitions of certain terms, and Trust Indenture Act. The form of the Guarantee has been filed as an exhibit to the Registration Statement of which this Prospectus forms a part. You should also read the Guarantee. The Guarantee Trustee will hold the Guarantee for the benefit of the holders of the Preferred Securities.

GENERAL

Pursuant to the Guarantee, we will agree to pay in full on a subordinated basis, to the extent set forth in the Guarantee, the Guarantee Payments, as defined below, to the holders of the Preferred Securities, as and when due, regardless of any defense, right of set-off or counterclaim that Flagstar Trust may have or assert other than the defense of payment.

The following payments on the Preferred Securities, if not fully paid by Flagstar Trust (the "Guarantee Payments"), are covered by the Guarantee, without duplication:

- any accumulated and unpaid Distributions required to be paid on the Preferred Securities, if Flagstar Trust has funds available to make the payment;

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- the Redemption Price, if Flagstar Trust has funds available to make the payment, with respect to any Preferred Securities called for redemption; and
- upon a voluntary or involuntary dissolution, winding up or liquidation of Flagstar Trust other than in connection with the distribution of the Junior Subordinated Debentures to holders of the Preferred Securities, the lesser of
 - (1) the aggregate of the \$25 Liquidation Amount and all accumulated and unpaid Distributions on the Preferred Securities to the date of payment if Flagstar Trust has funds available to make the payment; or
 - (2) the amount of assets Flagstar Trust has remaining available for distribution to holders of Preferred Securities.

Our obligations to make a Guarantee Payment may be satisfied by direct payment of the required amounts by us to the holders of the Preferred Securities or by causing Flagstar Trust to pay the amounts to the holders.

The Guarantee will be full and unconditional from the time of issuance. However, the Guarantee will not apply to any payment of Distributions due if Flagstar Trust lacks funds legally available for payment as a result of a failure by us to make payments of interest or principal on the Junior Subordinated Debentures.

We are a holding company and we have the right to participate in any distribution of assets of any of our subsidiaries if any of our subsidiaries are liquidated or reorganized. However, our right to participate is subject to the prior claim of the subsidiary's creditors. Accordingly, our obligations under the Guarantee will be effectively subordinated to all existing and future liabilities of our subsidiaries, and holders of Preferred Securities should look only to our assets for payments.

The Guarantee does not limit our incurrence or issuance of other secured or unsecured debt. We may issue or incur Senior and Subordinated Debt in the future. We expect that we will issue or incur Senior and Subordinated Debt in the future.

We have, through the Guarantee, the Trust Agreement, the Junior Subordinated Debentures, the Indenture and the Expense Agreement, taken together, guaranteed on a subordinated basis all of Flagstar Trust's obligations under the Preferred Securities. No single document standing alone or operating in conjunction with fewer than all of the other documents constitutes the guarantee. It is only the combined operation of these documents that has the effect of providing our guarantee on a subordinated basis of all of Flagstar Trust's obligations under the Preferred Securities. See "Relationship Among the Preferred Securities, the Junior Subordinated Debentures and the Guarantee."

THE EXPENSE AGREEMENT

We will enter into an agreement with Flagstar Trust as to the expenses and liabilities of Flagstar Trust (the "Expense Agreement"). We will fully and unconditionally guarantee to each person or entity to whom Flagstar Trust becomes indebted or liable, the full payment of any costs, expenses or liabilities of Flagstar Trust, other than obligations of Flagstar Trust to the holders of the Preferred Securities or other similar interests in Flagstar Trust.

STATUS OF THE GUARANTEE

The Guarantee is unsecured and ranks subordinate and junior in right of payment to all Senior and Subordinated Debt in the same manner as the Junior Subordinated Debentures. As such, it is (1) subordinate and junior in right of payment to all of our other liabilities, (2) equal to the most senior preferred stock now or hereafter issued by us, and with any guarantee now or

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hereafter issued by us in respect of any preferred stock of our affiliates, and (3) senior to our Common Stock.

The Guarantee will constitute a guarantee of payment and not of collection. The guaranteed party may institute a legal proceeding directly against us to enforce its rights under the Guarantee without first instituting a legal proceeding against any other person or entity. The Guarantee will be held for the benefit of the holders of the Preferred Securities. The Guarantee will not be discharged except by payment of the Guarantee Payments in full to the extent not paid by Flagstar Trust or upon distribution of the Junior Subordinated Debentures to the holders of the Preferred Securities.

AMENDMENTS AND ASSIGNMENT

Except with respect to any changes which do not materially adversely affect the rights of holders of the Preferred Securities (in which case no vote will be required), the Guarantee may not be amended without the prior approval of the holders of not less than a majority of the aggregate Liquidation Amount of the outstanding Preferred Securities. A description of the way to obtain any approval is described under "Description of the Preferred Securities -- Voting Rights; Amendment of the Trust Agreement." All Guarantees and agreements contained in the Guarantee will bind our successors, assigns, receivers, trustees and representatives and are for the benefit of the holders of the Preferred Securities then outstanding.

EVENTS OF DEFAULT

An event of default under the Guarantee will occur when we fail to perform any of our payment or other obligations under the Guarantee. The holders of at least a majority in aggregate Liquidation Amount of the Preferred Securities have the right to direct any proceeding for any remedy available to the Guarantee Trustee relating to the Guarantee or to direct the exercise of any trust or power conferred upon the Guarantee Trustee under the Guarantee.

If the Guarantee Trustee fails to enforce the Guarantee, you may, after your written request to the Guarantee Trustee to enforce the Guarantee, sue us directly to enforce the Guarantee Trustee's rights under the Guarantee without first instituting a legal proceeding against Flagstar Trust, the Guarantee Trustee, or any other person or entity.

Notwithstanding the foregoing, if we have failed to make a Guarantee Payment, you may directly institute a proceeding against us to enforce the Guarantee.

We are required to file annually with the Guarantee Trustee a certificate as to our compliance with all the conditions and covenants under the Guarantee.

INFORMATION CONCERNING THE GUARANTEE TRUSTEE

The Guarantee Trustee, other than during the occurrence and continuance of a default by us in performance of the Guarantee, undertakes to perform only such duties as are specifically set forth in the Guarantee and, after default with respect to the Guarantee, must exercise the same degree of care and skill as a prudent person would exercise or use in the conduct of his or her own affairs. Subject to this provision, the Guarantee Trustee is under no obligation to exercise any of the powers vested in it by the Guarantee at the request of any holder of the Preferred Securities unless it is offered reasonable indemnity against the costs, expenses and liabilities that it might incur.

TERMINATION OF THE GUARANTEE

The Guarantee will remain in effect as long as the Preferred Securities are outstanding.

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GOVERNING LAW

The Guarantee will be governed by and construed in accordance with the laws of the State of Delaware.

RELATIONSHIP AMONG THE PREFERRED SECURITIES, THE JUNIOR SUBORDINATED DEBENTURES AND THE GUARANTEE

GUARANTEE

Payments of Distributions and other amounts due on the Preferred Securities are guaranteed by us to the extent described under "Description of Guarantee." Taken together, our obligations under the Junior Subordinated Debentures, the Indenture, the Trust Agreement, the Expense Agreement and the Guarantee provide, in the aggregate, a guarantee on a subordinated basis for payments of Distributions and other amounts due on the Preferred Securities (but only to the extent Flagstar Trust has funds available for the payment of such Distributions). No single document standing alone or operating in conjunction with fewer than all of the other documents constitutes such guarantee. It is only the combined operation of our obligations under those documents that has the effect of providing a guarantee on a subordinated basis of Flagstar Trust's obligations under the Preferred Securities.

To the extent that we do not make required payments on the Junior Subordinated Debentures, Flagstar Trust will not pay Distributions or other amounts due on the Preferred Securities. Neither the guarantee described above nor the Guarantee covers payment of Distributions when Flagstar Trust does not have sufficient funds to pay such Distributions. In those circumstances, your remedy is to institute a legal proceeding directly against us to enforce the payment of the Distributions to you. Our obligations under the guarantee and the Guarantee are subordinate and junior in right of payment to all Senior and Subordinated Debt.

SUFFICIENCY OF PAYMENTS

As long as we make payments required by the Junior Subordinated Debentures held by Flagstar Trust, there will be sufficient funds to cover Distributions and other payments due on the Preferred Securities, primarily because:

- the aggregate principal amount of the Junior Subordinated Debentures will exceed the aggregate Liquidation Amount of the Preferred Securities by the amount of the Common Securities;
- the interest rate and interest and other payment dates on the Junior Subordinated Debentures will match the distribution rate and distribution and other payment dates for the Preferred Securities;
- we will directly pay for all costs, expenses and liabilities of Flagstar Trust except Flagstar Trust's obligations to holders of Preferred Securities; and
- the Trust Agreement further provides that Flagstar Trust will not engage in any activity that is not consistent with the limited purposes of Flagstar Trust.

Notwithstanding anything to the contrary in the Indenture, we have the right to set-off any payment we are required to make with and to the extent we have made, or are concurrently making a payment under the Guarantee.

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ENFORCEMENT RIGHTS OF HOLDERS OF THE PREFERRED SECURITIES UNDER THE GUARANTEE

A holder of the Preferred Securities may institute a legal proceeding directly against us to enforce its rights under the Guarantee without first instituting a legal proceeding against the Guarantee Trustee, Flagstar Trust or any other person or entity.

A default or event of default under any Senior and Subordinated Debt would not constitute a Debenture Event of Default. However, in the event of payment defaults under, or acceleration of, Senior and Subordinated Debt, the subordination provisions of the Indenture provide that no payments may be made in respect of the Junior Subordinated Debentures until the Senior and

Subordinated Debt have been paid in full or any payment default has been cured or waived. Our failure to make the required payments on Junior Subordinated Debentures will constitute a Debenture Event of Default.

LIMITED PURPOSE OF FLAGSTAR TRUST

The Preferred Securities evidence a beneficial interest in Flagstar Trust, and it exists for the sole purpose of issuing Trust Securities and investing those proceeds in the Junior Subordinated Debentures. A principal difference between the rights of a holder of the Preferred Securities and a holder of a Junior Subordinated Debenture is that a holder of a Junior Subordinated Debenture is entitled to receive the principal amount of and interest accrued on Junior Subordinated Debentures from us, while a holder of the Preferred Securities is entitled to receive Distributions from Flagstar Trust (or from us under the Guarantee) if and to the extent Flagstar Trust has funds available for the payment of such Distributions.

RIGHTS UPON DISSOLUTION

Upon any voluntary or involuntary dissolution, winding-up or liquidation of Flagstar Trust involving the liquidation of the Junior Subordinated Debentures, the holders of Preferred Securities will be entitled to receive, out of assets held by Flagstar Trust, the liquidation distribution in cash. See "Description of the Preferred Securities -- Liquidation Distribution upon Dissolution." Upon our voluntary or involuntary liquidation or bankruptcy, the Property Trustee, as holder of the Junior Subordinated Debentures, would be one of our subordinated creditors, subordinated in right of payment to all Senior and Subordinated Debt as set forth in the Indenture. However, the Property Trustee, and indirectly the holders of the Preferred Securities are entitled to receive payment in full of principal and interest, before any of our stockholders receive payments or distributions. Since we are the guarantor under the Guarantee and have agreed to pay for all costs, expenses and liabilities of Flagstar Trust (other than Flagstar Trust's obligations to the holders of its Preferred Securities), the positions of a holder of the Preferred Securities and a holder of Junior Subordinated Debentures relative to other creditors and to our stockholders in the event of our liquidation or bankruptcy are expected to be substantially the same.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

GENERAL

This discussion summarizes the opinion of Kutak Rock, special tax counsel to Flagstar Bancorp and Flagstar Trust ("Tax Counsel"), of the United States federal income tax consequences of the purchase, ownership, and disposition of the Preferred Securities that Tax Counsel anticipates to be material to investors. Unless otherwise stated, this summary only deals with Preferred Securities held as capital assets (generally, assets held for investment) by holders who purchase the Preferred Securities upon original issuance. Your tax treatment may vary depending on your particular situation.

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This summary does not address:

- all of the tax consequences that may be relevant to holders who may be subject to special tax treatment such as, for example, financial institutions, insurance companies, broker-dealers, tax-exempt organizations or investors who have acquired Preferred Securities as part of a straddle, hedge or similar transaction or, except as described below, non-U.S. Holders, as we define that term below;
- the tax consequences to holders that have a functional currency other than the United States dollar;
- the tax consequences to shareholders, partners or beneficiaries of a holder of Preferred Securities;
- any aspects of state, local or foreign tax laws; or
- the United States federal alternative minimum tax consequences of the purchase, ownership and sale of Preferred Securities.

Tax Counsel's opinion is based on the United States federal income tax law in effect as of the date of this Prospectus. These laws may change, and any change could have a retroactive effect. These laws are also subject to various interpretations, and the IRS or the courts could later disagree with the explanation of conclusions contained in this summary. The IRS has not formally ruled (and we do not intend to seek a ruling) on the tax consequences of purchasing, holding, and selling the Preferred Securities. Accordingly, the IRS could challenge the opinions expressed in this Prospectus concerning such

consequences, and a court could agree with the IRS. We urge you to consult your tax advisor as to the particular tax consequences to you of purchasing, owning, and disposing of the Preferred Securities, including the application and effect of United States federal, state, local, foreign and other tax laws.

For purposes of this discussion, a "U.S. Holder" means:

- a citizen or resident of the United States (or someone treated as a citizen or resident of the United States for federal income tax purposes);
- a corporation, partnership, or other entity created or organized (or treated as created or organized for United States federal income tax purposes) in the United States or under the laws of the United States or of any political subdivision of the United States;
- an estate, the income of which is includible in gross income for United States federal income tax purposes regardless of its source; or
- a trust, the administration of which is subject to the primary supervision of a United States court and that has one or more United States persons who have the authority to control all substantial decisions of the trust.

CLASSIFICATION OF THE JUNIOR SUBORDINATED DEBENTURES

Based on the opinion of Tax Counsel, we will treat the Junior Subordinated Debentures for United States federal income tax purposes as indebtedness of Flagstar Bancorp. By accepting the Preferred Securities, you agree to treat the Junior Subordinated Debentures as indebtedness for United States federal income tax purposes and to treat the Preferred Securities as evidence of an indirect beneficial ownership interest in the Junior Subordinated Debentures. No assurance can be given, however, that such treatment will not be challenged by the IRS or, if challenged, that such a challenge will not be successful.

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CLASSIFICATION OF FLAGSTAR TRUST

Tax Counsel is of the opinion that Flagstar Trust will be classified for United States federal income tax purposes as a grantor trust and not as an association taxable as a corporation.

Accordingly, for United States federal income tax purposes, you will generally be treated as the owner of an undivided interest in the Junior Subordinated Debentures. As further discussed below, you may be required to include in ordinary income your allocable share of interest paid or accrued on the Junior Subordinated Debentures.

POTENTIAL EXTENSION OF INTEREST PAYMENT PERIOD AND ORIGINAL ISSUE DISCOUNT

We have the right to defer payments of interest on the Junior Subordinated Debentures, which could cause the Junior Subordinated Debentures treated as having been issued with OID. In general, a debt instrument will be deemed to have been issued with OID for United States federal income tax purposes if there is more than a remote contingency that periodic stated interest payments due on the instrument will not be timely paid. Because the exercise by us of our option to defer the payment of stated interest on the Junior Subordinated Debentures would also prevent us from declaring dividends on any class of equity, we believe that the likelihood that we would exercise the option is remote.

As a result, we intend to take the position, based on the advice of Tax Counsel, that the Junior Subordinated Debentures will not be deemed to be issued with OID. Accordingly, based on this position, stated interest payments on the Junior Subordinated Debentures will be includible in your ordinary income at the time that those payments are paid or accrued in accordance with your regular method of accounting and in the amount of each payment. Because these Treasury Regulations have not yet been addressed in any revenue rulings or other published interpretations issued by the IRS, it is possible that the IRS could take a position contrary to the position taken by us.

EXERCISE OF DEFERRAL OPTION

If we exercise our option to defer the payment of stated interest on the Junior Subordinated Debentures, they would be treated, solely for purpose of the OID rules, as being "re-issued" at that time with OID. Under these rules, you would be required to include OID in ordinary income, on a current basis, over the period that the instrument is held, even though we would not be making any actual cash payments during the extended interest payment period.

The amount of interest income treated as OID and therefore includible in

the taxable income of a holder of the Junior Subordinated Debentures would be determined on the basis of a constant yield method over the remaining term of the instrument, not on the basis of the stated interest amount. The actual receipt of future payments of stated interest on the Junior Subordinated Debentures would no longer be separately reported as taxable income because it would have been replaced, solely for tax purposes, by the amount of OID. The amount of OID that would accrue, in total, during the extended interest payment period would be approximately equal to the amount of the cash payment due at the end of the period. Any OID included in income would increase your adjusted tax basis in the Preferred Securities or the Junior Subordinated Debentures, depending on which you held at that time, and interest payments actually received would reduce your adjusted tax basis.

If the likelihood of the Company deciding to defer any payments of interest were not treated as remote, the Junior Subordinated Debentures would be considered as issued initially with OID in an amount equal to the sum of all the interest payable over the term of the Junior Subordinated Debentures. Again, this would mean that you would have to include interest income in gross income for United States federal income tax purposes as it accrued daily on an economic accrual basis instead of on the dates you actually received the cash payments.

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The IRS has not issued any rulings or interpretations which define the meaning of the term "remote" as used in the applicable income tax regulations. The IRS could take a position that differs from what we state in this Prospectus.

CORPORATE U.S. HOLDERS

Because the income from the Preferred Securities will not be considered to be dividends for federal income tax purposes, corporate U.S. Holders of the Preferred Securities will not be entitled to a dividends-received deduction for any income received from the Preferred Securities.

RECEIPT OF JUNIOR SUBORDINATED DEBENTURES OR CASH UPON TERMINATION OF FLAGSTAR TRUST

If we exercise our right to terminate Flagstar Trust and cause the Junior Subordinated Debentures to be distributed to you on a basis proportionate to your ownership in the Preferred Securities, the distribution would be treated as a nontaxable event to you. In that event, you would have an adjusted tax basis in the Junior Subordinated Debentures that you receive equal to the adjusted tax basis in the Preferred Securities that you surrender, and the holding period of the Junior Subordinated Debentures would include the period during which you held the Preferred Securities. If, however, Flagstar Trust is characterized for United States federal income tax purposes as an association taxable as a corporation at the time of the termination, the distribution of the Junior Subordinated Debentures would be a taxable event to the holders of Preferred Securities.

If we redeem the Junior Subordinated Debentures for cash and Flagstar Trust distributes the proceeds of the redemption to holders in redemption of their Preferred Securities, the redemption would be treated as a sale of the Preferred Securities in which you would recognize gain or loss as described immediately below.

EXERCISE OF RIGHT TO SHORTEN MATURITY

We have the right to shorten the maturity of the Junior Subordinated Debentures. If we exercise our right to shorten the maturity of the Junior Subordinated Debentures, this could result in a taxable event to you. Federal income tax regulations provide that a significant modification of a debt instrument is a taxable event. A significant modification includes shortening the maturity of a debt instrument, provided that the instrument's rate of return changes by more than the greater of 25 basis points or five percent of the annual rate of return. At the present time, the extent to which the Junior Subordinated Debenture's rate of return would change (if we exercised our right to shorten the maturity) is unclear.

SALE OF PREFERRED SECURITIES

Upon the sale of Preferred Securities (including a redemption for cash), you will recognize gain or loss in an amount equal to the difference between the amount realized (which for this purpose, will exclude amounts attributable to accrued interest or OID not previously included in income, which amount will be subject to tax as ordinary interest income) and your adjusted tax basis in the Preferred Securities.

If we do not defer interest payments on the Junior Subordinated Debentures, your adjusted tax basis in the Preferred Securities generally will equal the

initial purchase price that you paid for the Preferred Securities. If, however, we elect to defer interest payments on the Junior Subordinated Debentures, your adjusted tax basis in the Preferred Securities will equal: (1) the initial purchase price that you paid for the Preferred Securities; (2) increased by the amount of any accrual and unpaid distributions you were required to treat as OID; and (3) reduced by the amount of cash or other property received by you with respect to such OID.

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The gain or loss will be capital gain or loss and will be long-term capital gain or loss if you have held the Preferred Securities for more than one year. Capital losses generally cannot be applied to offset ordinary income for United States federal income tax purposes.

The Preferred Securities may trade at a price that does not accurately reflect the value of accrued but unpaid interest, or OID, if the Junior Subordinated Debentures are treated as having been issued, or reissued, with OID, relating to the underlying Junior Subordinated Debentures. If you dispose of your Preferred Securities you will be required to include in your ordinary income:

- any portion of the amount realized that is attributable to accrued but unpaid interest to the extent not previously included in income; or
- any amount of OID that has accrued on your proportionate share of the underlying Junior Subordinated Debentures during the taxable year of sale through the date of disposition.

However, you can also increase your adjusted tax basis in the Preferred Securities to the extent that you include these amounts in ordinary income.

WITHHOLDING OF U.S. TAXES ON NON-U.S. HOLDERS

This summary assumes that the non-U.S. Holder

- is an individual;
- is not and will not become engaged in a United States trade or business; and
- will not be present in the United States for 183 days or more during any particular taxable year.

Payments made to a holder of Preferred Securities who is a non-U.S. Holder generally will not be subject to withholding of United States federal income tax, if:

- the beneficial owner of the Preferred Securities does not actually or constructively own 10% or more of the total combined voting power of all classes of stock entitled to vote; and
- either:
 - (1) the beneficial owner of the Preferred Securities certifies to Flagstar Trust or its agent, under penalties of perjury, that it is not a United States person and provides his name and address; or
 - (2) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a "Financial Institution"), and holds the capital securities in that capacity, certifies to Flagstar Trust or its agent, under penalties of perjury, that such statement has been received from the beneficial owner by it or by a Financial Institution between it and the beneficial owner and furnishes Flagstar Trust or its agent with a copy of the statement.

In addition, a non-U.S. Holder of Preferred Securities will not be subject to withholding of United States federal income tax on any gain realized upon the sale or other disposition of a capital security.

BACKUP WITHHOLDING

You may be subject to a "backup withholding" tax of 31% on distributions made on the Preferred Securities and on the entire price received on the sale of the Preferred Securities if you:

- fail to provide your Social Security or taxpayer identification number to your broker;

- provide your broker with an incorrect Social Security or tax identification number;

- fail to provide your broker with a certified statement that your Social Security or tax identification number is correct and that you are not subject to backup withholding; or
- improperly report interest and dividends on your tax return.

Backup withholding, however, does not apply to payments made to certain exempt recipients such as corporations or tax-exempt organizations. Any withheld amounts will be allowed as a credit against your United States federal income tax, provided the required information is provided to the IRS.

ERISA CONSIDERATIONS

Retirement plans are generally subject to the rules of the Employee Retirement Income Security Act of 1974 ("ERISA"), and they are also subject to requirements in the Code. Retirement plans may purchase Preferred Securities in accordance with their governing documents. When they do, the fiduciaries for these retirement plans (usually trustees and custodians) are required to comply with fiduciary duties under ERISA and other requirements under the Code. Retirement plans can be employer-sponsored plans like pension plans and profit sharing plans, individual retirement accounts (IRAs), and other types of plans which defer the receipt of income.

If a retirement plan is sponsored and/or contributed to by a party that is affiliated in certain ways with us, we and/or our affiliate could be a "party in interest" or a "disqualified person" for purposes of ERISA and the Code. The rules regarding these relationships are very complex. They can arise if we are a fiduciary to a retirement plan, such as a trustee or custodian. They can arise if we or one of our affiliates provides any services to or for the retirement plan. Our affiliates are Flagstar Bank, Douglas Insurance Agency, Inc., FSSB Real Estate Development Corporation, First Security Investment Group, Inc., FSSB Mortgage Corporation, Flagstar Capital Corporation, Flagstar Credit Corporation, Mid-Michigan Service Corporation and SSB Funding Corporation.

There are many other circumstances which can cause the relationship to exist. When one of these relationships exists, the purchase of Preferred Securities by the retirement plan is likely to result in a transaction that is not permitted by ERISA and/or the Internal Revenue Code. These transactions are referred to as "prohibited transactions" or "disqualifying transactions." These could lead to excise tax penalties and even tax disqualification of a retirement plan. However, there may be ways to exempt prohibited transactions from the excise tax penalties and tax disqualification. This may require application to a governmental agency.

If we or one of our affiliates is a party in interest or disqualified person as to a retirement plan, that retirement plan should not acquire Preferred Securities without first establishing an exemption. Entities like partnerships and limited liability companies which have a relationship with us and/or one of our affiliates and that may be holding assets of retirement plans also have to address these prohibited transaction issues. All of these rules are very complicated. If you have a relationship of any kind with us and/or one of our affiliates, you should consult with your benefits counsel before acquiring Preferred Securities.

UNDERWRITING

Upon the terms and subject to the conditions stated in the Underwriting Agreement dated the date hereof, each of the underwriters (the "Underwriters") named below has severally agreed to purchase, and Flagstar Trust has agreed to sell to such Underwriter, the number of Preferred Securities set forth opposite the name of such Underwriter.

<TABLE>
<CAPTION>

NAME OF UNDERWRITER -----	NUMBER OF PREFERRED SECURITIES -----
<S>	<C>
Roney Capital Markets, a division of First Chicago Capital Markets, Inc.	

McDonald Investments Inc.
 Stifel, Nicolaus & Company, Incorporated.....
 JWGenesis Capital Markets, LLC.....

 2,600,000
 =====

</TABLE>

The Underwriters are offering the Preferred Securities subject to their acceptance of the securities from Flagstar Trust and subject to prior sale. The Underwriting Agreement provides that the obligations of the Underwriters to pay for and accept delivery of the Preferred Securities are conditioned on the delivery of legal opinions by their counsel. The Underwriters are obligated to purchase all the Preferred Securities if any are purchased.

The Underwriters propose to offer part of the Preferred Securities directly to the public at the public offering price set forth on the cover page of this Prospectus and part of the Preferred Securities to certain dealers at a price which represents a concession not in excess of \$ per Preferred Security under the public offering price. The Underwriters may allow, and such dealers may reallow, a concession not in excess of \$ per Preferred Security to certain other dealers. After the initial offering of Preferred Securities to the public, the public offering price and such concessions may be changed by the Underwriters.

Flagstar Trust has granted to the Underwriters an option, exercisable at any time during the 30-day period from the date of this Prospectus, to purchase up to an aggregate of 390,000 additional Preferred Securities at the public offering price set forth on the cover page less underwriting discounts and commissions. The Underwriters may exercise such option to purchase additional Preferred Securities solely for the purpose of covering over-allotments, if any, incurred in connection with the sale of the Preferred Securities offered by this Prospectus. To the extent such option is exercised, each Underwriter will become obligated, subject to certain conditions, to purchase a number of additional Preferred Securities proportionate to such Underwriter's initial amount reflected in the preceding table.

Flagstar Bancorp, Flagstar Trust and the Underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

The following table sets forth the estimated expenses in connection with the sale and distribution of the securities being registered hereby, other than underwriting discounts and commissions. All such expenses are to be paid by Flagstar Bancorp, Inc.:

<TABLE> <S>	<C>
SEC registration fee.....	\$ 21,000
NASD filing fee.....	7,975
Blue Sky filing fees and expenses.....	5,000
Accounting fees and expenses.....	50,000
Legal fees and expenses.....	250,000
Printing, postage and mailing.....	100,000
Stock transfer agent fees and certificates.....	5,000
Other.....	61,025

Total.....	\$500,000
	=====

</TABLE>

The Underwriters may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions permit bids for and purchase of the Common Stock so long as the stabilizing bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of the Preferred Securities in the open market in order to cover syndicate short positions. Penalty bids permit the Underwriters to reclaim a selling concession from a syndicate member when the Preferred Securities originally sold by such syndicate member is purchased in a stabilizing transaction or syndicate covering transaction to cover syndicate short positions. Such stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the Preferred Securities to be higher than it would otherwise be in the absence of such transactions. These transactions may be effected on The Nasdaq Stock Market(R) or otherwise and, if commenced, may be discontinued at any time.

Registrar and Transfer Company, Cranford, New Jersey, will act as registrar and transfer agent for the Preferred Securities.

LEGAL MATTERS

The validity of the Preferred Securities we are offering, and certain matters relating to United States federal income tax consequences of this offering, will be passed upon for us and for Flagstar Trust by Kutak Rock, Washington, D.C. Albert J. Gladner, Esq., Senior Vice President and General Counsel of the Bank, will pass upon certain legal matters relating to Michigan law for us and Flagstar Trust. Morris, James, Hitchens & Williams, Wilmington, Delaware will pass upon certain matters relating to Delaware law for Flagstar Trust. Certain legal matters will be passed upon for the Underwriters by Honigman Miller Schwartz and Cohn, Detroit, Michigan.

EXPERTS

The consolidated financial statements incorporated in this Prospectus by reference to our Annual Report on Form 10-K for the year ended December 31, 1998 have been so incorporated in reliance on the report of Grant Thornton LLP, independent certified public accountants, given on the authority of said firm as experts in auditing and accounting.

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- -----
- WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION THAT DIFFERS FROM THE INFORMATION IN THIS PROSPECTUS. IF YOU RECEIVE ANY DIFFERENT INFORMATION, YOU SHOULD NOT RELY ON IT.
 - THE DELIVERY OF THIS PROSPECTUS SHALL NOT, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT FLAGSTAR BANCORP, INC. IS OPERATING UNDER THE SAME CONDITIONS THAT IT WAS OPERATING UNDER WHEN THIS PROSPECTUS WAS WRITTEN. DO NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROSPECTUS IS CORRECT AT ANY TIME PAST THE DATE INDICATED.
 - THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES OTHER THAN THE SECURITIES TO WHICH IT RELATES.
 - THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO BUY, THE SECURITIES TO WHICH IT RELATES IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL.
-

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2,600,000 PREFERRED SECURITIES

[FLAGSTAR TRUST LOGO]

% CUMULATIVE PREFERRED SECURITIES
(LIQUIDATION AMOUNT \$25
PER PREFERRED SECURITY)

GUARANTEED BY

[FLAGSTAR BANCORP LOGO]

PROSPECTUS

Roney Capital Markets Logo

MCDONALD
INVESTMENTS INC.

STIFEL, NICOLAUS & COMPANY
INCORPORATED

JWGENESIS CAPITAL
MARKETS, LLC
, 1999

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the estimated expenses in connection with the sale and distribution of the securities being registered hereby, other than underwriting discounts and commissions. All such expenses are to be paid by Flagstar Bancorp, Inc.:

<TABLE>	
<S>	<C>
SEC registration fee.....	\$ 21,000
NASD filing fee.....	7,975
Blue Sky filing fees and expenses.....	5,000
Accounting fees and expenses.....	50,000
Legal fees and expenses.....	250,000
Printing, postage and mailing.....	100,000
Stock transfer agent fees and certificates.....	5,000
Other.....	61,025

Total.....	\$500,000
	=====

</TABLE>

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Flagstar's Restated Articles of Incorporation contain a provision, authorized by the Michigan Business Corporation Act ("MBCA"), designed to eliminate in certain circumstances the personal liability of directors for monetary damages to Flagstar or its stockholders for breach of their fiduciary duty as directors. This provision, however, does not limit the liability of any director who breached his or her duty of loyalty to the Company or its stockholders, failed to act in good faith, obtained an improper personal benefit or paid a dividend or approved a stock repurchase or redemption that was prohibited under Michigan law. This provision will not limit or eliminate the rights of the Company or any stockholder to seek an injunction or any other nonmonetary relief in the event of a breach of a director's duty of care. In addition, this provision applies only to claims against a director arising out of his or her role as a director and does not relieve a director from liability unrelated to his fiduciary duty of care or from a violation of statutory law such as certain liabilities imposed on a director under the federal securities laws.

The Company's Restated Articles of Incorporation and Restated Bylaws also provide that the Company shall indemnify all directors and officers of the Company to the full extent permitted by the MBCA. Under the provisions of the MBCA, any director or officer who, in his or her capacity as such, is made or threatened to be made a party to any suit or proceeding, may be indemnified if the Board determines such director or officer acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company or its stockholders.

Officers and directors are covered within specified monetary limits by insurance against certain losses arising from claims made by reason of their being directors or officers of the Company or of the Company's subsidiaries and the Company's officers and directors are indemnified against such losses by reason of their being or having been directors or officers of another corporation, partnership, joint venture, trust or other enterprise at the Company's or its subsidiaries' request.

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ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

The following is a list of exhibits filed as part of this Registration Statement and also serves as the Exhibit Schedules:

EXHIBIT NUMBER	DESCRIPTION
<C>	<S>
1.1*	Engagement Letter
1.2*	Form of Underwriting Agreement
4.1*	Certificate of Trust of Flagstar Trust
4.2*	Trust Agreement of Flagstar Trust
4.3*	Form of Flagstar Trust Amended and Restated Trust Agreement
4.4*	Form of Preferred Securities Certificate (included as an exhibit to Exhibit 4.3)
4.5*	Form of Subordinated Indenture
4.6*	Form of Junior Subordinated Debenture (included as an exhibit to Exhibit 4.5)
4.7*	Form of Preferred Securities Guarantee Agreement
5.1*	Opinion of Kutak Rock regarding legality of securities being registered
5.2*	Form of Opinion of Morris, James, Hitchens & Williams
8.1*	Opinion of Kutak Rock regarding tax matters
12.1*	Computation of ratio of earnings to fixed charges
23.1*	Consent of Grant Thornton LLP
23.2*	Consent of Kutak Rock (contained in Exhibit 5.1 and Exhibit 8.1)
23.3*	Consent of Albert J. Gladner, Esq.
23.4*	Consent of Morris, James, Hitchens & Williams (contained in Exhibit 5.2)
24.1*	Powers of Attorney (see the signature page of this Registration Statement)
25.1*	Form of Eligibility on Form T-1 under Trust Indenture Act of 1939, as amended, of FMB Bank, as Trustee under the Subordinated Indenture
25.2*	Form of Eligibility on Form T-1 under Trust Indenture Act of 1939, as amended, of FMB Bank, as Trustee under the Flagstar Trust Amended & Restated Trust Agreement
25.3*	Form of Eligibility on Form T-1 under Trust Indenture Act of 1939, as amended, of FMB Bank, as Trustee under the Preferred Securities Guarantee Agreement

</TABLE>

* Filed herewith

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes as follows:

(a) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of Prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of Prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(b) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of

Prospectus shall be deemed to be a new Registration Statement related to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, when applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering hereof.

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Insofar as indemnification for liabilities arising under the Securities Act for 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Bloomfield Hills, State of Michigan, on the 26th day of March, 1999.

FLAGSTAR BANCORP, INC.

By: /s/ THOMAS J. HAMMOND

Thomas J. Hammond
Chairman and Chief Executive Officer
(Duly Authorized Representative)

Each person whose signature appears below hereby appoints Thomas J. Hammond his or her true and lawful attorney-in-fact, with power to act and with full power of substitution, in any and all capacities, to sign any or all amendments (including post-effective amendments) to the Registration Statement and file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents, or their substitutes, may lawfully cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1933, this Registration Statement has been signed by the following persons (including a majority of the Board of Directors of the Registrant) in the capacities and on the dates indicated.

<TABLE> <CAPTION>	SIGNATURE -----	TITLE -----	DATE ----
<S>	/s/ THOMAS J. HAMMOND ----- Thomas J. Hammond	<C> Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	<C> March 26, 1999
	/s/ MARK T. HAMMOND -----	Vice Chairman of the Board and President	March 26, 1999

Mark T. Hammond

/s/ MICHAEL W. CARRIE	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 26, 1999
Michael W. Carrie		
/s/ JOAN H. ANDERSON	Director and Executive Vice President	March 26, 1999
Joan H. Anderson		
/s/ JAMES D. COLEMAN	Director	March 26, 1999
James D. Coleman		
/s/ JAMES D. ISBISTER	Director	March 26, 1999
James D. Isbister		

</TABLE>

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<TABLE>
<CAPTION>

SIGNATURE -----	TITLE -----	DATE ----
/s/ RICHARD S. ELSEA	Director	March 26, 1999
Richard S. Elsea		
/s/ JOHN R. KERSTEN	Director	March 26, 1999
John R. Kersten		
/s/ C. MICHAEL KOJAIAN	Director	March 26, 1999
C. Michael Kojaian		

</TABLE>

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Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Bloomfield Hills, State of Michigan, on the 26th day of March, 1999.

FLAGSTAR TRUST

By: Flagstar Bancorp, Inc., as Sponsor

By: /s/ THOMAS J. HAMMOND

 Thomas J. Hammond
 Chairman and Chief Executive
 Officer

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EXHIBIT INDEX

<TABLE>
<CAPTION>

EXHIBIT NUMBER -----	DESCRIPTION -----
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</TABLE>

* Filed herewith

FLAGSTAR TRUST
LETTER OF INTENT
FEBRUARY 15, 1999
PAGE 1 OF 6

EXHIBIT 1.1

LETTER OF INTENT

February 15, 1999

The Board of Directors
Flagstar Bancorp, Inc.
2600 Telegraph Road
Bloomfield Hills, MI 48302

ATTN.: MR. MICHAEL W. CARRIE

PRIVATE & CONFIDENTIAL

Ladies and Gentlemen:

This letter of intent ("Letter of Intent") will confirm our recent conversation and is intended to be an expression of our present mutual intent concerning the potential initial public offering (the "Offering") of Cumulative Preferred Securities (the "Preferred Securities") of Flagstar Trust ("Flagstar Trust") a business trust to be formed as a wholly owned subsidiary of Flagstar Bancorp, Inc. ("Bancorp") which is also the parent of Flagstar Bank, FSB ("Flagstar" or the "Bank"). Flagstar Trust would upon consummation of the Offering, purchase a series of junior subordinated debentures from Bancorp for the same denomination and with the same payment terms as the Preferred Securities. We are pleased to advise you that, based on the information made available to us, representations which you have made to us concerning the Bank and Bancorp, their principals, their business and their prospects, and current market conditions, Roney Capital Markets, a division of First Chicago Capital Markets, Inc. ("Roney Capital Markets"), McDonald Investments Inc., Stifel, Nicolaus & Company, Incorporated and JWGenesis Capital Markets, LLC (collectively referred to as the "Managing Underwriters") hereby confirm in principle their interest in underwriting on a firm commitment basis (subject to the terms and conditions of the Underwriting Agreement) the Offering, the general terms of which would be in accordance with the terms outlined below.

1. PUBLIC OFFERING OF PREFERRED SECURITIES

The Managing Underwriters propose an offering as follows:

Issuer:	Flagstar Trust
Managing Underwriters:	Roney Capital Markets (books) McDonald Investments Inc.

Stifel, Nicolaus & Company,
Incorporated
JWGenesis Capital Markets, LLC

Security: A minimum of 2,600,000
shares of Preferred Securities

Liquidation Preference: \$25.00 per share

Proposed Listing: NASDAQ National Market System

Roney Capital Markets Letter of Intent Investment Banking

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FLAGSTAR TRUST
LETTER OF INTENT
FEBRUARY 15, 1999
PAGE 2 of 6

2. CAPITALIZATION

Flagstar Trust would have a minimum of 2,600,000 shares of Preferred Securities outstanding immediately after the Offering, excluding the over-allotment option. Flagstar Trust would also have outstanding Common Stock owned by Bancorp which would represent an aggregate liquidation amount equal to at least 3.00% of the total capital of Flagstar Trust, assuming no exercise of the over-allotment option.

3. OVER-ALLOTMENT OPTION

Flagstar Trust would grant the underwriters, for the purpose of covering over-allotments, the right for a 30-day period after commencement of the Offering to purchase from Flagstar Trust up to an additional 15% of the shares of Preferred Securities offered at the public offering price less the underwriting discount.

4. ESTIMATED OFFERING PRICE AND DIVIDEND

The public offering price per share is currently estimated at \$25.00 per share. It is currently anticipated that the dividend yield, which is subject to market and other conditions at the time of the Offering and is based, in part, upon our preliminary review of the Bank's and Bancorp's financial plans

and prospects, will approximate 9.00% to 9.25% based on the current dividend yield scenario.

5. LISTING

Flagstar Trust's Preferred Securities would be quoted on the National Association of Securities Dealers, Inc. National Market System and Flagstar Trust and the Bank would comply with the National Association of Securities Dealers, Inc.'s (the "NASD") requirements for such quotation.

6. UNDERWRITING COMPENSATION

Assuming the gross proceeds from the sale of Flagstar Trust's Preferred Securities in the Offering is \$65,000,000 the underwriting discount will be 3.15%. If any or all of the over-allotment is exercised, the underwriting discount will be 3.15% on the over-allotment shares.

7. REGISTRATION STATEMENT

The Offering would be subject to compliance with the Securities Act of 1933, as amended (the "Act"), the Office of Thrift Supervision (the "OTS") and other applicable federal and state laws and regulations, including, without limitation, "Blue Sky" laws. The Bank and Flagstar Trust, working with its counsel, would prepare and file the appropriate registration

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statement (the "Registration Statement"). The Registration Statement (anticipated to be on Form S-3) would conform to the requirements of applicable laws, the Act and the rules and regulations of the SEC and OTS. Flagstar Trust would use its best efforts to file such amendments with the SEC and OTS as may be necessary to have the Registration Statement declared effective by the SEC as promptly as practicable.

8. OFFERING EXPENSES

Flagstar Trust, Bancorp and the Bank will be jointly and severally liable for all expenses and fees incurred in connection with the proposed financing, including but not limited to, fees and expenses related to preparing, printing and filing of the Registration Statement, all amendments and supplements thereto, the preliminary and final prospectus, other related underwriting and selling documents, and certificates for the Preferred Securities and for accounting, legal, SEC, NASD, appraisal and listing fees. In addition to the underwriting discount, Bancorp, the Bank and Flagstar Trust also agree to pay the out-of-pocket expenses, including road show expenses and underwriters' legal fees (such out-of-pocket expenses payable by Flagstar Trust, Bancorp and the Bank shall not exceed \$75,000 for legal fees and \$25,000 for all other out-of-pocket expenses). In addition, legal fees and disbursements relating to the "Blue Sky" survey, any required state filing registrations and the filing fees relating thereto shall be the responsibility of Flagstar Trust. The underwriters' out-of-pocket expense reimbursement and the Blue Sky legal fees and disbursements shall be paid regardless of whether the Offering is completed or not completed for any reason, including market conditions, unless the Offering is not completed because of the underwriters' refusal (except for bona fide reasons related to Bancorp, Flagstar Trust, the Bank, or their officers, directors, employees or agents or market conditions) or inability to perform. Upon completion of the Offering the Managing Underwriters will agree to credit the out-of-pocket expense reimbursement (up to a maximum of \$100,000) against the underwriting fee but not the Blue Sky legal fees and disbursements.

Flagstar Trust, Bancorp and the Bank will be responsible for all of their own out-of-pocket expenses, including, without limitation, transportation, meals, and lodging with respect to any road shows and other selling efforts.

If the Offering does not close for any reason other than the Managing Underwriters' refusal (except for bona fide reasons related to Flagstar Trust, Bancorp, the Bank, or their officers, directors, employees or agents or market conditions) or inability to perform, the underwriters will account for their reimbursable expenses and will be entitled to reimbursement from Flagstar Trust, Bancorp and the Bank of such expenses, as described above, including: (i) documented out-of-pocket expenses relating to the Registration Statement, including, without limitation, expenses relating to road shows, syndicate expenses, sales literature expenses and advertising expenses, (ii) documented underwriters' legal fees (described above) actually incurred. Documented expenses for "Blue Sky" survey, any required state filing registrations and filing fees disbursements and expenses, shall be paid directly by Flagstar Trust and shall not be part of the \$100,000 legal fee and out-of-pocket reimbursement and will be subject to negotiation in advance, between Flagstar Trust and Honigman Miller Schwartz and Cohn ("Blue Sky Counsel").

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Flagstar Trust shall have the right to cancel the Offering or terminate this Letter of Intent at any time without further recourse; provided, however, that any such cancellation or termination by Flagstar Trust shall not affect the Bank's, Bancorp's or Flagstar Trust's obligation to pay the out-of-pocket expense reimbursements (as capped above, i.e., not to exceed \$100,000) and the legal fees and disbursements of Blue Sky Counsel.

9. SALE OF ADDITIONAL SHARES IN THE PUBLIC MARKET

For a period of 180 days after the effective date of the Registration Statement, Bancorp, the Bank and their executive officers and directors would agree not to make any sales of the Flagstar Trust's Preferred Securities without the consent of Roney Capital Markets.

10. TIMING OF THE OFFERING

We and our counsel are prepared to begin work with Flagstar Trust and its counsel toward preparation and filing of the Registration Statement with the SEC as soon as possible. Following the filing of the Registration Statement, we would move forward promptly with the formation of an underwriting syndicate or selling group, to include a select group of firms capable of providing complementary distribution. We would consult with you as to firms to be included in the syndicate and selling group.

The marketing program would be designed cooperatively by the Managing Underwriters and Flagstar Trust, and will reflect the need to balance management's work schedule with the necessary exposure required for the underwriting.

After the initial filing, we would expect that a period of up to four to six weeks would be required for review by the SEC of the Registration Statement and any necessary amendments thereto, and that a marketing program would run simultaneously with SEC review. The marketing program would be completed prior to the time the Registration Statement is declared effective.

11. AUDITORS AND FINANCIAL STATEMENTS

The Registration Statement would contain financial information of Bancorp, the Bank, and Flagstar Trust. For two years from the effective date of the Registration Statement, Bancorp would furnish the Managing Underwriters and investors with quarterly unaudited financial statements and copies of all

reports filed with the SEC covering both Bancorp and Flagstar Trust. The Managing Underwriters will also require a comfort letter from Grant Thornton, LLP in relation to the Registration Statement.

12. ACCESS TO INFORMATION

In connection with the preparation of the Registration Statement and other matters pertaining to the Offering, Bancorp, the Bank and Flagstar Trust, their officers, accountants and counsel shall furnish to us and our counsel on a timely basis for our use in connection with the Offering such information and documents as we or they may reasonably request. In addition,

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management would be available for consultation and meetings until the closing of the Offering.

13. UNDERTAKING TO GIVE NOTICE OF EVENTS

In providing this letter, we have assumed no material changes from the information provided us to date and that no information of a material adverse nature may come up in the completion of due diligence. Until the signing of the Underwriting Agreement, Flagstar Trust and the Bank will notify us of any business or operating events which might materially adversely affect the Offering or the status of Bancorp, the Bank, or Flagstar Trust and will give serious consideration to the Managing Underwriters' recommendation as to the required disclosures relating thereto.

14. UNDERWRITING AGREEMENT

The terms of the Offering would be negotiated between the Managing Underwriters and Flagstar Trust immediately prior to the effective date of the Registration Statement. Matters regarding the Offering and other matters between Flagstar Trust and Bancorp and the Managing Underwriters, would be subject to the terms and conditions of an Underwriting Agreement to be signed concurrently with the effective date of the Registration Statement. The Underwriting Agreement would contain terms and conditions usual and customary for a transaction of this nature, as negotiated between Flagstar Trust and Bancorp and the Managing Underwriters, including indemnification and contribution clauses acceptable to Flagstar Trust, Bancorp and the Managing Underwriters.

15. NON-BINDING LETTER

This Letter of Intent is only a brief outline of the proposed financing and, with the exception of paragraph 8, is merely an expression of our present intention concerning the proposed Offering along the lines indicated. While it is the present mutual intention of the parties that a public offering of Flagstar Trust's Preferred Securities be made, this Letter of Intent shall not in any way be construed as a commitment by the Managing Underwriters to proceed with a public offering or purchase or sell the Preferred Securities and the Managing Underwriters may, in their sole judgment and discretion, determine at any time not to proceed with the Offering, in which event no party shall have any liability under this Letter of Intent, except as otherwise provided in paragraph 8. With the exception of paragraph 8 which shall be enforceable in accordance with its terms, this Letter of Intent does not constitute a binding contract or represent or create any legally binding obligations of the Managing Underwriters, Bancorp, the Bank, Flagstar Trust or any of their partners, officers, directors, agents or affiliates, which obligations would arise only upon the signing of a definitive Underwriting Agreement.

With the exception of paragraph 8 the Offering is conditioned in its entirety upon, and a binding contract will come into existence only upon, execution and delivery of the Underwriting

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Agreement between the Managing Underwriters, Flagstar Trust and Bancorp in form and substance satisfactory to Flagstar Trust, Bancorp and the Managing Underwriters. This Letter of Intent shall not be construed as the Underwriting Agreement nor as an agreement to enter into an underwriting agreement. The Offering is also conditioned upon compliance by Flagstar Trust and Bancorp with the terms contained in such Underwriting Agreement which will include standard indemnification and a tax opinion from Grant Thornton, LLP or counsel acceptable to the Managing Underwriters relating to, among other things, the tax status of Flagstar Trust.

We are pleased to have the opportunity to work with you on this important financing.

If this Letter of Intent accurately reflects your present understanding of our mutual intentions, please have an authorized officer sign the enclosed copy of this letter and return it to us. We will then move forward with our counsel to begin work with you regarding this important financing.

Very truly yours,

Roney Capital Markets
By: /s/ John C. Donnelly

Its: Managing Director

McDonald Investments Inc.
By: /s/ Kristin Whiting

Its: Vice President

STifel, Nicolaus & Company, Incorporated

By: /s/ Mark Ross

Its: Vice President

JWGenesis Capital Markets, LLC
By: /s/ Harvey Morgan

Its: Executive Managing
Director

ACCEPTED AND APPROVED:

Flagstar Bancorp, Inc.
By: /s/ Michael Carrie

Its: Executive Vice President/ Chief Financial Officer

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2,600,000 Cumulative Preferred Securities

Flagstar Trust

___% Cumulative Preferred Securities

(Liquidation Amount of \$25.00 per Cumulative Preferred Security)

UNDERWRITING AGREEMENT

Roney Capital Markets,
a division of First Chicago
Capital Markets, Inc.
McDonald Investments Inc.
Stifel, Nicolaus & Company, Incorporated
JW Genesis Capital Markets, L.L.C.
As representatives of the several
Underwriters named in Schedule A
c/o Roney Capital Markets
One Griswold Street
Detroit, Michigan 48226

Dear Sirs:

Flagstar Bancorp, Inc., a Michigan corporation (the "Company") and its financing subsidiary, Flagstar Trust, a Delaware business trust (the "Trust," and hereinafter together with the Company, the "Offerors"), propose that the Trust issue and sell to the several Underwriters named in Schedule A (the "Underwriters"), (who are acting severally and not jointly) pursuant to the terms of this Agreement, 2,600,000 shares of the Trust's ___% Cumulative Preferred Securities, with a liquidation amount of \$25.00 per preferred security (the "Preferred Securities"), to be issued under the Trust Agreement (as hereinafter defined), the terms of which are more fully described in the Prospectus (as hereinafter defined). The aforementioned 2,600,000 Preferred Securities to be sold to the Underwriters are herein called the "Firm Preferred Securities." Solely for the purpose of covering over-allotments in the sale of the Firm Preferred Securities, the Offerors further propose that the Trust issue and sell to the Underwriters, at their option, up to an additional 390,000 Preferred Securities (the "Option Preferred Securities") upon exercise of the over-allotment option granted in Section 1 hereof. The Firm Preferred Securities and any Option Preferred Securities are herein collectively referred to as the "Designated Preferred Securities."

The Offerors hereby confirm as follows their agreement with the several Underwriters in connection with the proposed purchase of the Designated Preferred Securities.

1. SALE, PURCHASE AND DELIVERY OF PREFERRED SECURITIES; DESCRIPTION OF PREFERRED SECURITIES.

- (a) On the basis of the representations, warranties and agreements herein contained, and subject to the terms and conditions herein set forth, the Offerors hereby

agree that the Trust shall issue and sell to the several Underwriters, and the Underwriters agree, severally and not jointly, to purchase from the Trust, at a purchase price of \$25.00 per Preferred Security (the "Purchase Price"), the Firm Preferred Securities each in the amount set forth in Schedule A. Because the proceeds from the sale of the Preferred Securities will be used to purchase from the Company its Debentures (as hereinafter defined and as described in the Prospectus), the Company shall pay to the Underwriters a commission as described in Section 3 (the "Preferred Securities Commission").

In addition, on the basis of the representations, warranties and agreements herein contained and subject to the terms and conditions herein set forth, the Trust hereby grants to the Underwriters an option to purchase all or any portion of the 390,000 Option Preferred Securities, and upon the exercise of such option in accordance with this Section 1, the Offerors hereby agree that the Trust shall issue and sell to the Underwriters, and the Underwriters agree to purchase from the Trust, all or any portion of the Option Preferred Securities at the same Purchase Price per Preferred Security paid for the Firm Preferred Securities. Because the proceeds from the sale of the Firm Preferred Securities will be used to purchase from the Company its Debentures, the Company shall pay to the Underwriters the Preferred Securities Commission described in Section 3 for each Option Preferred Security purchased. The option hereby granted (the "Option") shall expire 30 days after the date upon which the Registration Statement (as hereinafter defined) becomes effective and may be exercised only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Firm Preferred Securities, and may only be exercised with the express written consent of Roney Capital Markets, a division of First Chicago Capital Markets, Inc. (the "Representative"). The Option may be exercised in whole or in part at any time (but not more than once) by the Underwriters by the Representative giving notice (confirmed in writing) to the Trust setting forth the number of Option Preferred Securities as to which the Underwriters are exercising the Option and the time, date and place for payment and delivery of certificates for such Option Preferred Securities. Such time and date of payment and delivery for the Option Preferred Securities (the "Option Closing Date") shall be determined by the Underwriters, but shall not be earlier than two nor later than five full business days after the exercise of such Option, nor in any event prior to the Closing Date (as hereinafter defined). The Option Closing Date may be the same as the Closing Date.

Payment of the Purchase Price and the Preferred Securities Commission and delivery of certificates for the Firm Preferred Securities shall be made at the offices of Honigman Miller Schwartz and Cohn, counsel for the Underwriters, 2290 First National Building, Detroit, Michigan 48226, or such other place as shall be agreed to by the Underwriters and the Offerors, at 10:00 a.m., Eastern time, on _____, 1999, or at such other time not more than five full business days thereafter as the Offerors and the Underwriters shall determine (the "Closing Date"). If the Underwriters exercise the Option to purchase any or all of the Option Preferred Securities, payment of the Purchase Price and the Preferred Securities Commission and delivery of certificates for such Option Preferred Securities shall be made on the Option Closing Date at the Underwriter's offices, or at such other place as the Offerors and the Underwriter shall determine. Such payments shall be made to an account designated or on behalf of by the Trust by wire transfer or certified or bank cashier's check, in clearing house or similar

next day available funds in the amount of the Purchase Price therefor, against delivery by or on behalf of the Trust to the Underwriters of certificates for the Designated Preferred Securities to be purchased by the Underwriters.

The Agreement contained herein with respect to the timing of the Closing Date and the Option Closing Date is intended to, and does, constitute an express agreement, as described in Rule 15c6-1(c) and (d) promulgated under the 1934 Act (as defined herein), for a settlement date other than four business days after the date of the contract.

Certificates for Designated Preferred Securities to be purchased hereunder shall be in book-entry form and registered in the name of Cede & Co. not later than 12:00 noon, Eastern time, two business days prior to the Closing Date and, if applicable, the Option Closing Date. Delivery of the Preferred Securities may be made by credit through full fast transfer to the accounts at The Depository Trust Company ("DTC") designated by you and if not made by such credit delivery will be made to DTC. Certificates for Designated Preferred Securities to be purchased by or on behalf of the Underwriters and registered in the name of Cede & Co. shall be made available by the Offerors to the Underwriters for inspection, checking and packaging at such office as the Underwriters may designate in writing not later than 1:00 p.m., Eastern time, on the last business day prior to the Closing Date, and, if applicable, on the last business day prior to the Option Closing Date.

Time shall be of the essence, and delivery of the certificates for the Designated Preferred Securities at the time and place specified pursuant to this Agreement is a further condition of the obligations of the Underwriters hereunder.

(b) The Offerors propose that the Trust issue the Designated Preferred Securities pursuant to a Trust Agreement among, _____ Trust Company, as Delaware Trustee, _____, as the Property Trustee, the Administrative Trustees named therein, (collectively, the "Trustees"), and the Company, in substantially the form heretofore delivered to the Underwriters, said Agreement being hereinafter referred to as the "Trust Agreement." In connection with the issuance of the Designated Preferred Securities, the Company proposes (i) to issue its Junior Subordinated Debentures (the "Debentures") pursuant to an Indenture, to be dated as of _____, 1999, between the Company and _____, as Trustee (the "Indenture") and (ii) to guarantee certain payments on the Preferred Securities pursuant to a Preferred Securities Guarantee Agreement between the Company and _____, as Guarantee Trustee (the "Guarantee"), to the extent described therein.

(c) The Representative hereby represents and warrants to the Offerors that it has the authority to enter into this Agreement on behalf of the several Underwriters and that the Underwriters have indicated their intention to the Representative their willingness to purchase severally and not jointly Designated Preferred Securities as provided herein.

2. REPRESENTATIONS AND WARRANTIES.

(a) The Offerors jointly and severally represent and warrant to, and agree with, the several Underwriters that:

(i) The reports filed with the Securities and Exchange Commission (the "Commission") by the Company under the Securities Exchange Act of 1934, as amended (the "1934 Act") and the rules and regulations thereunder (the "1934 Act Regulations") and incorporated into the Prospectus by reference, at the time they were filed with the Commission, complied as to form in all material respects with the requirements of the 1934 Act and the 1934 Act Regulations and did not contain an untrue statement of fact or omit to state any fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(ii) The Offerors have prepared and filed with the Commission a registration statement on Form S-3 (File Number 333-_____) for the registration of \$65,000,000 aggregate amount of the Designated Preferred Securities, the Guarantee and Debentures under the Securities Act of 1933, as amended (the "1933 Act"), including the related preliminary prospectus subject to completion included therein, and one or more amendments or supplements to such registration statement may have been so filed, in each case in conformity with the requirements of the 1933 Act, the rules and regulations promulgated thereunder (the "1933 Act Regulations") and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and the rules and regulations thereunder. Copies of such registration statement, including any amendments thereto, each Preliminary Prospectus (as defined herein) contained therein and the exhibits, financial statements and schedules to such registration statement, as finally amended and revised, have heretofore been delivered by the Offerors to the Underwriters. After the execution of this Agreement, the Offerors will file with the Commission (A) if such registration statement, as it may have been amended, has been declared by the Commission to be effective under the 1933 Act, a prospectus in the form most recently included in an amendment to such registration statement (or, if no such amendment shall have been filed, in such registration statement), with such changes or insertions as are required by Rule 430A of the 1933 Act Regulations ("Rule 430A") or permitted by Rule 424(b) of the 1933 Act Regulations ("Rule 424(b)") and as have been provided to and not objected to by the Underwriters prior to (or as are agreed to by the Underwriters subsequent to) the execution of this Agreement, or (B) if such registration statement, as it may have been amended, has not been declared by the Commission to be effective under the 1933 Act, an amendment to such registration statement, including a form of final prospectus, necessary to permit such registration statement to become effective, a copy of which amendment has been furnished to and not objected to by the Underwriters prior to (or is agreed to by the Underwriters subsequent to) the execution of this Agreement. Except as required by applicable law as evidenced

by a written opinion of counsel relating thereto, the Offerors will not file any amendment to the registration statement or any amended Preliminary Prospectus

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or any amendment thereto, of which the Underwriters have not been previously furnished a copy or to which the Underwriters or counsel thereto shall have reasonably objected in writing. As used in this Agreement, the term "Registration Statement" means such registration statement, as amended at the time when it was or is declared effective under the 1933 Act, including (1) all financial schedules and exhibits thereto, (2) all documents (or portions thereof) incorporated by reference therein filed under the 1934 Act, and (3) any information omitted therefrom pursuant to Rule 430A and included in the Prospectus (as hereinafter defined); the term "Preliminary Prospectus" means each preliminary prospectus subject to completion filed with such registration statement or any amendment thereto including all documents (or portions thereof) incorporated by reference therein to documents filed under the 1934 Act (including the preliminary prospectus subject to completion, if any, included in the Registration Statement and each prospectus filed pursuant to Rule 424(a) under the 1933 Act); and the term "Prospectus" means the prospectus first filed with the Commission pursuant to Rule 424(b)(1) or (4) if no prospectus is required to be filed pursuant to Rule 424(b)(1) or (4), the prospectus included in the Registration Statement, in each case including the financial schedules and all documents (or portions thereof) incorporated by reference therein to documents filed under the 1934 Act. The date on which the Registration Statement becomes effective under the 1933 Act is hereinafter referred to as the "Effective Date."

(iii) The documents incorporated by reference in the Preliminary Prospectus or Prospectus when they became effective or were filed with the Commission, as the case may be, complied in all material respects with the requirements of the 1934 Act and the 1934 Act Regulations, and when read together and with the other information in the Preliminary Prospectus or Prospectus, as the case may be, at the time the Registration Statement became or becomes effective and at the Closing Date and any Option Closing Date, did not or will not, as the case may be, contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(iv) No order preventing or suspending the use of any Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) has been issued by the Commission, nor has the Commission, to the knowledge of the Offerors, threatened to issue such an order or instituted proceedings for that purpose. Each Preliminary Prospectus, at the time of filing thereof, (A) complied in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and (B) did not contain an untrue statement of

fact or omit to state any fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty does not apply to statements or omissions made in reliance upon and in conformity with information furnished in writing to the Offerors by the Underwriters expressly for inclusion in the Prospectus beneath the heading "Underwriting" and on the cover

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page of the Prospectus with respect to price, underwriting discount and terms of the offering (such information referred to herein as the "Underwriter Information").

(v) At the Effective Date and at all times subsequent thereto, up to and including the Closing Date and, if applicable, the Option Closing Date, the Registration Statement and any post-effective amendment thereto (A) complied and will comply in all material respects with the requirements of the 1933 Act, the 1933 Act Regulations and the Trust Indenture Act (and the rules and regulations thereunder) and (B) did not and will not contain an untrue statement of fact or omit to state any fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. At the Effective Date and at all times when the Prospectus is required to be delivered in connection with offers and sales of Designated Preferred Securities, including, without limitation, the Closing Date and, if applicable, the Option Closing Date, the Prospectus, as amended or supplemented, (1) complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and the Trust Indenture Act (and the rules and regulations thereunder) and (2) did not contain and will not contain an untrue statement of fact or omit to state any fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty does not apply to Underwriter Information. (vi) The Company is duly incorporated, validly existing and in good standing under the laws of the State of Michigan, with full corporate power and authority to own, lease and operate its properties and conduct its business as described in and contemplated by the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) and as currently being conducted.

(vii) The Trust has been duly created and is validly existing as a statutory business trust in good standing under the Delaware Business Trust Act with the power and authority (trust and other) to own its property and conduct its business as described in the Registration Statement and Prospectus, to issue and sell its common securities (the "Common Securities") to the Company pursuant to the Trust Agreement, to issue and sell the Designated Preferred Securities, to enter into and perform its obligations under this Agreement and to consummate the transactions herein contemplated; the Trust has no

subsidiaries and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or the ownership of its property requires such qualification, except to the extent that the failure to be so qualified or to be in good standing would not have a material adverse effect on the Trust; the Trust has conducted and will conduct no business other than the transactions contemplated by this Agreement and described in the Prospectus; the Trust is not a party to or bound by any agreement or instrument other than this Agreement, the Trust Agreement and the agreements and instruments contemplated by the Trust

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Agreement and described in the Prospectus; the Trust has no liabilities or obligations other than those arising out of the transactions contemplated by this Agreement and the Trust Agreement and described in the Prospectus; the Trust is not a party to or subject to any action, suit or proceeding of any nature; the Trust is not, and at the Closing Date or any Option Closing Date will not be, to the knowledge of the Offerors, classified as an association taxable as a corporation for United States federal income tax purposes; and the Trust is, and as of the Closing Date or any Option Closing Date will be, treated as a consolidated subsidiary of the Company pursuant to generally accepted accounting principles.

(viii) The Company has six subsidiaries, Flagstar Bank, FSB (the "Bank"), the Trust, Douglas Insurance Agency, Inc. ("DIA"), FSSB Real Estate Development Corporation ("REDC"), Mortgage Video Network, Inc. ("Video"), and First Security Investment Group, Inc. ("Investment"). The Bank, the Trust, DIA, REDC, Video and Investment are hereinafter collectively referred to as the "Subsidiaries". The Company does not own or control, directly or indirectly, more than 5% of any class of equity security of any corporation, association or other entity other than the Subsidiaries. The Bank is a federally chartered stock savings bank, validly existing and in good standing under the federal Home Owners' Loan Act. The Bank has full corporate power and authority to own, lease and operate its properties and to conduct its business as described in and contemplated by the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) and as currently being conducted. The Bank is a member of the Federal Reserve System, and no proceedings for the termination or revocation of such membership are pending, or, to the knowledge of the Company, threatened. The deposit accounts of the Bank are insured by the Savings Association Insurance Fund ("SAIF") administered by the Federal Deposit Insurance Corporation (the "FDIC") up to the maximum amount provided by law; and no proceedings for the modification, termination or revocation of any such insurance are pending or, to the knowledge of the Offerors, threatened.

(ix) The Company, the Bank, DIA, REDC, Video and Investment are each duly qualified to transact business as a foreign corporation and are each in good standing in each

other jurisdiction in which it owns or leases property or conducts its business so as to require such qualification and in which the failure to so qualify would, individually or in the aggregate, have a material adverse effect on the financial condition, earnings, business, prospects or results of operations of the Company and the Subsidiaries on a consolidated basis. All of the issued and outstanding shares of capital stock of the Subsidiaries (A) have been duly authorized and are validly issued, (B) are fully paid and nonassessable and (C) except as disclosed in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), are directly owned by the Company free and clear of any security interest, mortgage, pledge, lien, encumbrance, restriction upon voting or transfer, preemptive rights, claim or equity. Except as disclosed in the Prospectus, there are no outstanding rights, warrants or options to acquire or

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instruments convertible into or exchangeable for any capital stock or equity securities of the Subsidiaries.

(x) The capital stock of the Company and the equity securities of the Trust conform to the description thereof contained in the Prospectus or the financial information included therein (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus). The outstanding shares of capital stock and equity securities of each Offeror have been duly authorized and validly issued and are fully paid and nonassessable, and no such shares were issued in violation of the preemptive or similar rights of any security holder of an Offeror; no person has any preemptive or similar right to purchase any shares of capital stock or equity securities of the Offerors. Except as disclosed in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), there are no outstanding rights, options or warrants to acquire from the Offerors any securities of the Offerors other than options and warrants issued under the Company's 1997 Employees and Directors Stock Option Plan, and there are no outstanding securities convertible into or exchangeable for any such securities and no restrictions upon the voting or transfer of any capital stock of the Company or equity securities of the Trust pursuant to the Company's corporate charter or bylaws, the Trust Agreement or any agreement or other instrument to which an Offeror is a party or by which an Offeror is bound.

(xi) (A) The Trust has all requisite power and authority to issue, sell and deliver the Designated Preferred Securities in accordance with and upon the terms and conditions set forth in this Agreement, the Trust Agreement, the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus). All corporate and trust action required to be taken by the Offerors for the authorization, issuance, sale and delivery of the Designated Preferred Securities in accordance with such terms and

conditions has been validly and sufficiently taken. The Designated Preferred Securities, when delivered in accordance with this Agreement, will be duly and validly issued and outstanding, will be fully paid and nonassessable undivided beneficial interests in the assets of the Trust, will be entitled to the benefits of the Trust Agreement, will not be issued in violation of or subject to any preemptive or similar rights, and will conform in all material respects to the description thereof in the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) and the Trust Agreement. None of the Designated Preferred Securities, immediately prior to delivery, will be subject to any security interest, lien, mortgage, pledge, encumbrance, restriction upon voting or transfer, preemptive rights, claim, equity or other defect.

(B) The Debentures have been duly and validly authorized, and, when duly and validly executed, authenticated and issued as provided in the Indenture and delivered to the Trust pursuant to the Trust Agreement, will constitute valid and legally binding obligations of the

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Company entitled to the benefits of the Indenture and will conform in all material respects to the description thereof contained in the Prospectus.

(C) The Guarantee has been duly and validly authorized, and, when duly and validly executed and delivered to the Guarantee Trustee for the benefit of the Trust, will constitute a valid and legally binding obligation of the Company and will conform in all material respects to the description thereof contained in the Prospectus.

(D) The Agreement as to Expenses and Liabilities (the "Expense Agreement") has been duly and validly authorized, and, when duly and validly executed and delivered by the Company, will constitute a valid and legally binding obligation of the Company and will conform in all material respects to the description thereof contained in the Prospectus.

(xii) The Offerors and the Subsidiaries have complied with all federal, state and local statutes, regulations, ordinances and rules applicable to the ownership and operation of their properties or the conduct of their businesses as described in and contemplated by the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) and as currently being conducted except for such matters as would not be expected to have a materially adverse effect thereon.

(xiii) The Offerors and the Subsidiaries have all governmental and regulatory permits, easements, consents, licenses, franchises and other authorizations from all appropriate federal, state, local or other public authorities ("Permits") as are necessary to own and lease their properties and conduct their businesses in the manner described in and contemplated by the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) and as currently being conducted, except as such matters that would not have a material adverse effect on the Offerors and the Subsidiaries or their financial condition, earnings, business, prospects or results of operations. All such Permits are in full force and effect and each of the Offerors and the Subsidiaries are complying therewith in all material respects, and no event has occurred that allows, or after notice or lapse of time would allow, revocation or termination thereof or will result in any other impairment of the rights of the holder of any such Permit, subject in each case to such qualification as may be adequately disclosed in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) except as such matters that would not have a material adverse effect on the Offerors and the Subsidiaries or their financial condition, earnings, business, prospects or results of operations. Such Permits contain no restrictions that would materially impair the ability of the Company or the Subsidiaries to conduct their businesses in the manner consistent with their past practices. Neither of the Offerors nor any of the Subsidiaries has received notice or otherwise has knowledge of any proceeding or action relating to the revocation or modification of any such Permit.

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(xiv) Neither of the Offerors nor any of the Subsidiaries is in breach or violation of their corporate charter, bylaws or other governing documents (including without limitation, the Trust Agreement). Neither of the Offerors nor any of the Subsidiaries is, and to the knowledge of the Offerors no other party is, in violation, breach or default (with or without notice or lapse of time or both) in the performance or observance of any term, covenant, agreement, obligation, representation, warranty or condition contained in (A) any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease, franchise, license, Permit or any other agreement or instrument to which it is a party or by which it or any of its properties may be bound, which such breach, violation or default would reasonably be expected to have a material adverse effect on the Offerors and the Subsidiaries on a consolidated basis, and to the knowledge of the Offerors, no other party has asserted that the Offerors or any of the Subsidiaries is in such violation, breach or default (provided that the foregoing representations in clause (A) shall not apply to defaults by borrowers from the Bank), or (B) except as disclosed in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), any order, decree, judgment, rule or regulation of any court, arbitrator, government, or governmental agency or instrumentality,

domestic or foreign, having jurisdiction over the Offerors or the Subsidiaries or any of their respective properties the breach, violation or default of which would have a material adverse effect on the financial condition, earnings, business, prospects or results of operations of the Offerors and the Subsidiaries on a consolidated basis.

(xv) The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement, the Trust Agreement, the Guarantee, the Expense Agreement, the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) do not and will not conflict with, result in the creation or imposition of any lien, claim, charge, encumbrance or restriction upon any property or assets of the Offerors or the Subsidiaries or the Designated Preferred Securities pursuant to, constitute a breach or violation of, or constitute a default under, with or without notice or lapse of time or both, any of the terms, provisions or conditions of the charter or bylaws of the Company or the Subsidiaries, the Trust Agreement, the Guarantee, the Expense Agreement, the Indenture, any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease, franchise, license, Permit or any other agreement or instrument to which the Offerors or the Subsidiaries is a party or by which any of them or any of their respective properties may be bound or any order, decree, judgment, rule or regulation of any court, arbitrator, government, or governmental agency or instrumentality, domestic or foreign, having jurisdiction over the Offerors or the Subsidiaries or any of their respective properties which conflict, creation, imposition, breach, violation or default would have either singly or in the aggregate a material adverse effect on the financial condition, earnings, business, prospects or results of operations of the Offerors and the Subsidiaries on a consolidated basis. No authorization, approval, consent or order of, or filing, registration or qualification with, any person (including, without limitation, any

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court, governmental body or authority) is required in connection with the transactions contemplated by this Agreement, the Trust Agreement, the Indenture, the Guarantee, the Expense Agreement, the Registration Statement and the Prospectus, except such as may be required by, and have been obtained under, the 1933 Act, the Trust Indenture Act, state securities laws, Interpretations or Rules of the National Association of Securities Dealers, Inc. ("NASD") in connection with the purchase and distribution of the Designated Preferred Securities by the Underwriters, and from the Nasdaq Stock Market's National Market relating to the listing of the Designated Preferred Securities.

(xvi) The Offerors have all requisite corporate power and authority to enter into this Agreement and this Agreement has been duly and validly authorized, executed and delivered by the Offerors and constitutes the legal, valid and binding agreement of the Offerors, enforceable against the

Offerors in accordance with its terms, except as the enforcement thereof may be limited by general principles of equity and by bankruptcy, moratorium, reorganization, fraudulent conveyance or other laws relating to or affecting creditors' rights generally and except as any indemnification or contribution provisions thereof may be limited under applicable securities laws or public policy. Each of the Indenture, the Trust Agreement, the Guarantee and the Expense Agreement has been duly authorized by the Company, and, when executed and delivered by the Company on the Closing Date, each of said agreements will constitute a valid and legally binding obligation of the Company and will be enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by general principles of equity and by bankruptcy, moratorium, reorganization, fraudulent transfer or other laws relating to or affecting creditors, rights generally and except as any indemnification or contribution provisions thereof may be limited under applicable securities laws or public policy. Each of the Indenture, the Trust Agreement and the Guarantee has been duly qualified under the Trust Indenture Act and will conform in all material respects to the description thereof contained in the Prospectus.

(xvii) The Company and the Subsidiaries have good and marketable title in fee simple to all real property and good title to all personal property owned by them, in each case free and clear of all security interests, liens, mortgages, pledges, encumbrances, restrictions, claims, equities and other defects except such as are referred to in or are incorporated by reference into the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) or such as do not materially affect the value of such property in the aggregate and do not materially interfere with the use made or proposed to be made of such property; and all of the leases under which the Company or the Subsidiaries hold real or personal property are valid, existing and enforceable leases and in full force and effect and do not interfere with the use made or proposed to be made of such real or personal property, and neither the Company nor any of the Subsidiaries is in default of any of the terms or provisions of any leases, except as such matters that would not have a material adverse effect on the Offerors and the Subsidiaries or their financial condition, earnings, business, prospects or results of operations.

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(xviii) Grant Thornton LLP, who have certified certain of the consolidated financial statements of the Company and the Subsidiaries including the notes thereto, included in the Registration Statement and Prospectus, are independent public accountants with respect to the Company and the Subsidiaries, as required by the 1933 Act and the 1933 Act Regulations.

(xix) The consolidated financial statements including the notes thereto, included in or incorporated by reference or otherwise in the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the

most recent Preliminary Prospectus) with respect to the Company and the Subsidiaries comply with the 1933 Act and the 1933 Act Regulations and present fairly the consolidated financial position of the Company and the Subsidiaries as of the dates indicated and the consolidated results of operations, cash flows and shareholders' equity of the Company and the Subsidiaries for the periods specified and have been prepared in conformity with generally accepted accounting principles applied on a consistent basis. The selected and summary consolidated financial data concerning the Offerors and the Subsidiaries included in the Registration Statement and the Prospectus (or such Preliminary Prospectus) comply with the 1933 Act and the 1933 Act Regulations, present fairly the information set forth therein, and have been compiled on a basis consistent with that of the consolidated financial statements of the Offerors and the Subsidiaries in the Registration Statement and the Prospectus (or such Preliminary Prospectus). The other financial, statistical and numerical information with respect to the Company and the Subsidiaries included in the Registration Statement and the Prospectus (or such Preliminary Prospectus) comply with the 1933 Act and the 1933 Act Regulations, present fairly the information shown therein, and to the extent applicable have been compiled on a basis consistent with the consolidated financial statements of the Company and the Subsidiaries included in the Registration Statement and the Prospectus (or such Preliminary Prospectus).

(xx) Since the respective dates as of which information is given in the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), except as otherwise stated therein:

(A) neither of the Offerors nor any of the Subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree which would have a material adverse effect on the financial condition, earnings, business, prospects or results of operations of the Offerors and the Subsidiaries on a consolidated basis;

(B) there has not been any change in, or any development which is likely to have a material adverse effect on, the financial condition, earnings, business, prospects or results of operations of the

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Offerors and the Subsidiaries on a consolidated basis, whether or not arising in the ordinary course of business;

(C) neither of the Offerors nor any of the Subsidiaries has incurred any liabilities or obligations, direct or contingent, or entered into any transactions, other than in the ordinary course of business which would have a material adverse effect on

the financial condition, earnings, business, prospects or results of operations of the Offerors and the Subsidiaries on a consolidated basis;

(D) neither of the Offerors has declared or paid any dividend and neither of the Offerors nor any of the Subsidiaries has become delinquent in the payment of principal or interest on any outstanding borrowings; and

(E) there has not been any change in the capital stock (except for the exercise of employee stock options issued under the Company's 1997 Employees and Directors Stock Option Plan, and disclosed as outstanding), equity securities, long-term debt, obligations under capital leases or, other than in the ordinary course of business, short-term borrowings of the Offerors or the Subsidiaries.

(xxi) Except as set forth in the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), no investigation, action, suit or proceeding is pending or, to the knowledge of the Offerors, threatened, against or affecting the Offerors or the Subsidiaries or any of their respective properties before or by any court or any regulatory, administrative or governmental official, commission, board, agency or other authority or body, or any arbitrator, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the consummation of this Agreement or the transactions contemplated herein or the financial condition, earnings, business, prospects or results of operations of the Offerors and the Subsidiaries on a consolidated basis or which is required to be disclosed in the Registration Statement or the Prospectus (or such Preliminary Prospectus) and is not so disclosed.

(xxii) There are no contracts or other documents required to be filed as exhibits to the Registration Statement under the 1933 Act or the 1933 Act Regulations or the Trust Indenture Act (or any rules or regulations thereunder) which have not been filed as exhibits or incorporated by reference to the Registration Statement, or that are required to be summarized in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) that are not so summarized.

(xxiii) Neither of the Offerors has taken, directly or indirectly, any action designed to result in or which has constituted or which might cause or result in stabilization or manipulation of the price of any security of the Offerors to

facilitate the sale or resale of the Designated Preferred Securities, and neither of the Offerors is aware of any such action taken or to be taken by any affiliate of the Offerors.

(xxiv) The Offerors and the Subsidiaries own, or possess adequate rights to use, all patents, copyrights, trademarks, service marks, trade names and other rights necessary to conduct the businesses now conducted by them or as described in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) and neither of the Offerors nor any of the Subsidiaries has received any notice of infringement or conflict with asserted rights of others with respect to any patents, copyrights, trademarks, service marks, trade names or other rights which, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the financial condition, earnings, business, prospects or results of operations of the Offerors and the Subsidiaries on a consolidated basis, and the Offerors do not know of any basis for any such infringement or conflict.

(xxv) Except as adequately disclosed in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), no labor dispute involving the Company or the Subsidiaries exists or, to the knowledge of the Offerors, is imminent which would reasonably be expected to have a material adverse effect on the financial condition, earnings, business, prospects or results of operations of the Offerors and the Subsidiaries on a consolidated basis or which is required to be disclosed in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus). Neither the Company nor any of the Subsidiaries has received notice of any existing or threatened labor dispute by the employees of any of its principal suppliers, customers or contractors which might be expected to have an adverse effect on the condition (financial or otherwise), earnings, affairs, business, prospects or results of operations of the Company and the Subsidiaries on a consolidated basis.

(xxvi) Each of the Offerors and the Subsidiaries has timely and properly prepared and filed all necessary federal, state, local and foreign tax returns which are required to be filed and has paid all taxes shown as due thereon and has paid all other taxes and assessments to the extent that the same shall have become due, except such as are being contested in good faith or where the failure to so timely and properly prepare and file would not have a material adverse effect on the financial condition, earnings, business, prospects or results of operations of the Offerors and the Subsidiaries on a consolidated basis. The Offerors have no knowledge of any tax deficiency which has been or might be assessed against the Offerors or the Subsidiaries which, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the financial condition, earnings, business, prospects or results of operations of the Offerors and the Subsidiaries on a consolidated basis.

(xxvii) Each of the contracts, agreements and instruments described or referred to in the Registration Statement or the Prospectus (or, if the Prospectus is

not in existence, the most recent Preliminary Prospectus) and each contract, agreement and instrument filed as an exhibit to the Registration Statement is in full force and effect and is the legal, valid and binding agreement of the Offerors or the Subsidiaries, enforceable in accordance with its terms, except as the enforcement thereof may be limited by general principles of equity and by bankruptcy, moratorium, reorganization, fraudulent transfer or other laws relating to or affecting creditors rights generally, except as such matters that would not have a material adverse effect on the Offerors or their financial condition, earnings, business, prospects or results of operations. Except as disclosed in the Prospectus (or such Preliminary Prospectus), to the knowledge of the Offerors, no other party to any such agreement is (with or without notice or lapse of time or both) in breach or default thereunder, except as to such matters that would not have a material adverse effect on the Offerors or their financial condition, earnings, business, prospects or results of operations; provided however, that the foregoing shall not apply to defaults by borrowers from the Bank.

(xxviii) No relationship, direct or indirect, exists between or among the Offerors or the Subsidiaries, on the one hand, and the directors, officers, trustees, shareholders, customers or suppliers of the Offerors or the Subsidiaries, on the other hand, which is required to be described in the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) which is not adequately described therein.

(xxix) Except as adequately disclosed in the Registration Statement and the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), persons with the right to request or require the Offerors or the Subsidiaries to register any securities for offering and sale under the 1933 Act by reason of the filing of the Registration Statement with the Commission or the issuance and sale of the Designated Preferred Securities have executed waivers of such rights.

(xxx) The Designated Preferred Securities have been approved for quotation on the Nasdaq National Market subject to official notice of issuance.

(xxxii) Except as described in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), there are no contractual encumbrances or restrictions or legal restrictions on the ability of the Subsidiaries (A) to pay dividends or make any other distributions on its capital stock or to pay any indebtedness owed to the Offerors, (B) to make any loans or advances to, or investments in, the Offerors or (C) to transfer any of its property or assets to the Offerors.

(xxxiii) Neither of the Offerors is an "investment company" or a company "controlled" by an investment company as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act").

(xxxiii) Other than due diligence material distributed to the Underwriters, the Offerors have not distributed and will not distribute prior to the Closing Date any prospectus in connection with the offering of the Designated Preferred Securities, other than a Preliminary Prospectus, the Prospectus, the Registration Statement and the other materials permitted by the 1933 Act and the 1933 Act Regulations and reviewed by the Underwriters.

3. OFFERING BY THE UNDERWRITERS. After the Registration Statement becomes effective or, if the Registration Statement is already effective, after this Agreement becomes effective, the Underwriters propose severally and not jointly to offer the Designated Preferred Securities for sale to the public upon the terms and conditions set forth in the Prospectus. Each Underwriter may from time to time thereafter reduce the public offering price and change the other selling terms, provided that the proceeds to the Trust shall not be reduced as a result of such reduction or change.

Each Underwriter shall be entitled to a commission from the Company of \$0.7875 per Firm Preferred Security sold by such Underwriter. Each Underwriter shall be entitled to a commission of \$0.7875 per Option Preferred Security sold by such Underwriter.

Each Underwriter may reserve and sell such of the Designated Preferred Securities purchased by such Underwriter as such Underwriter may elect to dealers chosen by it (the "Selected Dealers") at the public offering price set forth in the Prospectus less the applicable Selected Dealers' concessions set forth therein, for re-offering by Selected Dealers to the public at the public offering price. The Underwriters may allow, and Selected Dealers may re-allow, a concession set forth in the Prospectus to certain other brokers and dealers.

4. CERTAIN COVENANTS OF THE OFFERORS. The Offerors jointly and severally covenant with the several Underwriters as follows:

(a) The Offerors shall use their best efforts to cause the Registration Statement and any amendments thereto, if not effective at the time of execution of this Agreement, to become effective as promptly after execution as possible. If the Registration Statement has become or becomes effective pursuant to Rule 430A and information has been omitted therefrom in reliance on Rule 430A, then the Offerors will prepare and file in accordance with Rule 430A and Rule 424(b) copies of the Prospectus or, if required by Rule 430A, a post-effective amendment to the Registration Statement (including the Prospectus) containing all information so omitted and will provide evidence satisfactory to the Underwriters of such timely filing.

(b) The Offerors shall notify the Underwriters immediately, and confirm such notice in writing:

(i) when the Registration Statement, or any post-effective amendment to the Registration Statement, has become effective, or when the Prospectus or any supplement to the Prospectus or any amended Prospectus has been filed with the Commission;

(ii) of the receipt of any comments or requests from the Commission relating to the Registration Statement and any 1934 Act documents incorporated by reference therein;

(iii) of any request of the Commission to amend or supplement the Registration Statement, any Preliminary Prospectus, the Prospectus or the 1934 Act documents incorporated therein by reference or for additional information relating thereto; and

(iv) of the issuance by the Commission or any state or other regulatory body of any stop order or other order suspending the effectiveness of the Registration Statement, preventing or suspending the use of any Preliminary Prospectus or the Prospectus, or suspending the qualification of any of the Designated Preferred Securities for offering or sale in any jurisdiction or the institution or threat of institution of any proceedings for any of such purposes. The Offerors shall use their best efforts to prevent the issuance of any such stop order or of any other such order and if any such order is issued, to cause such order to be withdrawn or lifted as soon as possible.

(c) The Offerors shall furnish to the Underwriters, from time to time without charge, as soon as available, as many copies as the Underwriters may reasonably request of (i) the registration statement as originally filed and of all amendments thereto, in executed form, including exhibits, whether filed before or after the Registration Statement becomes effective, (ii) all exhibits and documents incorporated therein or filed therewith, (iii) all consents and certificates of experts in executed form, (iv) each Preliminary Prospectus and all amendments and supplements thereto, and (v) the Prospectus, and all amendments and supplements thereto.

(d) During the time when a prospectus is required to be delivered under the 1933 Act, the Offerors shall comply with the 1933 Act and the 1933 Act Regulations and the 1934 Act and the 1934 Act Regulations so as to permit the completion of the distribution of the Preferred Securities as contemplated herein and in the Trust Agreement and the Prospectus. Except as required by applicable law as evidenced by a written opinion of counsel relating thereto, the Offerors shall not file any amendment to the registration statement as originally filed or to the Registration Statement and shall not file any amendment thereto or make any amendment or supplement to any Preliminary Prospectus or to the Prospectus of which the Underwriters shall not previously have been advised in writing and provided a copy a reasonable time prior to the proposed filings thereof or to which the Underwriters or counsel to the Underwriters shall reasonably object. If it is necessary, in the Underwriters' reasonable opinion or in the reasonable written opinion of counsel to the Underwriters to amend or supplement the Registration Statement or the Prospectus in connection with the distribution of the Designated Preferred Securities, the Offerors shall forthwith amend or supplement the Registration Statement or the Prospectus, as the case may be, by preparing and filing with the Commission and furnishing to the Underwriters, such number of copies as the Underwriters may reasonably request of an amendment or amendments of, or a supplement or supplements to, the Registration Statement or the Prospectus, as the case

may be (in form and substance reasonably satisfactory to the Underwriters and counsel to the Underwriters). If any event shall occur as a result of which it is necessary to amend or supplement the Prospectus to correct an untrue statement of fact or to include any fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if for any reason it is necessary at any time to amend or supplement the Prospectus to comply with the 1933 Act and the 1933 Act Regulations, the Offerors shall, subject to the second sentence of this subsection (d), forthwith amend or supplement the Prospectus by preparing and filing with the Commission, and furnishing to the Underwriters, such number of copies as the Underwriters may reasonably request of an amendment or amendments of, or a supplement or supplements to, the Prospectus (in form and substance satisfactory to the Underwriters and counsel to the Underwriters) so that, as so amended or supplemented, the Prospectus shall not contain an untrue statement of fact or omit to state any fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(e) The Offerors shall cooperate with the Underwriters and counsel to the Underwriters in order to qualify the Designated Preferred Securities for offering and sale under the securities or blue sky laws of such jurisdictions as the Underwriters may reasonably request and shall continue such qualifications in effect so long as may be advisable for distribution of the Designated Preferred Securities; provided, however, that the Offerors shall not be required to qualify to do business as a foreign corporation or file a general consent to service of process in any jurisdiction in connection with the foregoing. The Offerors shall file such statements and reports as may be required by the laws of each jurisdiction in which the Designated Preferred Securities have been qualified as above. The Offerors will notify the Underwriters immediately of, and confirm in writing, the suspension of qualification of the Preferred Securities or threat thereof in any jurisdiction.

(f) The Offerors shall make generally available to their security holders in the manner contemplated by Rule 158 of the 1933 Act Regulations and furnish to the Underwriters as soon as practicable, but in any event not later than 16 months after the Effective Date, a consolidated earnings statement of the Offerors conforming with the requirements of Section 11(a) of the 1933 Act and Rule 158.

(g) The Offerors shall use the proceeds from the sale of the Designated Preferred Securities to be sold by the Trust hereunder in the manner specified in the Prospectus under the caption "Use of Proceeds."

(h) For five years from the Effective Date, the Offerors shall furnish to the Underwriters copies of all reports and communications (financial or otherwise) furnished by the Offerors to the holders of the Designated Preferred Securities as a class, copies of all reports and financial statements filed with or furnished to the Commission (other than portions for which confidential treatment has been obtained from the commission) or with any national securities exchange or the Nasdaq National Market.

(i) For a period of 180 days from the Effective Date, the Offerors, the Bank and their executive officers and directors shall not, directly or indirectly, offer for sale, sell or agree to sell or otherwise dispose of any Designated Preferred Securities other than pursuant to this Agreement, any other beneficial interests in the assets of the Trust or any securities of the Trust or the Company that are substantially similar to the Preferred Securities, including any guarantee of such beneficial interests or substantially similar securities, or securities convertible into or exchangeable for or that represent the right to receive any such beneficial interest or substantially similar securities, without the Representative's prior written consent.

(j) The Offerors shall use their best efforts to cause the Designated Preferred Securities to become quoted on the Nasdaq National Market, or in lieu thereof a national securities exchange, and to remain so quoted for at least five years from the Effective Date or for such shorter period as may be specified in a written consent of the Underwriters, provided this shall not prevent the Company from redeeming the Designated Preferred Securities pursuant to the terms of the Trust Agreement. If the Designated Preferred Securities are exchanged for Debentures, the Company will use its best efforts to have the Debentures promptly listed on the Nasdaq National Market or other organization on which the Designated Preferred Securities are then listed, and to have the Debentures promptly registered under Section 12 of the Exchange Act.

(k) The Offerors shall not, for a period of 180 days after the date hereof, without the Representative's prior written consent, purchase, redeem or call for redemption, or prepay or give notice of prepayment (or announce any redemption or call for redemption, or any repayment or notice of prepayment) of the Offerors' securities; provided, however, that the foregoing shall not prevent an employee from delivering the Company's securities in payment of the exercise price of options issued under the Company's 1997 Employees and Directors Stock Option Plan.

(l) The Offerors shall not take, directly or indirectly, any action designed to result in or which has constituted or which might cause or result in stabilization or manipulation of the price of any security of the Offerors to facilitate the sale or resale of the Designated Preferred Securities and the Offerors are not aware of any such action taken or to be taken by any affiliate of the Offerors.

(m) Prior to the Closing Date, the Offerors will not issue any press release or other communication directly or indirectly or hold any press conference with respect to the Offerors, the Subsidiaries or the offering of the Designated Preferred Securities (the "Offering") without the Representative's prior written consent, which will not be unreasonably withheld.

5. PAYMENT OF EXPENSES. Whether or not this Agreement is terminated or the sale of the Designated Preferred Securities to the Underwriters is consummated, each of the Company, the Bank and the Trust, jointly and severally, covenants and agrees that it will pay or cause to be paid (directly or by reimbursement) all costs and expenses incident to the performance of the obligations of the Offerors under this Agreement, including:

(a) the preparation, printing, filing, delivery and shipping of the initial registration statement, the Preliminary Prospectus or Prospectuses, the Registration Statement and the Prospectus and any amendments or supplements thereto, and the printing, delivery and shipping of this Agreement and any other underwriting documents (including, without limitation, selected dealers agreements), the certificates for the Designated Preferred Securities and the Preliminary and Final Blue Sky Memoranda and any legal investment surveys and any supplements thereto;

(b) all fees, expenses and disbursements of the Offerors' counsel and accountants;

(c) with respect to the Trust only, all fees and expenses incurred in connection with the qualification of the Designated Preferred Securities, Debentures and the Guarantee under the securities or blue sky laws of such jurisdictions as the Underwriters may request, including all filing fees and reasonable fees and disbursements of counsel to the Underwriters in connection therewith, including, without limitation, in connection with the preparation of the Preliminary and Final Blue Sky Memoranda and any legal investment surveys and any supplements thereto;

(d) payment to the Representative of its documented expenses up to \$75,000 for legal counsel and up to \$25,000 for all other expenses;

(e) all fees and expenses incurred in connection with filings made with the NASD;

(f) any applicable fees and other expenses incurred in connection with the listing of the Designated Preferred Securities and, if applicable, the Guarantee and the Debentures on the Nasdaq National Market;

(g) the cost of furnishing to the Underwriters copies of the initial registration statements, any Preliminary Prospectus, the Registration Statement and the Prospectus and all amendments or supplements thereto;

(h) the costs and charges of any transfer agent or registrar and the fees and disbursements of counsel to any transfer agent or registrar;

(i) all costs and expenses (including stock transfer taxes) incurred in connection with the printing, issuance and delivery of the Designated Preferred Securities to the Underwriters;

(j) all expenses incident to the preparation, execution and delivery of the Trust Agreement, the Indenture, the Guarantee and the Expense Agreement; and

(k) all other costs and expenses incident to the performance of the obligations of the Company hereunder and under the Trust Agreement that are not otherwise specifically provided for in this Section 5.

If the sale of Designated Preferred Securities contemplated by this Agreement is not completed due to a default of this Agreement by the Company (including a termination pursuant to Section 8(a), (b) or (c)), the Company will pay the Underwriters their accountable out-of-pocket expenses in connection herewith or in contemplation of the performance of the Underwriters' obligations hereunder, including without limitation travel expenses, reasonable fees, expenses and disbursements of counsel or other out-of-pocket expenses incurred by the Underwriters in connection with any discussion of the Offering or the contents of the Registration Statement, any investigation of the Offerors and the Subsidiaries, or any preparation for the marketing, purchase, sale or delivery of the Designated Preferred Securities, in each case following presentation of reasonably detailed invoices therefor.

6. CONDITIONS OF THE UNDERWRITERS' OBLIGATIONS. The obligations of each of the several Underwriters to purchase and pay for the Firm Preferred Securities and, following exercise of the Option granted by the Offerors in Section 1 of this Agreement, the Option Preferred Securities, as set forth in Schedule A, are subject to the accuracy of and compliance with the representations and warranties and agreements of the Offerors herein as of the date hereof and as of the Closing Date (or in the case of the Option Preferred Securities, if any, as of the Option Closing Date), to the accuracy of the written statements of the Offerors made pursuant to the provisions hereof, to the performance by the Offerors of their covenants and obligations hereunder and to the following additional conditions:

(a) If the Registration Statement or any amendment thereto filed prior to the Closing Date has not been declared effective prior to the time of execution hereof, the Registration Statement shall become effective not later than 10:00 a.m., Eastern time, on the first business day following the time of execution of this Agreement, or at such later time and date as the Underwriters may agree to in writing. If required, the Prospectus and any amendment or supplement thereto shall have been timely filed in accordance with Rule 424(b) and Rule 430A under the 1933 Act and Section 4(a) hereof. No stop order suspending the effectiveness of the Registration Statement or any amendment or supplement thereto shall have been issued under the 1933 Act or any applicable state securities laws and no proceedings for that purpose shall have been instituted or shall be pending, or, to the knowledge of the Offerors or the Underwriters, shall be contemplated by the Commission or any state authority. Any request on the part of the Commission or any state authority for additional information (to be included in the Registration Statement or Prospectus or otherwise) shall have been disclosed to the Underwriters and complied with to the Underwriters' reasonable satisfaction and to the reasonable satisfaction of counsel to the Underwriters.

(b) The Underwriters shall not have advised the Company at or before the Closing Date (and, if applicable, the Option Closing Date) that the Registration Statement or any post-effective amendment thereto, or the Prospectus (including any 1934 Act document incorporated by reference therein) or any amendment or supplement thereto, contains an untrue statement of fact which, in the Underwriters' opinion, is material or omits to state any fact which, in the Underwriters' opinion, is material and is required to be stated therein or is necessary to make statements therein (in the case of the Prospectus or any amendment or supplement thereto, in light of the

were made) not misleading or, if so advised, the Company shall have cured such disclosure to the satisfaction of the Underwriters.

(c) All corporate proceedings and other legal matters incident to the authorization, form and validity of this Agreement, the Trust Agreement, and the Designated Preferred Securities, and the authorization and form of the Registration Statement and Prospectus, other than financial statements and other financial data, and all other legal matters relating to this Agreement and the transactions contemplated hereby or by the Trust Agreement shall be reasonably satisfactory in all respects to counsel to the Underwriters, and the Offerors and the Subsidiaries shall have furnished to such counsel all documents and information relating thereto that they may reasonably request to enable them to pass upon such matters.

(d) Kutak Rock, counsel to the Offerors, shall have furnished to the Underwriters their opinion, dated the Closing Date, or the Option Closing Date, as the case may be, in form and substance reasonably satisfactory to counsel to the Underwriters, to the effect that:

(i) The Company has been duly incorporated and is validly existing and in good standing under the laws of the State of Michigan, and is duly registered as a bank holding company under the BHC Act. Each of the Subsidiaries is duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization. Each of the Company and the Subsidiaries has full corporate and trust power and authority to own or lease its properties and to conduct its business as such business is described in the Prospectus and is currently conducted. All outstanding shares of capital stock of the Subsidiaries have been duly authorized and validly issued and are fully paid and nonassessable and, except as disclosed in the Prospectus, there are no outstanding rights, options or warrants to purchase any such shares or securities convertible into or exchangeable for any such shares. The Bank is a member of the Federal Reserve System, and no proceedings for termination or revocation of such membership are pending or, to the best knowledge of such counsel, threatened. The deposit accounts of the Bank are insured by the SAIF up to the maximum amount provided by law, and no proceedings for the termination or revocation of such insurance are pending or, to the best knowledge of such counsel, threatened.

(ii) The capital stock, Debentures and Guarantee of the Company and the equity securities of the Trust conform in all material respects to the description thereof contained in the Prospectus. The capital stock of the Company authorized and issued as of _____ is as set forth under the caption "Capitalization" in the Prospectus, has been duly authorized and validly issued, and is fully paid and nonassessable. The form of certificates to evidence the Designated Preferred Securities has been approved by or on behalf of the Trust and is in due and proper form and complies

with all applicable requirements. There are no outstanding rights, options or warrants to purchase from the Company, no other outstanding securities convertible into or

exchangeable for, and no commitments, plans or arrangements to issue, any shares of capital stock of the Company or equity securities of the Trust, except as described in the Prospectus.

(iii) The Offerors have all requisite corporate power and authority to issue, sell and deliver the Designated Preferred Securities and Debentures in accordance with and upon the terms and conditions set forth in this Agreement, the Indenture, the Trust Agreement, the Registration Statement and the Prospectus. All corporate or trust action required to be taken by the Offerors for the authorization, issuance, sale and delivery of the Designated Preferred Securities and Debentures in accordance with such terms and conditions has been validly and sufficiently taken. All of the Designated Preferred Securities have been duly and validly authorized and, when delivered in accordance with this Agreement will be duly and validly issued, fully paid and nonassessable, and will conform in all material respects to the description thereof in the Registration Statement, the Prospectus and the Trust Agreement. The Designated Preferred Securities have been approved for quotation on the Nasdaq National Market subject to official notice of issuance. There are no preemptive or other rights to subscribe for or to purchase, and other than as disclosed in the Prospectus no restrictions upon the voting or transfer of, any shares of capital stock or equity securities of the Offerors or the Subsidiaries pursuant to the corporate charter, bylaws or other governing documents (including without limitation, the Trust Agreement) of the Offerors or the Subsidiaries, or, to such counsel's knowledge, any agreement or other instrument to which either Offeror or any of the Subsidiaries is a party or by which either Offeror or any of the Subsidiaries may be bound.

(iv) The Offerors have all requisite corporate and trust power to enter into and perform their obligations under this Agreement, and this Agreement has been duly and validly authorized, executed and delivered by the Offerors and constitutes the legal, valid and binding obligations of the Offerors enforceable in accordance with its terms, except as the enforcement hereof or thereof may be limited by general principles of equity and by bankruptcy, insolvency, reorganization, receivership, fraudulent transfer, moratorium or other laws relating to or affecting creditors rights generally, and except as the indemnification and contribution provisions hereof may be limited under applicable laws and public policy and certain remedies may not be available in the case of a non-material breach.

(v) Each of the Indenture, the Trust Agreement and the Guarantee has been duly qualified under the Trust Indenture Act, has been duly authorized, executed and delivered by the Company, and is a valid and legally binding

obligation of the Company enforceable in accordance with its terms, subject to the effect of bankruptcy, insolvency, reorganization, receivership, fraudulent transfer, moratorium or other laws affecting the rights and remedies of creditors generally and of general principles of equity and public policy.

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(vi) The Debentures have been duly authorized, executed, authenticated and delivered by the Company, are entitled to the benefits of the Indenture and are legal, valid and binding obligations of the Company enforceable against the Company in accordance with their terms, subject to the effect of bankruptcy, insolvency, reorganization, receivership, fraudulent transfer, moratorium and other laws affecting the rights and remedies of creditors generally and of general principles of equity and public policy.

(vii) The Expense Agreement has been duly authorized, executed and delivered by the Company, and is a valid and legally binding obligation of the Company enforceable in accordance with its terms, subject to the effect of bankruptcy, insolvency, reorganization, receivership, fraudulent transfer, moratorium and other laws affecting the rights and remedies of creditors generally and of general principles of equity and public policy.

(viii) To such counsel's knowledge, neither of the Offerors nor any of the Subsidiaries is in breach or violation of, or default under, with or without notice or lapse of time or both, its corporate charter, bylaws or governing document (including without limitation, the Trust Agreement). The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement, the Indenture, the Guarantee, the Expense Agreement and the Trust Agreement do not and will not conflict with, result in the creation or imposition of any lien, claim, charge, encumbrance or restriction upon any property or assets of the Offerors or any of the Subsidiaries or the Designated Preferred Securities pursuant to, or constitute a breach or violation of, or constitute a default under, with or without notice or lapse of time or both, any of the terms, provisions or conditions of the charter, bylaws or governing document (including, without limitation, the Trust Agreement) of the Offerors or the Subsidiaries, or to such counsel's knowledge, any material contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease, franchise, license or any other agreement or instrument to which either Offeror or the Subsidiaries is a party or by which any of them or any of their respective properties may be bound or any order, decree, judgment, franchise, license, Permit, rule or regulation of any court, arbitrator, government, or governmental agency or instrumentality, domestic or foreign, known to such counsel having jurisdiction over the Offerors or the Subsidiaries or any of their respective properties. No authorization, approval, consent or order of, or filing, registration or qualification with, any person (including, without limitation, any court, governmental body or authority) is required under

Michigan or Delaware law in connection with the transactions contemplated by this Agreement in connection with the purchase and distribution of the Designated Preferred Securities by the Underwriters.

(ix) To such counsel's knowledge, holders of securities of the Offerors either do not have any right that, if exercised, would require the Offerors to cause such securities to be included in the Registration Statement or have waived such right. To such counsel's knowledge, neither the Offerors nor any of the

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Subsidiaries is a party to any agreement or other instrument which grants rights for or relating to the registration of any securities of the Offerors.

(x) Except as set forth in the Registration Statement and the Prospectus, (A) no action, suit or proceeding at law or in equity is pending or threatened in writing to which any of the Offerors or the Subsidiaries is or may be a party, and (B) no action, suit or proceeding is pending or threatened in writing against or affecting any of the Offerors or the Subsidiaries or any of their properties, before or by any court or governmental official, commission, board or other administrative agency, authority or body, or any arbitrator, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the consummation of the transactions contemplated by this Agreement or the issuance and sale of the Designated Preferred Securities as contemplated herein or the financial condition, earnings, business, or results of operations of the Offerors and the Subsidiaries on a consolidated basis or which is required to be disclosed in the Registration Statement or the Prospectus and is not so disclosed.

(xi) No authorization, approval, consent or order of or filing, registration or qualification with, any person (including, without limitation, any court, governmental body or authority) is required in connection with the transactions contemplated by this Agreement, the Trust Agreement, the Registration Statement and the Prospectus, except such as may be required by, and have been obtained under, the 1933 Act, the Trust Indenture Act, state securities laws, or Interpretations or Rules of the NASD in connection with the purchase and distribution of the Designated Preferred Securities by the Underwriters, and from the Nasdaq Stock Market's National Market relating to the listing of the Designated Preferred Securities.

(xii) The Registration Statement and the Prospectus and any amendments or supplements thereto and any documents incorporated therein by reference (other than the financial statements or other financial and/or statistical data included therein or omitted therefrom and Underwriter Information, as to which such counsel need express no opinion) comply as to form with the requirements of the 1933 Act and the 1933 Act Regulations as of their respective dates of effectiveness.

(xiii) There are no contracts, agreements, leases or other documents of a character required to be disclosed in the Registration Statement or Prospectus or to be filed as exhibits to the Registration Statement that are not so disclosed or filed.

(xiv) The statements under the captions "Capitalization," "Description of the Preferred Securities," "Description of the Junior Subordinated Debentures," "Description of Guarantee," "Relationship Among the Preferred Securities, the Junior Subordinated Debentures and the Guarantee," "Certain Federal Income Tax Consequences," "ERISA Considerations," "Supervision and Regulation," "Bank Holding Company Regulation" and "Regulatory Capital Requirements" in

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the Prospectus or incorporated therein by reference in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, insofar as such statements constitute a summary of legal and regulatory matters, documents, instruments or proceedings referred to therein are accurate descriptions of the matters summarized therein and fairly present in all material respects the information called for with respect to such legal and regulatory matters, documents, instruments and proceedings, other than financial and statistical data as to which said counsel expresses no opinion or belief.

(xv) Such counsel has been advised by the staff of the Commission that the Registration Statement has become effective under the 1933 Act; any required filing of the Prospectus pursuant to Rule 424(b) has been made within the time period required by Rule 424(b); to such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for a stop order are pending or threatened by the Commission.

(xvi) Except as set forth in the Prospectus, to such counsel's knowledge, there are no contractual encumbrances or restrictions, or legal restrictions (excluding any encumbrances or restrictions of general application to state banks contained in laws, rules and regulations of applicable regulatory authorities) on the ability of the Subsidiaries (A) to pay dividends or make any other distributions on its capital stock or to pay indebtedness owed to the Offerors, (B) to make any loans or advances to, or investments in, the Offerors or (C) to transfer any of its property or assets to the Offerors.

(xvii) The Trust will be classified for United States federal income tax purposes as a grantor trust and not as an association taxable as a corporation for United States federal income tax purposes, and as a result, each beneficial owner of Preferred Securities (a "Securityholder") will be treated as owning an undivided beneficial interest in the Junior Subordinated Debentures.

(xviii) Unless the Company exercises its option to extend the interest payment period, stated interest on the Junior Subordinated Debentures generally will be included in income by a Securityholder at the time such interest income is paid or accrued in accordance with the Securityholder's regular method of tax accounting.

(xix) Gain or loss will be recognized by a Securityholder on a sale of Preferred Securities (including a redemption for cash) in an amount equal to the difference between the amount realized (which for this purpose, will exclude amounts attributable to accrued interest or original issue discount not previously included in income) and the Securityholder's adjusted tax basis in the Preferred Securities sold or so redeemed. Gain or loss recognized by the Securityholder on Preferred Securities held for more than one year will generally be taxable as long-term capital gain or loss.

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In giving the above opinion, such counsel may state that, insofar as such opinion involves factual matters, they have relied upon certificates of officers of the Offerors including, without limitation, certificates as to the identity of any and all contracts, indentures, mortgages, deeds of trust, loans or credit agreements, notes, leases, franchises, licenses or other agreements or instruments, and all permits, easements, consents, licenses, franchises and government regulatory authorizations, for purposes of paragraphs (viii), (xiii) and (xvii) hereof and certificates of public officials. In giving such opinion, such counsel may rely as to matters of Delaware law upon the opinion of _____ described herein.

Such counsel shall also confirm that, in connection with the preparation of the Registration Statement and Prospectus, such counsel has participated in conferences with officers and representatives of the Offerors and with their independent public accountants and with the Underwriters and counsel to the Underwriters, at which conferences such counsel made inquiries of such officers, representatives and accountants and discussed in detail the contents of the Registration Statement and Prospectus and the documents incorporated therein by reference and such counsel has no reason to believe (A) that the Registration Statement or any amendment thereto (except for the financial statements and related schedules and financial and statistical data included therein or omitted therefrom or Underwriter Information, as to which such counsel need express no opinion), at the time the Registration Statement or any such amendment became effective, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or (B) that the Prospectus or any amendment or supplement thereto or the documents contained therein by reference (except for the financial statements and related schedules and financial and statistical data included therein or omitted therefrom or Underwriter Information, as to which such counsel need express no opinion), at the time the Registration Statement became effective (or, if the term "Prospectus" refers to the prospectus first filed pursuant to Rule 424(b) of the 1933 Act Regulations, at the time the Prospectus was issued), at the time any such amended or supplemented Prospectus

was issued, at the Closing Date and, if applicable, the Option Closing Date, contained or contains any untrue statement of a material fact or omitted 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 under which they were made, or (C) that there is any amendment to the Registration Statement required to be filed that has not already been filed.

(e) _____, special Delaware counsel to the Offerors, shall have furnished to the Underwriters their signed opinion, dated as of Closing Date or the Option Closing Date, as the case may be, in form and substance satisfactory to such counsel, to the effect that:

(i) The Trust has been duly created and is validly existing in good standing as a business trust under the Delaware Business Trust Act and, under the Trust Agreement and the Delaware Business Trust Act, has the trust power and authority to conduct its business as described in the Prospectus.

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(ii) The Trust Agreement is a legal, valid and binding agreement of the Trust and the Trustees, and is enforceable against the Company, as sponsor, and the Trustees, in accordance with its terms.

(iii) Under the Trust Agreement and the Delaware Business Trust Act, the execution and delivery of the Underwriting Agreement by the Trust, and the performance by the Trust of its obligations thereunder, have been authorized by all requisite trust action on the part of the Trust.

(iv) The Designated Preferred Securities have been duly authorized by the Trust Agreement, and when issued and sold in accordance with the Trust Agreement, the Designated Preferred Securities will be, subject to the qualifications set forth in paragraph (v) below, fully paid and nonassessable beneficial interest in the assets of the Trust and entitled to the benefits of the Trust Agreement. The form of certificates to evidence the Designated Preferred Securities has been approved by the Trust and is in due and proper form and complies with all applicable requirements of the Delaware Business Trust Act.

(v) Holders of Designated Preferred Securities, as beneficial owners of the Trust, will be entitled to the same limitation of personal liability extended to shareholders of private, for-profit corporations organized under the General Corporation Law of the State of Delaware. Such opinion may note that the holders of Designated Preferred Securities may be obligated to make payments as set forth in the Trust Agreement.

(vi) Under the Delaware Business Trust Act and the Trust Agreement, the issuance of the Designated Preferred Securities is not subject to preemptive rights.

(vii) The issuance and sale by the Trust of the Designated Preferred Securities and the Common Securities, the execution, delivery and performance by the Trust of this Agreement, and the consummation of the transactions contemplated by this Agreement, do not violate (A) the Trust Agreement, or (B) any applicable Delaware law, rule or regulation.

Such opinion may state that it is limited to the laws of the State of Delaware and that the opinion expressed in paragraph (ii) above is subject to the effect upon the Trust Agreement of (i) bankruptcy, insolvency, moratorium, receivership, reorganization, liquidation, fraudulent conveyance and other similar laws relating to or affecting the rights and remedies of creditors generally, (ii) principles of equity, including applicable law relating to fiduciary duties (regardless of whether considered and applied in a proceeding in equity or at law), and (iii) the effect of applicable public policy on the enforceability of provisions relating to indemnification or contribution.

(f) Honigman Miller Schwartz and Cohn, counsel to the Underwriters, shall have furnished to the Underwriters their opinion, dated the Closing Date or the Option Closing Date, as the case may be, with respect to the sufficiency of all corporate

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proceedings and other legal matters relating to this Agreement, the validity of the Designated Preferred Securities, the Registration Statement, the Prospectus and such other related matters as the Underwriters may reasonably request and there shall have been furnished to such counsel such documents and other information as they may request to enable them to pass on such matters. In giving such opinion, Honigman Miller Schwartz and Cohn may rely as to matters of fact upon statements and certifications of officers of the Offerors and of other appropriate persons and may rely as to matters of law, other than law of the United States and the State of Michigan, upon the opinion of _____ described herein.

(g) On the date of this Agreement and on the Closing Date, the Underwriters shall have received from Grant Thornton LLP a letter, dated the date of this Agreement and the Closing Date (and, if applicable, any Option Closing Date), respectively, in form and substance satisfactory to the Underwriters, confirming that they are independent public accountants with respect to the Company and the Bank, within the meaning of the 1933 Act and the 1933 Act Regulations, and stating in effect that:

(i) In their opinion, the consolidated financial statements of the Company and the Bank audited by them and included in the Registration Statement comply as to form with the applicable accounting requirements of the 1933 Act and the 1933 Act Regulations.

(ii) On the basis of the procedures specified by the American Institute of Certified Public Accountants as described in SAS No. 71, "Interim Financial Information," inquiries of officials of the Company and the Bank responsible for financial and accounting matters, and such other inquiries

and procedures as may be specified in such letter, which procedures do not constitute an audit in accordance with U.S. generally accepted auditing standards, nothing came to their attention that caused them to believe that, if applicable, the unaudited interim consolidated financial statements of the Company and its subsidiary included in the Registration Statement do not comply as to form with the applicable accounting requirements of the 1933 Act and 1933 Act Regulations or are not in conformity with U.S. generally accepted accounting principles applied on a basis substantially consistent, except as noted in the Registration Statement, with the basis for the audited consolidated financial statements of the Company and its subsidiary included in the Registration Statement.

(iii) On the basis of limited procedures, not constituting an audit in accordance with U.S. generally accepted auditing standards, consisting of a reading of the unaudited interim financial statements and other information referred to below, a reading of the latest available unaudited condensed consolidated financial statements of the Company and its subsidiary, inspection of the minute books of the Company and the Bank since the date of the latest audited financial statements of the Company and its subsidiary included in the Registration Statement, inquiries of officials of the Company and the Bank responsible for financial and accounting matters and such other inquiries and

procedures as may be specified in such letter, nothing came to their attention that caused them to believe that:

(A) as of a specified date not more than five days prior to the date of such letter, there have been any changes in the consolidated capital stock, allowance for loan losses, or net loans receivable of the Company and its subsidiary, any increase in the consolidated long-term debt, short term borrowings, obligations under capital leases or real estate owned of the Company and its subsidiary, any decreases in consolidated total assets or shareholders equity of the Company and its subsidiary, or any changes, decreases or increases in other items specified by the Underwriters, in each case as compared with amounts shown in the latest unaudited interim consolidated statement of financial condition of the Company and its subsidiary included in the Registration Statement except in each case for changes, increases or decreases which the Registration Statement specifically discloses, have occurred or may occur or which are described in such letter; and

(B) for the period from the date of the latest unaudited interim consolidated financial statements included in the Registration Statement to the specified date referred to in clause (iii)(A), there were any decreases in the consolidated interest

income, net interest income, other operating income or net income of the Company and its subsidiary or in the per share amount of net income of the Company and its subsidiary, any increase in consolidated other operating expense of the Company and its subsidiary, or any changes, decreases or increases in any other items specified by the Underwriters, in each case as compared with the comparable period of the preceding year and with any other period of corresponding length specified by the Underwriters, except in each case for increases or decreases which the Registration Statement discloses have occurred or may occur, or which are described in such letter.

(iv) In addition to the audit referred to in their report included in the Registration Statement and the limited procedures, inspection of minute books, inquiries and other procedures referred to in paragraphs (ii) and (iii) above, they have carried out certain specified procedures, not constituting an audit in accordance with U.S. generally accepted auditing standards, with respect to certain amounts, percentages and financial information specified by the Underwriters which are derived from the general accounting records and consolidated financial statements of the Company and its subsidiary which appear in the Registration Statement specified by the Underwriters in the Registration Statement, and have compared such amounts, percentages and financial information with the accounting records and the material derived from such records and consolidated financial statements of the Company and its subsidiary have found them to be in agreement.

In the event that the letters to be delivered referred to above set forth any such changes, decreases or increases as specified in Clauses (iii) (A) or (iii) (B) above, or any exceptions from such agreement specified in Clause (iv) above, it shall be a further condition to the obligations of the Underwriters that the Underwriters shall have determined, after discussions with officers of the Company and the Bank responsible for financial and accounting matters, that such changes, decreases, increases or exceptions as are set forth in such letters do not (x) reflect an adverse change in the items specified in Clause (iii) (A) above as compared with the amounts shown in the latest unaudited consolidated statement of financial condition of the Company and its subsidiary included in the Registration Statement, (y) reflect an adverse change in the items specified in Clause (iii) (B) above as compared with the corresponding periods of the prior year or other period specified by the Underwriters, or (z) reflect a material change in items specified in Clause (iv) above from the amounts shown in the Preliminary Prospectus distributed by the Underwriters in connection with the offering contemplated hereby or from the amounts shown in the Prospectus.

(h) At the Closing Date (and, if applicable, the Option Closing Date), the Underwriters shall have received certificates of the chief executive officer and the chief financial and accounting officer of the Company, which certificates shall be deemed to be made on behalf of the Company dated as of the Closing Date (and, if applicable, the

Option Closing Date), evidencing satisfaction of the conditions of Section 6(a) and stating that (i) the representations and warranties of the Company set forth in Section 2(a) hereof are accurate as of the Closing Date (and, if applicable, the Option Closing Date), and that the Offerors have complied in all material respects with all agreements and satisfied all conditions on their part to be performed or satisfied at or prior to such Closing Date; (ii) since the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been any material adverse change in the financial condition, earnings, business, prospects or results of operations of the Offerors and the Subsidiaries on a consolidated basis; (iii) since such dates there has not been any transaction entered into by the Offerors or the Subsidiaries other than transactions in the ordinary course of business; and (iv) they have carefully examined the Registration Statement and the Prospectus as amended or supplemented and nothing has come to their attention that would lead them to believe that either the Registration Statement or the Prospectus, or any amendment or supplement thereto as of their respective effective or issue dates, contained, and the Prospectus as amended or supplemented at such Closing Date (and, if applicable, the Option Closing Date), contains any untrue statement of a material fact, or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The officers certificate of the Company shall further state that no stop order affecting the Registration Statement is in effect or, to their knowledge, threatened.

(i) At the Closing Date (and, if applicable, the Option Closing Date), the Underwriters shall have received a certificate of an authorized representative of the Trust to the effect that to the best of his or her knowledge after due investigation, the representations and warranties of the Trust in this Agreement are true and correct as though made on and as of the Closing Date (and, if applicable, the Option Closing Date);

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the Trust has complied with all the agreements and satisfied all the conditions required by this Agreement to be performed or satisfied by the Trust on or prior to the Closing Date and since the most recent date as of which information is given in the Prospectus, except as contemplated by the Prospectus, the Trust has not incurred any liabilities or obligations, direct or contingent, or entered into any transactions not in the ordinary course of business and there has not been any adverse change in the condition (financial or otherwise) of the Trust.

(j) On the Closing Date, the Underwriters shall have received duly executed counterparts of the Trust Agreement, the Guarantee, the Indenture and the Expense Agreement.

(k) The NASD, upon review of the terms of the public offering of the Preferred Securities, shall not have objected to the Underwriters' participation in such offering.

(l) Prior to the Closing Date, the Offerors shall have furnished to the Underwriters and counsel to the Underwriters all such other documents, certificates and opinions as they have reasonably

requested.

All opinions, certificates, letters and other documents shall be in compliance with the provisions hereof only if they are reasonably satisfactory in form and substance to the Underwriters. Any certificate signed by an officer of an Offeror and delivered to the Underwriters pursuant hereto shall also be deemed to be a representation and warranty of such Offeror to the Underwriters as to the statements made therein. The Offerors shall furnish to the Underwriters conformed copies of such opinions, certificates, letters and other documents as the Underwriters may reasonably request.

If any of the conditions referred to in this Section 6 shall not have been fulfilled when and as required by this Agreement, this Agreement and all of the several Underwriters' obligations hereunder may be terminated by the Underwriters on notice to the Company at, or at any time before, the Closing Date or the Option Closing Date. Any such termination shall be without liability of the Underwriters to the Offerors.

7. INDEMNIFICATION AND CONTRIBUTION.

(a) The Offerors agree to jointly and severally indemnify and hold harmless each of the Underwriters, each of their directors, officers and agents, and each person, if any, who controls any Underwriter within the meaning of the 1933 Act and the 1934 Act, against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation and reasonable attorney fees and expenses), joint or several, arising out of or based (i) upon any untrue statement or alleged untrue statement of fact made by the Company or the Trust contained in the Registration Statement, any Preliminary Prospectus or the Prospectus, or in any amendment or supplement thereto, (ii) upon any untrue statement or alleged untrue statement of fact made by the Company or the Trust upon any blue sky application or other document executed by the Company or the Trust specifically for that purpose or based upon written information furnished by the Company

or the Trust filed in any state or other jurisdiction in order to qualify any of the Designated Preferred Securities under the securities laws thereof (any such application, document or information being hereinafter referred to as a "Blue Sky Application"), (iii) any omission or alleged omission to state a material fact in the Registration Statement, any Preliminary Prospectus or the Prospectus, or in any amendment or supplement thereto, or in any Blue Sky Application required to be stated therein or necessary to make the statements therein not misleading, and against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation and attorney fees), arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus or the Prospectus, or in any amendment or supplement thereto, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or (iv) the enforcement of this indemnification provision or the contribution provisions of Section 7(d); and shall reimburse each such indemnified party for any reasonable legal or other expenses as incurred, but in no event less frequently than 30 days after each

invoice is submitted, incurred by them in connection with investigating or defending against any such loss, claim, damage, liability or action, notwithstanding the possibility that payments for such expenses might later be held to be improper, in which case such payments shall be promptly refunded; provided, however, that the Offerors shall not be liable in any such case to the extent, but only to the extent, that any such losses, claims, damages, liabilities and expenses arise out of or are based upon any untrue statement or omission or allegation thereof that has been made therein or omitted therefrom in reliance upon and in conformity with the Underwriter Information; provided further that the indemnification contained in this paragraph with respect to any Preliminary Prospectus shall not inure to the benefit of any Underwriter (or of any person controlling such Underwriter) to the extent any such losses, claims, damages, liabilities or expenses result from the fact that such Underwriter sold Designated Preferred Securities to a person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the Prospectus (as amended or supplemented if any amendments or supplements thereto shall have been furnished to such Underwriter in sufficient time to distribute same with or prior to the written confirmation of the sale involved), if required by law, and if such loss, claim, damage, liability or expense would not have arisen but for the failure to give or send such person such document. The foregoing indemnity agreement is in addition to any liability the Company or the Trust may otherwise have to any such indemnified party.

(b) Each Underwriter severally agrees to indemnify and hold harmless each Offeror, each of its directors, each of its officers who signed the Registration Statement and each person, if any, who controls an Offeror within the meaning of the 1933 Act, to the same extent as required by the foregoing indemnity from the Company to the Underwriters, but only with respect to the Underwriter Information or information furnished by an Underwriter in a Blue Sky Application and only for failure to deliver a final prospectus to investors in accordance with the 1933 Act. The foregoing indemnity agreement is in addition to any liability which any such Underwriter may otherwise have to any such indemnified party.

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(c) If any action or claim shall be brought or asserted against any indemnified party or any person controlling an indemnified party in respect of which indemnity may be sought from the indemnifying party, such indemnified party or controlling person shall promptly notify the indemnifying party in writing, and the indemnifying party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the indemnified party and the payment of all expenses; provided, however, that the failure so to notify the indemnifying party shall not relieve it from any liability which it may have to an indemnified party otherwise than under such paragraph, and further, shall only relieve it from liability under such paragraph to the extent prejudiced thereby. Any indemnified party or any such controlling person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such indemnified party or such controlling person unless (i) the employment thereof as separate counsel and the payment of such counsel's fees has been specifically authorized by the indemnifying party in writing, (ii) the indemnifying party has failed to assume the defense or to employ

counsel reasonably satisfactory to the indemnified party or (iii) the named parties to any such action (including any impleaded parties) include both such indemnified party or such controlling person and the indemnifying party and such indemnified party or such controlling person shall have been advised in writing by such counsel that the representation of both parties by the same counsel would be inappropriate due to the actual or potential differing interests between them (in which case, if such indemnified party or controlling person notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not be required to assume the defense of such action on behalf of such indemnified party or such controlling person) it being understood, however, that the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys at any time and for all such indemnified party and controlling persons, which firm shall be designated in writing by the indemnified party and shall be reasonably acceptable to the indemnifying party. Each indemnified party and each controlling person, as a condition of such indemnity, shall use reasonable best efforts to cooperate with the indemnifying party in the defense of any such action or claim. The indemnifying party shall not be liable for any settlement of any such action effected without its prior written consent, but if there be a final judgment for the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party and any such controlling person from and against any loss, claim, damage, liability or expense by reason of such settlement or judgment.

An indemnifying party shall not, without the prior written consent of each indemnified party, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnity may be sought hereunder (whether or not such indemnified party or any person who controls such indemnified party within the meaning of the 1933 Act is a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes a release of each such indemnified party reasonably satisfactory to each such indemnified party and each such controlling person from all liability arising out of such

claim, action, suit or proceeding or unless the indemnifying party shall confirm in a written agreement with each indemnified party, that notwithstanding any federal, state or common law, such settlement, compromise or consent shall not alter the right of any indemnified party or controlling person to indemnification or contribution as provided in this Agreement.

(d) If the indemnification provided for in this Section 7 is legally unavailable or insufficient to hold harmless an indemnified party under paragraphs (a), (b) or (c) hereof in respect of any losses, claims, damages, liabilities or expenses referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses (i) in such proportion as is appropriate to reflect the relative benefits received by the Offerors on the one hand and the

Underwriters on the other from the offering of the Designated Preferred Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Offerors on the one hand and the Underwriters on the other in connection with the statements or omissions that resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Offerors on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the Designated Preferred Securities (before deducting expenses) received by the Offerors bear to the total underwriting discounts, commissions and compensation received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Offerors on the one hand and of the Underwriters on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of fact or the omission or alleged omission to state a fact relates to information supplied by the Offerors or by the Underwriters and the parties, relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Offerors and each of the Underwriters agree that it would not be just and equitable if contribution pursuant to this paragraph (d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities and expenses referred to in the first sentence of this paragraph (d) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this paragraph (d), an Underwriter shall not be required to contribute any amount in excess of the amount by which the total price at which the Designated Preferred Securities underwritten by such Underwriter and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

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For purposes of this paragraph (d), each person who controls an Underwriter within the meaning of the 1933 Act shall have the same rights to contribution as the Underwriters, and each person who controls an Offeror within the meaning of the 1933 Act and the 1934 Act, each officer and trustee of an Offeror who shall have signed the Registration Statement and each director of an Offeror shall have the same rights to contribution as the Offerors subject in each case to the preceding sentence. The obligations of the Offerors under this paragraph (d) shall be in addition to any liability which the Offerors may otherwise have and the obligations of the Underwriters under this paragraph (d) shall be in addition to any liability that the Underwriters may otherwise have.

(e) The indemnity and contribution agreements contained in this Section 7 and the representations and warranties of the Offerors

set forth in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Underwriters or any person controlling an Underwriter or by or on behalf of the Offerors, or such directors, trustees or officers (or any person controlling an Offeror), (ii) acceptance of any Designated Preferred Securities and payment therefor hereunder and (iii) any termination of this Agreement. A successor of an Underwriter or of an Offeror, such directors, trustees or officers (or of any person controlling an Underwriter or an Offeror) shall be entitled to the benefits of the indemnity, contribution and reimbursement agreements contained in this Section 7.

(f) The Company agrees to indemnify the Trust against any and all losses, claims, damages or liabilities that may become due from the Trust under this Section 7.

8. TERMINATION. The Underwriters shall have the right to terminate this Agreement at any time at or prior to the Closing Date or, with respect to the Underwriters' option to purchase the Option Preferred Securities, at any time at or prior to the Option Closing Date, without liability on the part of the Underwriters to the Offerors, if:

(a) either Offeror shall have failed, refused, or been unable to perform any agreement on its part to be performed under this Agreement, or any of the conditions referred to in Section 6 shall not have been fulfilled, when and as required by this Agreement;

(b) the Offerors or any of the Subsidiaries shall have sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree which in the judgment of the Underwriters impairs in any material respect the investment quality of the Designated Preferred Securities;

(c) there has been since the respective dates as of which information is given in the Registration Statement or the Prospectus, any material adverse change in, or any development which is likely to have a material adverse effect on, the financial condition, earnings, business, prospects or results of operations of the Offerors and the Subsidiaries on a consolidated basis, whether or not arising in the ordinary course of business;

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(d) there has occurred any outbreak of hostilities or other calamity or crisis or change in general economic, political or financial conditions, or internal conditions, the effect of which on the financial markets of the United States is such as to make it, in the Underwriters' reasonable judgment, impracticable to market the Designated Preferred Securities or enforce contracts for the sale of the Designated Preferred Securities;

(e) trading generally on the New York Stock Exchange, the American Stock Exchange or the Nasdaq National Market shall have been suspended, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required, by any of said exchanges or market system or by the Commission or any other governmental authority;

(f) a banking moratorium shall have been declared by either federal or Michigan authorities; or

(g) any action shall have been taken by any government in respect of its monetary affairs which, in the Underwriters' reasonable judgment, has an adverse effect on the United States securities markets.

If this Agreement shall be terminated pursuant to this Section 8, the Offerors shall not then be under any liability to the Underwriters except as provided in Sections 5 and 7 hereof.

9. DEFAULT BY UNDERWRITERS. If on the Closing Date or the Option Closing Date, as the case may be, any Underwriter shall fail to purchase and pay for the portion of the Firm Preferred Securities, as the case may be, which such Underwriter has agreed to purchase and pay for on such date otherwise than by reason of the nonfulfillment of any condition to its obligation to do so hereunder, you, as Representative of the Underwriters, shall use your best efforts to procure within 36 hours thereafter one or more of the other Underwriters, or any others, to purchase such amounts as may be agreed upon, and upon the terms set forth herein, of the Firm Preferred Securities or Option Preferred Securities, as the case may be, which the defaulting Underwriter or Underwriters failed to purchase. If during such 36 hours you, as Representative, shall not have procured such other Underwriters, or any others, to purchase the Firm Preferred Securities or Option Preferred Securities, as the case may be, agreed to be purchased by the defaulting Underwriter or Underwriters, then (a) if the aggregate number of Preferred Securities with respect to which such default shall occur does not exceed 10% of the Firm Preferred Securities or Option Preferred Securities, as the case may be, which they are obligated to purchase hereunder, you and the other non-defaulting Underwriters each agree to purchase your pro rata share (based on the number of Preferred Securities which each non-defaulting Underwriter agreed to purchase hereunder) of the Firm Preferred Securities or Option Preferred Securities, as the case may be, which such defaulting Underwriter or Underwriters failed to purchase, or (b) if the aggregate number of Preferred Securities with respect to which such default shall occur exceeds 10% of the Firm Preferred Securities or Option Preferred Securities, as the case may be, covered hereby, you as the Representative of the Underwriters will have the right, by written notice given within the next 36-hour period to the parties to this Agreement, to terminate this Agreement without liability on the part of the nondefaulting Underwriters or of the Offerors except for expenses to be borne by the Offerors and the Underwriters as provided in Section 5 hereof and the indemnity and contribution agreements in Section 7 hereof. In the event

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of a default by any Underwriter or Underwriters, as set forth in this Section 9, the Closing Date or Option Closing Date, as the case may be, may be postponed for such period, not exceeding seven days, as you, as Representative, may determine in order that the required changes in the Registration Statement or in the Prospectus or in any other documents or arrangements may be effected. The term "Underwriter" includes any person substituted for a defaulting Underwriter. Any action taken under this Section 9 shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

10. EFFECTIVE DATE OF AGREEMENT. If the Registration Statement is not effective at the time of execution of this Agreement, this Agreement shall

become effective on the Effective Date at the time the Commission declares the Registration Statement effective. The Company shall immediately notify the Underwriters when the Registration Statement becomes effective.

If the Registration Statement is effective at the time of execution of this Agreement, this Agreement shall become effective at the earlier of 11:00 a.m. Eastern time, on the first full business day following the day on which this Agreement is executed, or at such earlier time as the Underwriters shall release the Designated Preferred Securities for initial public offering. The Underwriters shall notify the Offerors immediately after it has taken any action which causes this Agreement to become effective.

Until such time as this Agreement shall have become effective, it may be terminated by the Offerors, by notifying the Representative, or by the Underwriters, by notifying either Offeror, except that the provisions of Sections 5 and 7 shall at all times be effective.

11. REPRESENTATIONS, WARRANTIES AND AGREEMENTS TO SURVIVE DELIVERY. The representations, warranties, indemnities, agreements and other statements of the Offerors and their officers and trustees set forth in or made pursuant to this Agreement and the agreements of the Underwriters contained in Section 7 hereof shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Offerors or controlling persons of either Offeror, or by or on behalf of the Underwriters or controlling persons of the Underwriters or any termination or cancellation of this Agreement and shall survive delivery of and payment for the Designated Preferred Securities.

12. NOTICES. Except as otherwise provided in this Agreement, all notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand, mailed by registered or certified mail, return receipt requested, or transmitted by any standard form of telecommunication and confirmed. Notices to either Offeror shall be sent to 2600 Telegraph Road, Bloomfield Hills, Michigan 48302, Attention: Thomas J. Hammond (with a copy to Kutak Rock, 1101 Connecticut Avenue, N.W., Washington, D.C. 20036-4374, Attention: Matthew Ash, Esq.); and notices to the Underwriters shall be sent c/o Roney Capital Markets, a division of First Chicago Capital Markets, Inc., One Griswold, Roney Building, Detroit, Michigan 48226, Attention: John Donnelly (with a copy to Honigman Miller Schwartz and Cohn, 2290 First National Building, Detroit, Michigan 48226, Attention: Donald J. Kunz, Esq.).

13. PARTIES. The Agreement herein set forth is made solely for the benefit of the Underwriters and the Offerors and, to the extent expressed, directors, trustees and officers of the Offerors, any person controlling the Offerors or the Underwriters, and their respective successors

and assigns. No other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser, in his status as such purchaser, from the Underwriters of the Designated Preferred Securities.

14. GOVERNING LAW. This Agreement shall be governed by the laws of the State of Michigan, without giving effect to the choice of law or conflicts of law principles thereof.

15. COUNTERPARTS. This Agreement may be executed in one or more counterparts, and when a counterpart has been executed by each party hereto all such counterparts taken together shall constitute one and the same Agreement.

If the foregoing is in accordance with the Underwriters' understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this shall become a binding agreement between the Company, the Trust and the Underwriters in accordance with its terms.

Very truly yours,

FLAGSTAR BANCORP, INC.

By _____
Name _____
Title _____

FLAGSTAR TRUST

By _____
Name _____
Title _____

CONFIRMED AND ACCEPTED,
as of _____, 1999.

RONEY CAPITAL MARKETS, a division of
First Chicago Capital Markets, Inc.
Acting on behalf of itself and the several
Underwriters named in Schedule A

By _____
Name _____
Title _____

<TABLE>
<CAPTION>

SCHEDULE A

UNDERWRITER

NUMBER OF PREFERRED
SECURITIES TO BE PURCHASED

<S> <C>
Roney Capital Markets

McDonald Investments Inc.
Stifel & Nicolaus & Company, Incorporated
JWGenesis Capital Markets, L.L.C.

</TABLE>

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CERTIFICATE OF TRUST
OF
FLAGSTAR TRUST

THIS Certificate of Trust of Flagstar Trust (the "Trust") has been duly executed and is being filed by the undersigned, as trustees, to form a business trust under the Delaware Business Trust Act (12 Del. C. Section 3801 et seq.).

1. Name. The name of the business trust being formed hereby is Flagstar Trust.

2. Delaware Trustee. The name and business address of the trustee of the Trust with a principal place of business in the State of Delaware is First Omni Bank, National Association, 499 Mitchell Street, Millsboro, Delaware, 19966, Attn: Robert D. Brown, Vice President, Mail Code 101-591.

IN WITNESS WHEREOF, the undersigned have executed this Certificate of Trust in accord with 12 Del. C. Section 3810.

FIRST OMNI BANK NA, not in its individual capacity but solely as trustee of the Trust

By: /s/ Robert Brown

Name: Robert Brown

Title: Vice President

MICHAEL W. CARRIE, not in his individual capacity but solely as trustee of the Trust

/s/ Michael W. Carrie

TRUST AGREEMENT
OF
FLAGSTAR TRUST

THIS TRUST AGREEMENT is made as of March 25, 1999 (this "Trust Agreement"), by and among Flagstar Bancorp, Inc., a Michigan corporation, as depositor (the "Depositor"), and First Omni Bank National Association, a national banking association with its principal place of business located in Delaware, as trustee, and Michael W. Carrie, as trustee (jointly, the "Trustees"). The Depositor and the Trustees hereby agree as follows:

1. The trust created hereby shall be known as "Flagstar Trust" (the "Trust"), in which name the Trustees or the Depositor, to the extent provided herein, may conduct the business of the Trust, make and execute contracts, and sue and be sued.

2. The Depositor hereby assigns, transfers, conveys and sets over to the Trust the sum of \$10. Such amount shall constitute the initial trust estate. It is the intention of the parties hereto that the Trust created hereby constitute a business trust under Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. Section 3801, et seq. (the "Business Trust Act"), and that this document constitute the governing instrument of the Trust. The Trustees are hereby authorized and directed to execute and file a certificate of trust with the Delaware Secretary of State in such form as the Trustees may approve.

3. The Depositor and the Trustees will enter into an Amended and Restated Trust Agreement satisfactory to each such party to provide for the contemplated operation of the Trust created hereby and the issuance of the Preferred or Capital Securities and Common Securities referred to therein. Prior to the execution and delivery of such Amended and Restated Trust Agreement, (a) the Trustees shall not have any duty or obligation hereunder or with respect of the trust estate, except as otherwise required by applicable law and (b) the Depositor shall take or cause to be taken any action as may be necessary to obtain prior to such execution and delivery any licenses, consents or approvals required by applicable law or otherwise. Notwithstanding the foregoing, the Trustees may take all actions requested by the Depositor that the Depositor deems necessary, convenient or incidental to effect the transactions contemplated herein.

4. The Depositor, as sponsor of the Trust, is hereby authorized, in its discretion, (i) to prepare and file with the Securities and Exchange Commission (the "Commission") and to execute, in the case of the 1933 Act Registration Statement and 1934 Act Registration Statement (as herein defined), on behalf of the Trust, (a) a Registration Statement (the "1933 Act Registration Statement"), including all pre-effective and post-effective amendments thereto, relating to

the registration under the Securities Act of 1933, as amended (the "1933 Act"), of the Preferred or Capital Securities of the Trust, (b) any preliminary prospectus or prospectus or supplement thereto relating to the Preferred or Capital Securities of the Trust required to be filed pursuant to the 1933 Act, and (c) a Registration Statement on Form 8-A or other appropriate form (the "1934 Act Registration Statement"), including all pre-effective and post-effective amendments thereto, relating to the registration of the Preferred or Capital Securities of the Trust under the Securities Exchange Act of 1934, as amended; (ii) if and at such time as determined by

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the Depositor, to file with the New York Stock Exchange or other exchange, or the National Association of Securities Dealers ("NASD"), and execute on behalf of the Trust a listing application and all other applications, statements, certificates, agreements and other instruments as shall be necessary or desirable to cause the Preferred or Capital Securities of the Trust to be listed on the New York Stock Exchange or such other exchange, or the NASD's Nasdaq Stock Market; (iii) to file and execute on behalf of the Trust, such applications, reports, surety bonds, irrevocable consents, appointments of attorney for service of process and other papers and documents that shall be necessary or desirable to register the Preferred or Capital Securities of the Trust under the securities or "Blue Sky" laws of such jurisdictions as the Depositor, on behalf of the Trust, may deem necessary or desirable; (iv) to execute and deliver letters or documents to, or instruments for filing with, a depository relating to the Preferred or Capital Securities of the Trust; and (v) to execute, deliver and perform on behalf of the Trust an underwriting agreement or purchase agreement with one or more underwriters or purchasers relating to the offering of the Preferred or Capital Securities of the Trust.

In the event that any filing referred to in this Section 4 is required by the rules and regulations of the Commission, the New York Stock Exchange or other exchange, NASD, or state securities or "Blue Sky" laws to be executed on behalf of the Trust by the Trustees, the Trustees, in their capacity as trustees of the Trust, are hereby authorized to join in any such filing and to execute on behalf of the Trust any and all of the foregoing, it being understood that the Trustees, in their capacity as trustees of the Trust, shall not be required to join in any such filing or execute on behalf of the Trust any such document unless required by the rules and regulations of the Commission, the New York Stock Exchange or other exchange, NASD, or state securities or "Blue Sky" laws.

5. This Trust Agreement may be executed in one or more counterparts.

6. The number of trustees of the Trust initially shall be two and thereafter the number of trustees of the Trust shall be such number as shall be fixed from time to time by a written instrument signed by the Depositor which may increase or decrease the number of trustees of the Trust; provided, however, that to the extent required by the Business Trust Act, one trustee of the Trust shall either be a natural person who is a resident of the State of Delaware or,

if not a natural person, an entity which has its principal place of business in the State of Delaware. Subject to the foregoing, the Depositor is entitled to appoint or remove without cause any trustee of the Trust at any time. Any trustee of the Trust may resign upon thirty days prior notice to the Depositor.

7. The Depositor hereby agrees to (i) reimburse the Trustees for all reasonable expenses (including reasonable fees and expenses of counsel and other experts) and (ii) indemnify, defend and hold harmless the Trustees and any of the officers, directors, employees and agents of the Trustees (the "Indemnified Persons") from and against all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements (including the reasonable fees and expenses of counsel), taxes and penalties of any kind and nature whatsoever (collectively, "Expenses"), to the extent that such Expenses arise out of or are imposed upon or asserted at any time against such Indemnified Persons with respect to the performance of this Trust Agreement, the creation, operation or termination of the Trust or the transactions contemplated hereby; provided, however, that the Depositor shall not be required to indemnify any Indemnified Person for any Expenses

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which are a result of the willful misconduct, bad faith or gross negligence of such Indemnified Person.

8. This Trust Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware (without regard to conflict of laws principles).

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed as of the day and year first above written.

FLAGSTAR BANCORP, INC., as
Depositor

By:

/s/ Mark T. Hammond

Name: Mark T. Hammond
Title: Vice Chairman and President

FIRST OMNI BANK NA, not in
its individual capacity but
solely as trustee of the
Trust By:

/s/ Robert Brown

Name: Robert Brown
Title: Vice President

MICHAEL W. CARRIE, not in his individual
capacity but solely as trustee of the Trust

/s/ Michael W. Carrie

FLAGSTAR TRUST I
 AMENDED AND RESTATED TRUST AGREEMENT
 AMONG
 FLAGSTAR BANCORP, INC., AS DEPOSITOR
 FMB TRUST COMPANY NATIONAL ASSOCIATION, AS PROPERTY TRUSTEE
 FIRST OMNI BANK, NA, AS DELAWARE TRUSTEE
 AND
 THE ADMINISTRATIVE TRUSTEES NAMED HEREIN
 DATED AS OF _____, 1999

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AMENDED AND RESTATED TRUST AGREEMENT, dated as of _____,

1999, among (i) Flagstar Bancorp, Inc., a Michigan corporation (including any successors or assigns, the "Depositor"), (ii) FMB Trust Company National Association, a trust company duly organized and existing under the laws of the United States, as property trustee (the "Property Trustee" and, in its separate corporate capacity and not in its capacity as Property Trustee, the "Trust Company"), (iii) First OMNI Bank, N.A. a national banking association with its home office located in the State of Delaware, as Delaware trustee (the "Delaware Trustee," and, to the extent expressly provided herein, in its separate corporate capacity and not in its capacity as Delaware Trustee, the "Delaware Bank"), (iv) Thomas J. Hammond, an individual, Mark T. Hammond, an individual, and Mike Carrie, an individual, each of whose address is c/o Flagstar Bancorp, Inc. (each an "Administrative Trustee" and collectively the "Administrative Trustees") (the Property Trustee, the Delaware Trustee and the Administrative Trustees referred to collectively as the "Trustees") and (v) the several Holders, as hereinafter defined.

WITNESSETH:

WHEREAS, the Depositor, the Delaware Trustee and Michael W. Carrie have heretofore duly declared and created Flagstar Trust I, a business trust (the "Trust"), pursuant to the Delaware Business Trust Act by the entering into of that certain Trust Agreement, dated as of March __, 1999 (the "Original Trust Agreement"), and by the execution and filing by the Delaware Trustee with the Secretary of State of the State of Delaware of the Certificate of Trust, filed on March __, 1999, the form of which is attached as EXHIBIT A; and

WHEREAS, the Depositor, the Delaware Trustee and Thomas J. Hammond desire to amend and restate the Original Trust Agreement in its entirety as set forth herein to provide for, among other things, (i) the issuance of the Common Securities (as defined below) by the Trust to the Depositor, (ii) the issuance and sale of the Preferred Securities (as defined below) by the Trust pursuant to the Underwriting Agreement, (iii) the acquisition by the Trust from the Depositor of all of the right, title and interest in the Junior Subordinated Debentures (as defined below), (iv) the appointment of the Property Trustee, and (v) the appointment of the Administrative Trustees;

NOW THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, each party, for the benefit of the other parties and for the benefit of the Securityholders, hereby amends and restates the Original Trust Agreement in its entirety and agrees as follows:

ARTICLE I

DEFINED TERMS

.1. DEFINITIONS. For all purposes of this Trust Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(b) all other terms used herein that are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(c) unless the context otherwise requires, any reference to an "Article" or a "Section" refers to an Article or a Section, as the case may be, of this Trust Agreement; and

(d) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or other subdivision.

"Accelerated Maturity Date" has the meaning set forth in Section 1.01 of the Indenture.

"Act" has the meaning specified in Section 6.08.

"Additional Amount" means, with respect to Trust Securities of a given Liquidation Amount and a given period, the amount of additional interest accrued on interest in arrears and paid by the Depositor on a Like Amount of Junior Subordinated Debentures for such period.

"Additional Sums" has the meaning specified in Section 2.05 of the Indenture.

"Administrative Trustee" means each of Thomas J. Hammond, Mark T. Hammond and Mike Carrie, solely in each such person's capacity as Administrative Trustee of the Trust continued hereunder and not in such person's individual capacity, or such Administrative Trustee's successor in interest in such capacity, or any successor Administrative Trustee appointed as herein provided.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Bankruptcy Event" means, with respect to any Person:

(a) the entry of a decree or order by a court having jurisdiction in the premises adjudging such Person a bankrupt or insolvent, or approving as properly filed a petition seeking liquidation or reorganization of or in respect of such Person under the United States

Bankruptcy Code or any other similar applicable federal or state law, and the continuance of any such decree or order unvacated and unstayed for a period of 90 days; or the commencement of an involuntary case under the United States Bankruptcy Code in respect of such Person, which shall continue undismissed for a period of 90 days or entry of an order for relief in such case; or the entry of a decree or order of a court having jurisdiction in the premises for the appointment on the ground of insolvency or bankruptcy of a receiver, custodian,

liquidator, trustee or assignee in bankruptcy or insolvency of such Person or of its property, or for the winding up or liquidation of its affairs, and such decree or order shall have remained in force unvacated and unstayed for a period of 90 days; or

(b) the institution by such Person of proceedings to be adjudicated a voluntary bankrupt, or the consent by such Person to the filing of a bankruptcy proceeding against it, or the filing by such Person of a petition or answer or consent seeking liquidation or reorganization under the United States Bankruptcy Code or other similar applicable federal or state law, or the consent by such Person to the filing of any such petition or to the appointment on the ground of insolvency or bankruptcy of a receiver or custodian or liquidator or trustee or assignee in bankruptcy or insolvency of such Person or of its property, or such Person shall make a general assignment for the benefit of creditors.

"Bankruptcy Laws" has the meaning specified in Section 10.09.

"Book-Entry Preferred Securities Certificates" means certificates representing Preferred Securities issued in global, fully registered form to the Clearing Agency as described in Section 5.11.

"Business Day" means a day other than (a) a Saturday or Sunday, (b) a day on which banking institutions in the State of Michigan are authorized or required by law or executive order to remain closed, or (c) a day on which the Property Trustee's Corporate Trust Office or the Corporate Trust Office of the Debenture Trustee is closed for business.

"Certificate Depository Agreement" means the agreement among the Trust, the Depositor and The Depository Trust Company, as the initial Clearing Agency, dated as of the Closing Date, relating to the Trust Securities Certificates, substantially in the form attached as EXHIBIT B, as the same may be amended and supplemented from time to time.

"Certificate of Trust" means, as stated in the recitals to this Trust Agreement, the certificate of trust filed with the Secretary of State of the State of Delaware with respect to the Trust, in the form attached as EXHIBIT A, as the same may be amended or restated from time to time.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act. The Depository Trust Company will be the initial Clearing Agency.

"Clearing Agency Participant" means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency.

"Closing Date" means the date of execution and delivery of this Trust Agreement.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this Trust Agreement such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Common Security" means a common undivided beneficial interest in the assets of the Trust, having a Liquidation Amount of \$25.00 and having the rights provided therefor in this Trust Agreement, including the right to receive Distributions and a Liquidation Distribution as provided herein.

"Common Securities Certificate" means a certificate evidencing ownership of Common Securities, substantially in the form attached as EXHIBIT C.

"Corporate Trust Office" means the principal corporate trust office of the Property Trustee located at 25 South Charles Street, Baltimore, MD 21203, Attention: Corporate Trust Administration.

"Debenture Event of Default" means an "Event of Default" as defined in the Indenture.

"Debenture Redemption Date" means, with respect to any Junior Subordinated Debentures to be redeemed under the Indenture, the date fixed for

redemption under the Indenture.

"Debenture Trustee" means FMB Trust Company, National Association, a trust company organized under the laws of the United States and any successor thereto, as trustee under the Indenture.

"Definitive Preferred Securities Certificates" means either or both (as the context requires) of (a) Preferred Securities Certificates issued as Book-Entry Preferred Securities Certificates as provided in Section 5.11(a), and (b) Preferred Securities Certificates issued in certificated, fully registered form as provided in Section 5.13.

"Delaware Bank" has the meaning specified in the preamble to this Trust Agreement.

"Delaware Business Trust Act" means Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. Section 3801, et. seq. as it may be amended from time to time.

"Delaware Trustee" means the corporation identified as the "Delaware Trustee" in the preamble to this Trust Agreement solely in its capacity as Delaware Trustee of the Trust continued hereunder and not in its individual capacity, or its successor in interest in such capacity, or any successor Delaware Trustee appointed as herein provided.

"Depositor" has the meaning specified in the preamble to this Trust Agreement.

"Distribution Date" has the meaning specified in Section 4.01(a).

"Distributions" means amounts payable in respect of the Trust Securities as provided in Section 4.01.

"Event of Default" means any one of the following events that shall have occurred and be continuing (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) the occurrence of a Debenture Event of Default; or
- (b) default by the Trust in the payment of any Distribution when

it becomes due and payable, and continuation of such default for a period of 30 days; or

(c) default by the Trust in the payment of any Redemption Price of any Trust Security when it becomes due and payable; or

(d) default in the performance, or breach, in any material respect, of any covenant or warranty of the Property Trustee in this Trust Agreement (other than a covenant or warranty, a default in the performance of which or the breach of which is dealt with in clause (b) or (c), above) and continuation of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the defaulting Property Trustee by the Holders of at least 25% in aggregate Liquidation Amount of the Outstanding Preferred Securities a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(e) the occurrence of a Bankruptcy Event with respect to the Property Trustee and the failure by the Depositor to appoint a successor Property Trustee within 60 days thereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Expense Agreement" means the Agreement as to Expenses and Liabilities between the Depositor and the Trust, substantially in the form attached as EXHIBIT D, as amended from time to time.

"Expiration Date" has the meaning specified in Section 9.01.

"Extension Period" means the "Extended Interest Payment Period" as defined in the Indenture.

"Global Subordinated Debenture" has the meaning specified in the Indenture.

"Guarantee" means the Preferred Securities Guarantee Agreement executed and delivered by the Depositor and Property Trustee, as trustee, contemporaneously with the execution and delivery of this Trust Agreement, for the benefit of the Holders of the Preferred Securities, as amended from time to time.

"Holder" means a Securityholder.

"Indenture" means the Subordinated Indenture, dated as of _____, 1999, between the Depositor and the Debenture Trustee, as trustee, as amended or supplemented from time to time.

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"Junior Subordinated Debentures" means the \$_____ aggregate principal amount of the Depositor's _____% Junior Subordinated Debentures due 2029, issued pursuant to the Indenture.

"Lien" means any lien, pledge, charge, encumbrance, mortgage, deed of trust, adverse ownership interest, hypothecation, assignment, security interest or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever.

"Like Amount" means (a) with respect to a redemption of Trust Securities, Trust Securities having a Liquidation Amount equal to the principal amount of Junior Subordinated Debentures to be contemporaneously redeemed in accordance with the Indenture and the proceeds of which will be used to pay the Redemption Price of such Trust Securities and (b) with respect to a distribution of Junior Subordinated Debentures to Holders of Trust Securities in connection with a dissolution or liquidation of the Trust, Junior Subordinated Debentures having a principal amount equal to the Liquidation Amount of the Trust Securities of the Holder to whom such Junior Subordinated Debentures are distributed.

"Liquidation Amount" means the stated amount of \$25.00 per Trust Security.

"Liquidation Date" means the date on which Junior Subordinated Debentures are to be distributed to Holders of Trust Securities in connection with a dissolution and liquidation of the Trust pursuant to Section 9.04(a).

"Liquidation Distribution" has the meaning specified in Section 9.04(d).

"Maturity Date" has the meaning set forth in Section 2.02 of the Indenture.

"Officers' Certificate" means a certificate signed by the Chief Executive Officer, the President or a Vice President and by the Chief Accounting Officer or the Controller or an Assistant Controller or the Secretary or an Assistant Secretary, of the Depositor, and delivered to the appropriate Trustee. One of the officers signing an Officers' Certificate given pursuant to Section 8.16 shall be the principal executive, financial or accounting officer of the Depositor. Any Officers' Certificate delivered with respect to compliance with a condition or covenant provided for in this Trust Agreement shall include:

(a) a statement that each officer signing the Officers' Certificate has read the covenant or condition and the definitions relating thereto;

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(b) a statement that each such officer has made such examination or investigation as, in such officer's opinion, is necessary to enable such officer to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(c) a statement as to whether, in the opinion of each such officer, such condition or covenant has been complied with.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Trust, the Property Trustee, the Delaware Trustee or the Depositor, but not an employee of any thereof, and who shall be reasonably acceptable to the Property Trustee.

"Original Trust Agreement" has the meaning specified in the recitals to this Trust Agreement.

"Outstanding," when used with respect to Preferred Securities, means, as of the date of determination, all Preferred Securities theretofore executed and delivered under this Trust Agreement, except:

(a) Preferred Securities theretofore canceled by the Property Trustee or delivered to the Property Trustee for cancellation;

(b) Preferred Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Property Trustee or any Paying Agent for the Holders of such Preferred Securities; provided that, if such Preferred Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Trust Agreement; and

(c) Preferred Securities which have been paid or in exchange for or in lieu of which other Preferred Securities have been executed and delivered pursuant to Sections 5.04, 5.05, 5.11 and 5.13; provided, however, that in determining whether the Holders of the requisite Liquidation Amount of the Outstanding Preferred Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Preferred Securities owned by the Depositor, any

Trustee, or any Affiliate of the Depositor or any Trustee, shall be disregarded and deemed not to be Outstanding, except that (i) in determining whether any Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Preferred Securities that such Trustee knows to be so owned shall be so disregarded and (ii) the foregoing shall not apply at any time when all of the Outstanding Preferred Securities are owned by the Depositor, one or more of the Trustees and/or any such Affiliate. Preferred Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Administrative Trustees the pledgee's right as to such Preferred Securities so owned.

"Owner" means each Person who is the beneficial owner of a Book-Entry Preferred Securities Certificate as reflected in the records of the Clearing Agency or, if a Clearing Agency Participant is not the Owner, then as reflected in the records of a Person maintaining an account with such Clearing Agency (directly or indirectly, in accordance with the rules of such Clearing Agency).

"Paying Agent" means any paying agent or co-paying agent appointed pursuant to Section 5.09 and shall initially be the Trust Company.

"Payment Account" means a segregated non-interest-bearing corporate trust account maintained by the Property Trustee for the benefit of the Securityholders in which all amounts paid in respect of the Junior Subordinated Debentures will be held and from which the Property Trustee shall make payments to the Securityholders in accordance with Sections 4.01 and 4.02.

"Person" means any individual, corporation, partnership, joint venture, trust, limited liability company or corporation, unincorporated organization or government or any agency or political subdivision thereof.

"Preferred Security" means a preferred undivided beneficial interest in the assets of the Trust, designated "____% Cumulative Trust Preferred Securities," having a Liquidation Amount of \$25.00 and having the rights provided therefor in this Trust Agreement, including the right to receive Distributions and a Liquidation Distribution as provided herein.

"Preferred Securities Certificate" means a certificate evidencing ownership of Preferred Securities, substantially in the form attached as EXHIBIT E.

"Property Trustee" means the commercial bank or trust company identified as the "Property Trustee" in the preamble to this Trust Agreement solely in its capacity as Property Trustee of the Trust heretofore formed and continued hereunder and not in its individual capacity, or its successor in interest in such capacity, or any successor Property Trustee appointed as herein provided.

"Redemption Date" means, with respect to any Trust Security to be redeemed, the date fixed for such redemption by or pursuant to this Trust Agreement; provided that each Debenture Redemption Date and the Maturity Date of the Junior Subordinated Debentures shall be a Redemption Date for a Like Amount of Trust Securities.

"Redemption Price" means, with respect to any Trust Security to be redeemed, the Liquidation Amount of such Trust Security, plus accumulated and unpaid Distributions to the Redemption Date allocated on a pro rata basis (based on Liquidation Amounts) among the Trust Securities to be redeemed.

"Relevant Trustee" shall have the meaning specified in Section 8.10.

"Securities Register" and "Securities Registrar" have the respective meanings specified in Section 5.04.

"Securityholder" means a Person in whose name a Trust Security or Trust Securities is registered in the Securities Register; any such Person is a beneficial owner within the meaning of the Delaware Business Trust Act.

"Trust" means Flagstar Bancorp Trust I, the Delaware business trust continued hereby and which was created as stated in the recitals to this Trust Agreement.

"Trust Agreement" means this Amended and Restated Trust Agreement, as the same may be modified, amended or supplemented in accordance with the applicable provisions hereof, including all exhibits hereto, including, for all purposes of this Trust Agreement and any such modification, amendment or supplement, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this Trust Agreement and any such modification, amendment or supplement, respectively.

"Trust Company" has the meaning specified in the preamble to this Trust Agreement.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of which this Trust Agreement was executed; provided, however, that in the event the Trust Indenture Act of 1939 is amended after such date, "Trust Indenture Act" means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

"Trust Property" means (a) the Junior Subordinated Debentures, (b) the rights of the Property Trustee under the Guarantee, (c) any cash on deposit in, or owing to, the Payment Account and (d) all proceeds and rights in respect of the foregoing and any other property and assets for the time being held or deemed to be held by the Property Trustee pursuant to the trusts of this Trust Agreement.

"Trust Security" means any one of the Common Securities or the Preferred Securities.

"Trust Securities Certificate" means any one of the Common Securities Certificates or the Preferred Securities Certificates.

"Trustee" or "Trustees" means, individually or collectively, any of the Property Trustee, the Delaware Trustee and the Administrative Trustees.

"Underwriting Agreement" means the Underwriting Agreement dated as of _____, 1999, among the Trust, the Depositor and the underwriters named therein.

ARTICLE II

ESTABLISHMENT OF THE TRUST

.1. NAME. The Trust heretofore created and continued hereby shall continue to be known as "FLAGSTAR TRUST I," as such name may be modified from time to time by the Administrative Trustees following written notice to the Holders of Trust Securities and the other

Trustees, in which name the Trustees may engage in the transactions contemplated hereby, make and execute contracts and other instruments on behalf of the Trust and sue and be sued.

.2. OFFICE OF THE DELAWARE TRUSTEE; PRINCIPAL PLACE OF BUSINESS. The

address of the Delaware Trustee in the State of Delaware is 499 Mitchell Street, Millsboro, Delaware 19966 Wilmington, Delaware 19890, Attention: Corporate Trust Administration, or such other address in the State of Delaware as the Delaware Trustee may designate by written notice to the Securityholders and the Depositor. The principal executive office of the Trust is c/o Flagstar Bancorp, Inc., 2600 Telegraph Road, Bloomfield Hills, Michigan 48303.

.3. INITIAL CONTRIBUTION OF TRUST PROPERTY; ORGANIZATIONAL EXPENSES. The Trustees acknowledge receipt in trust from the Depositor in connection with the Original Trust Agreement of the sum of \$10, which constituted the initial Trust Property. The Depositor shall pay organizational expenses of the Trust as they arise or shall, upon request of any Trustee, promptly reimburse such Trustee for any such expenses paid by such Trustee. The Depositor shall make no claim upon the Trust Property for the payment of such expenses.

.4. ISSUANCE OF THE PREFERRED SECURITIES. On _____, 1999, the Depositor and an Administrative Trustee, on behalf of the Trust and pursuant to the Original Trust Agreement, executed and delivered the Underwriting Agreement. Contemporaneously with the execution and delivery of this Trust Agreement, an Administrative Trustee, on behalf of the Trust, shall execute in accordance with Section 5.02 and deliver, in accordance with the Underwriting Agreement, a Preferred Securities Certificate, registered in the name of the nominee of the initial Clearing Agency, in an aggregate amount of Preferred Securities having an aggregate Liquidation Amount of \$_____ against receipt of the aggregate purchase price of such Preferred Securities of \$_____, which amount such Administrative Trustee shall promptly deliver to the Property Trustee.

.5. ISSUANCE OF THE COMMON SECURITIES; SUBSCRIPTION AND PURCHASE OF JUNIOR SUBORDINATED DEBENTURES. Contemporaneously with the execution and delivery of this Trust Agreement, an Administrative Trustee, on behalf of the Trust, shall execute in accordance with Section 5.02 and deliver to the Depositor a Common Securities Certificate, registered in the name of the Depositor, in an aggregate amount of Common Securities having an aggregate Liquidation Amount of \$_____ against payment by the Depositor of such amount. Contemporaneously therewith, an Administrative Trustee, on behalf of the Trust, shall subscribe to and purchase from the Depositor Junior Subordinated Debentures, registered in the name of the Property Trustee on behalf of the Trust and having an aggregate principal amount equal to \$_____, and, in satisfaction of the purchase price for such Junior Subordinated Debentures, the Property Trustee, on behalf of the Trust, shall deliver to the Depositor the sum of \$_____.

.6. DECLARATION OF TRUST. The exclusive purposes and functions of the Trust are (a) to issue and sell Trust Securities and use the proceeds from such sale to acquire the Junior Subordinated Debentures, and (b) to engage in those activities necessary, convenient or incidental thereto. The Depositor hereby appoints the Trustees as trustees of the Trust, to have all the rights, powers and duties to the extent set forth herein, and the Trustees hereby accept such appointment. The Property Trustee hereby declares that it will hold the Trust Property in trust

upon and subject to the conditions set forth herein for the benefit of the Securityholders. The Administrative Trustees shall have all rights, powers and duties set forth herein and in accordance with applicable law with respect to accomplishing the purposes of the Trust. The Delaware Trustee shall not be entitled to exercise any powers, nor shall the Delaware Trustee have any of the duties and responsibilities, of the Property Trustee or the Administrative Trustees set forth herein. The Delaware Trustee shall be one of the Trustees of the Trust for the sole and limited purpose of fulfilling the requirements of Section 3807 of the Delaware Business Trust Act.

.7. AUTHORIZATION TO ENTER INTO CERTAIN TRANSACTIONS.

(a) The Trustees shall conduct the affairs of the Trust in accordance with the terms of this Trust Agreement. Subject to the limitations set forth in paragraph (b) of this Section and Article VIII, and in accordance with the following provisions (i) and (ii), the Administrative Trustees shall have the authority to enter into all transactions and agreements determined by the Administrative Trustees to be appropriate in exercising the authority, express or implied, otherwise granted to the Administrative Trustees under this Trust Agreement, and to perform all acts in furtherance thereof, including without limitation, the following:

(i) As among the Trustees, each Administrative Trustee, acting singly or jointly, shall have the power and authority to act on behalf of the Trust with respect to the following matters:

(A) the issuance and sale of the Trust Securities, including, without limitation, the execution of the Trust Securities on behalf of the Trust in accordance with this Trust Agreement, and complying with the terms of the Underwriting Agreement regarding the issuance and sale of the Trust Securities;

(B) to cause the Trust to enter into, and to execute, deliver and perform on behalf of the Trust, the Expense Agreement and the Certificate Depository Agreement and such other agreements or documents as may be necessary or desirable in connection with the purposes and function of the Trust;

(C) to assist in the registration of the Preferred Securities under the Securities Act of 1933, as amended, and under state securities or blue sky laws, and the qualification of this Trust Agreement as a trust indenture under the Trust Indenture Act;

(D) assisting in the listing of the Preferred Securities upon the NASDAQ National Market or such securities exchange or exchanges as shall be determined by the Depositor and, if required, the registration of the Preferred Securities under the Exchange Act, and the preparation and filing of all periodic and other reports and other documents pursuant to the foregoing;

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(E) the sending of notices (other than notices of default) and other information regarding the Trust Securities and the Junior Subordinated Debentures to the Securityholders in accordance with this Trust Agreement;

(F) the appointment of a Paying Agent, authenticating agent and Securities Registrar in accordance with this Trust Agreement;

(G) to the extent provided in this Trust Agreement, the winding up of the affairs of and liquidation of the Trust and the preparation, execution and filing of the certificate of cancellation with the Secretary of State of the State of Delaware;

(H) to take all action that may be necessary or appropriate for the preservation and the continuation of the Trust's valid existence, rights, franchises and privileges as a statutory business trust under the laws of the State of Delaware and of each other jurisdiction in which such existence is necessary to protect the limited liability of the Holders of the Preferred Securities or to enable the Trust to effect the purposes for which the Trust was created;

(I) the execution and delivery of an application for a taxpayer identification number for the Trust; and

(J) the taking of any action incidental to the foregoing as the Administrative Trustees may from time to time determine is necessary or advisable to give effect to the terms of this Trust Agreement for the benefit of the Securityholders (without consideration of the effect of any such action on any particular Securityholder).

(ii) As among the Trustees, the Property Trustee shall have the power, duty and authority to act on behalf of the Trust with respect to the following matters:

(K) the establishment of the Payment Account;

(L) the receipt of the Junior Subordinated Debentures;

(M) the receipt and collection of interest, principal and any other payments made in respect of the Junior Subordinated Debentures in the Payment Account;

(N) the distribution of amounts owed to the Securityholders in respect of the Trust Securities in accordance with the terms of this Trust Agreement;

(O) the exercise of all of the rights, powers and privileges of a holder of the Junior Subordinated Debentures;

(P) the sending of notices of default and other information regarding the Trust Securities and the Junior Subordinated Debentures to the Securityholders in accordance with this Trust Agreement;

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(Q) the distribution of the Trust Property in accordance with the terms of this Trust Agreement;

(R) to the extent provided in this Trust Agreement, the winding up of the affairs of and liquidation of the Trust;

(S) after an Event of Default (other than under paragraph (b), (c), (d) or (e) of the definition of such term if the Event of Default is by or with respect to the Property Trustee) the taking of any action incidental to the foregoing as the Property Trustee may from time to time determine is necessary or advisable to give effect to the terms of this Trust Agreement and protect and conserve the Trust Property for the benefit of the Securityholders (without consideration of the effect of any such action on any particular Securityholder);

(T) so long as the Property Trustee is the Securities Registrar, registering transfers of the Trust Securities in accordance with this Trust Agreement; and

(U) except as otherwise provided in this Section 2.07(a)(ii), the Property Trustee shall have none of the duties, liabilities, powers or the authority of the Administrative Trustees set forth in Section 2.07(a)(i).

(b) So long as this Trust Agreement remains in effect, the Trust (or the Trustees acting on behalf of the Trust) shall not undertake any

business, activities or transaction except as expressly provided herein or contemplated hereby. In particular, the Trustees shall not (i) acquire any investments or engage in any activities not authorized by this Trust Agreement, (ii) sell, assign, transfer, exchange, mortgage, pledge, set-off or otherwise dispose of any of the Trust Property or interests therein, including to Securityholders, except as expressly provided herein, (iii) take any action that would cause the Trust to fail or cease to qualify as a "grantor trust" for United States federal income tax purposes, (iv) incur any indebtedness for borrowed money or issue any other debt or (v) take or consent to any action that would result in the placement of a Lien on any of the Trust Property. The Administrative Trustees shall defend all claims and demands of all Persons at any time claiming any Lien on any of the Trust Property adverse to the interest of the Trust or the Securityholders in their capacity as Securityholders.

(c) In connection with the issue and sale of the Preferred Securities, the Depositor shall have the right and responsibility to assist the Trust with respect to, or effect on behalf of the Trust, the following (and any actions taken by the Depositor in furtherance of the following prior to the date of this Trust Agreement are hereby ratified and confirmed in all respects):

(i) the preparation and filing by the Trust with the Commission and the execution on behalf of the Trust of a registration statement on the appropriate form in relation to the Preferred Securities and the Junior Subordinated Debentures, including any amendments thereto;

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(ii) the determination of the states in which to take appropriate action to qualify or register for sale all or part of the Preferred Securities and to do any and all such acts, other than actions which must be taken by or on behalf of the Trust, and advise the Trustees of actions they must take on behalf of the Trust, and prepare for execution and filing any documents to be executed and filed by the Trust or on behalf of the Trust, as the Depositor deems necessary or advisable in order to comply with the applicable laws of any such states;

(iii) the preparation for filing by the Trust and execution on behalf of the Trust of an application to the NASDAQ National Market or a national stock exchange or other organizations for listing upon notice of issuance of any Preferred Securities and to

file or cause an Administrative Trustee to file thereafter with such exchange or organization such notifications and documents as may be necessary from time to time;

(iv) if required, the preparation for filing by the Trust with the Commission and the execution on behalf of the Trust of a registration statement on Form 8-A relating to the registration of the Preferred Securities under Section 12(b) or 12(g) of the Exchange Act, including any amendments thereto;

(v) the negotiation of the terms of, and the execution and delivery of, the Underwriting Agreement providing for the sale of the Preferred Securities;

(vi) the negotiation of the terms of, and execution of, the Original Trust Agreement, and the preparation of this Trust Agreement and the selection of the Trustee; and

(vii) the taking of any other actions necessary or desirable to carry out any of the foregoing activities.

(d) Notwithstanding anything herein to the contrary, the Administrative Trustees are authorized and directed to conduct the affairs of the Trust and to operate the Trust so that the Trust will not be deemed to be an "investment company" required to be registered under the Investment Company Act, will be classified as a "grantor trust" and not as an association taxable as a corporation for United States federal income tax purposes and so that the Junior Subordinated Debentures will be treated as indebtedness of the Depositor for United States federal income tax purposes. In this connection, subject to Section 10.02, the Depositor and the Administrative Trustees are authorized to take any action, not inconsistent with applicable law or this Trust Agreement, that each of the Depositor and the Administrative Trustees determines in their discretion to be necessary or desirable for such purposes. In no event shall the Trustees be liable

to the Trust or the Securityholders for any failure to comply with this Section that results from a change in law or regulations or in the interpretation thereof.

.8. ASSETS OF TRUST. The assets of the Trust shall consist of the Trust Property.

.9. TITLE TO TRUST PROPERTY. Legal title to all Trust Property shall be vested at all times in the Property Trustee (in its capacity as such) and shall be held and administered by the Property Trustee for the benefit of the Securityholders in accordance with this Trust Agreement.

ARTICLE III

PAYMENT ACCOUNT

.1. PAYMENT ACCOUNT. (a) On or prior to the Closing Date, the Property Trustee shall establish the Payment Account. The Property Trustee and any agent of the Property Trustee shall have exclusive control and sole right of withdrawal with respect to the Payment Account for the purpose of making deposits and withdrawals from the Payment Account in accordance with this Trust Agreement. All monies and other property deposited or held from time to time in the Payment Account shall be held by the Property Trustee in the Payment Account for the exclusive benefit of the Securityholders and for distribution as herein provided, including (and subject to) any priority of payments provided for herein.

(b) The Property Trustee shall deposit in the Payment Account, promptly upon receipt, all payments of principal of or interest on, and any other payments or proceeds with respect to, the Junior Subordinated Debentures. Amounts held in the Payment Account shall not be invested by the Property Trustee pending distribution thereof.

ARTICLE IV

DISTRIBUTIONS; REDEMPTION

.1. DISTRIBUTIONS.

(a) Distributions on the Trust Securities shall be cumulative, and will accumulate whether or not there are funds of the Trust available for the payment of Distributions. Distributions shall accumulate from _____, 1999, and, except during any Extension Period with respect to the Junior Subordinated Debentures, shall be payable quarterly in arrears on the 15th day of March, June, September and December in each year, commencing June 15, 1999. The amount of each Distribution due with respect to the Trust Securities will include amounts accrued through the date the Distribution payment is due. If any date on which a Distribution is otherwise payable on the Trust Securities is not a Business Day, then the payment of such Distribution shall be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in the next succeeding calendar year, payment of such Distribution shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date (each

date on which Distributions are payable in accordance with this Section 4.01(a) a "Distribution Date").

(b) The Trust Securities represent undivided beneficial interests in the Trust Property, and, as a practical matter, the Distributions on the Trust Securities shall be payable at a rate of ____% per annum of the Liquidation Amount of the Trust Securities. The amount of Distributions payable for any full period shall be computed on the basis of a 360-day year of twelve 30-day months. The amount of Distributions for any partial period shall be computed on the basis of the number of days elapsed in a 360-day year of twelve 30-day months. During any Extension Period with respect to the Junior Subordinated Debentures, Distributions on the Preferred Securities will be deferred for a period equal to the Extension Period. The amount of Distributions payable for any period shall include the Additional Amounts, if any.

(c) Distributions on the Trust Securities shall be made by the Property Trustee solely from the Payment Account and shall be payable on each Distribution Date only to the extent that the Trust has funds then on hand and immediately available in the Payment Account for the payment of such Distributions.

(d) Distributions on the Trust Securities with respect to a Distribution Date shall be payable to the Holders thereof as they appear on the Securities Register for the Trust Securities on the relevant record date, which shall be one Business Day prior to such Distribution Date; provided, however, that in the event that the Preferred Securities do not remain in book-entry-only form, the relevant record date shall be the 1st day of the month in which the relevant Distribution Date occurs.

.2. REDEMPTION.

(a) On each Debenture Redemption Date and on the Maturity Date of the Junior Subordinated Debentures, the Trust will be required to redeem a Like Amount of Trust Securities at the Redemption Price.

(b) Notice of redemption shall be given by the Property Trustee by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date to each Holder of Trust Securities to be redeemed, at such Holder's address appearing in the Securities Register. The Property Trustee shall have no responsibility for the accuracy of any CUSIP number contained in such notice. All notices of redemption shall state:

(i) the Redemption Date;

(ii) the Redemption Price, or if the Redemption Price cannot be calculated prior to the time the notice is required to be sent, the estimate of the Redemption Price provided pursuant to the Indenture together with a statement that it is an estimate and that the actual Redemption Price will be calculated on the third Business Day prior to the Redemption Date (and, if an estimate is provided, a further notice shall be sent of the actual Redemption Price on the date, or as soon

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as practicable thereafter, that notice of such actual Redemption Price is received pursuant to the Indenture);

(iii) the CUSIP number;

(iv) if less than all the Outstanding Trust Securities are to be redeemed, the identification and the aggregate Liquidation Amount of the particular Trust Securities to be redeemed;

(v) that on the Redemption Date the Redemption Price will become due and payable upon each such Trust Security to be redeemed and that Distributions thereon will cease to accumulate on and after said date, except as provided in Section 4.02(d) below; and

(vi) the place or places where Trust Securities are to be surrendered for the payment of the Redemption Price.

(c) The Trust Securities redeemed on each Redemption Date shall be redeemed at the Redemption Price with the proceeds from the contemporaneous redemption of Junior Subordinated Debentures. Redemptions of the Trust Securities shall be made and the Redemption Price shall be payable on each Redemption Date only to the extent that the Trust has immediately available funds then on hand and available in the Payment Account for the payment of such Redemption Price.

(d) If the Property Trustee gives a notice of redemption in respect of any Preferred Securities, then, by 10:00 a.m., Michigan time, on the Redemption Date, subject to Section 4.02(c), the Property Trustee will, so long as the Preferred Securities are in book-entry-only form, deposit with the Clearing Agency for the Preferred Securities funds sufficient to pay the applicable Redemption Price and will give such Clearing Agency irrevocable instructions and

authority to pay the Redemption Price to the Holders thereof. If the Preferred Securities are no longer in book-entry-only form, the Property Trustee, subject to Section 4.02(c), will deposit with the Paying Agent funds sufficient to pay the applicable Redemption Price and will give the Paying Agent irrevocable instructions and authority to pay the Redemption Price to the Holders thereof upon surrender of their Preferred Securities Certificates. Notwithstanding the foregoing, Distributions payable on or prior to the Redemption Date for any Trust Securities called for redemption shall be payable to the Holders of such Trust Securities as they appear on the Securities Register for the Trust Securities on the relevant record dates for the related Distribution Dates. If notice of redemption shall have been given and funds deposited as required, then upon the date of such deposit, all rights of Securityholders holding Trust Securities so called for redemption will cease, except the right of such Securityholders to receive the Redemption Price, but without interest on such Redemption Price, and such Securities will cease to be Outstanding. In the event that any date on which any Redemption Price is payable is not a Business Day, then payment of the Redemption Price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case, with the same force and

effect as if made on such date. In the event that payment of the Redemption Price in respect of any Trust Securities called for redemption is improperly withheld or refused and not paid either by the Trust or by the Depositor pursuant to the Guarantee, Distributions on such Trust Securities will continue to accumulate, at the then applicable rate, from the Redemption Date originally established by the Trust for such Trust Securities to the date such Redemption Price is actually paid, in which case the actual payment date will be the date fixed for redemption for purposes of calculating the Redemption Price.

(e) Payment of the Redemption Price on the Trust Securities shall be made to the record Holders thereof as they appear on the Securities Register for the Trust Securities on the relevant record date, which shall be one Business Day prior to the relevant Redemption Date; provided, however, that in the event that the Preferred Securities do not remain in book-entry-only form, the relevant record date shall be the date fifteen days prior to the relevant Redemption Date.

(f) Subject to Section 4.03(a), if less than all the Outstanding Trust Securities are to be redeemed on a Redemption Date, then the aggregate Liquidation Amount of Trust Securities to be redeemed shall be allocated on a

pro rata basis (based on Liquidation Amounts) among the Common Securities and the Preferred Securities. The particular Preferred Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Property Trustee from the outstanding Preferred Securities not previously called for redemption, by such method (including, without limitation, by lot) as the Property Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to \$25 or an integral multiple of \$25 in excess thereof) of the Liquidation Amount of Preferred Securities of a denomination larger than \$25. The Property Trustee shall promptly notify the Securities Registrar in writing of the Preferred Securities selected for redemption and, in the case of any Preferred Securities selected for partial redemption, the Liquidation Amount thereof to be redeemed. For all purposes of this Trust Agreement, unless the context otherwise requires, all provisions relating to the redemption of Preferred Securities shall relate, in the case of any Preferred Securities redeemed or to be redeemed only in part, to the portion of the Liquidation Amount of Preferred Securities which has been or is to be redeemed.

.3. SUBORDINATION OF COMMON SECURITIES.

(a) Payment of Distributions (including Additional Amounts, if applicable) on, and the Redemption Price of, the Trust Securities, as applicable, shall be made, subject to Section 4.02(f), pro rata among the Common Securities and the Preferred Securities based on the Liquidation Amount of the Trust Securities; provided, however, that if on any Distribution Date or Redemption Date any Event of Default resulting from a Debenture Event of Default shall have occurred and be continuing, no payment of any Distribution (including Additional Amounts, if applicable) on, or Redemption Price of, any Common Security, and no other payment on account of the redemption, liquidation or other acquisition of Common Securities, shall be made unless payment in full in cash of all accumulated and unpaid Distributions (including Additional Amounts, if applicable) on all Outstanding Preferred Securities for all Distribution periods terminating on or prior thereto, or in the case of payment of the Redemption Price the full amount of such Redemption Price on all Outstanding Preferred Securities then called for redemption, shall

have been made or provided for, and all funds immediately available to the Property Trustee shall first be applied to the payment in full in cash of all Distributions (including Additional Amounts, if applicable) on, or the Redemption Price of, Preferred Securities then due and payable. The existence of an Event of Default does not entitle the Holders of Preferred Securities to accelerate the maturity thereof.

(b) In the case of the occurrence of any Event of Default resulting from a Debenture Event of Default, the Holder of Common Securities will be deemed to have waived any right to act with respect to any such Event of Default under this Trust Agreement until the effect of all such Events of Default with respect to the Preferred Securities shall have been cured, waived or otherwise eliminated. Until any such Event of Default under this Trust Agreement with respect to the Preferred Securities shall have been so cured, waived or otherwise eliminated, the Property Trustee shall act solely on behalf of the Holders of the Preferred Securities and not the Holder of the Common Securities, and only the Holders of the Preferred Securities will have the right to direct the Property Trustee to act on their behalf.

.4. PAYMENT PROCEDURES. Payments of Distributions (including Additional Amounts, if applicable) in respect of the Preferred Securities shall be made by check mailed to the address of the Person entitled thereto as such address shall appear on the Securities Register or, if the Preferred Securities are held by a Clearing Agency, such Distributions shall be made to the Clearing Agency in immediately available funds, which shall credit the relevant Persons' accounts at such Clearing Agency on the applicable Distribution Dates. Payments in respect of the Common Securities shall be made in such manner as shall be mutually agreed between the Property Trustee and the Holder of the Common Securities.

.5. TAX RETURNS AND REPORTS. The Administrative Trustees shall prepare (or cause to be prepared), at the Depositor's expense, and file all United States federal, state and local tax and information returns and reports required to be filed by or in respect of the Trust. In this regard, the Administrative Trustees shall (a) prepare and file (or cause to be prepared and filed) the appropriate Internal Revenue Service Form required to be filed in respect of the Trust in each taxable year of the Trust and (b) prepare and furnish (or cause to be prepared and furnished) to each Securityholder the appropriate Internal Revenue Service form required to be furnished to such Securityholder or the information required to be provided on such form. The Administrative Trustees shall provide the Depositor with a copy of all such returns and reports promptly after such filing or furnishing. The Property Trustee shall comply with United States federal withholding and backup withholding tax laws and information reporting requirements with respect to any payments to Securityholders under the Trust Securities.

.6. PAYMENT OF TAXES, DUTIES, ETC. OF THE TRUST. Upon receipt under the Junior Subordinated Debentures of Additional Sums, the Property Trustee, at the direction of an Administrative Trustee or the Depositor, shall promptly pay any taxes, duties or governmental charges of whatsoever nature (other than withholding taxes) imposed on the Trust by the United States or any other taxing authority.

.7. PAYMENTS UNDER INDENTURE. Any amount payable hereunder to any Holder of Preferred Securities shall be reduced by the amount of any corresponding payment such Holder has directly received under the Indenture pursuant to Section 5.14(b) or (c) hereof.

ARTICLE V

TRUST SECURITIES CERTIFICATES

.1. INITIAL OWNERSHIP. Upon the creation of the Trust and the contribution by the Depositor pursuant to Section 2.03 and until the issuance of the Trust Securities, and at any time during which no Trust Securities are outstanding, the Depositor shall be the sole beneficial owner of the Trust.

.2. THE TRUST SECURITIES CERTIFICATES. The Preferred Securities Certificates shall be issued in minimum denominations of \$25.00 Liquidation Amount and integral multiples of \$25.00 in excess thereof, and the Common Securities Certificates shall be issued in denominations of \$25.00 Liquidation Amount and integral multiples of \$25.00 in excess thereof. The Trust Securities Certificates shall be executed on behalf of the Trust by manual signature of at least one Administrative Trustee. Trust Securities Certificates bearing the manual signatures of individuals who were, at the time when such signatures shall have been affixed, authorized to sign on behalf of the Trust, shall be validly issued and entitled to the benefits of this Trust Agreement, notwithstanding that such individuals or any of them shall have ceased to be so authorized prior to the delivery of such Trust Securities Certificates or did not hold such offices at the date of delivery of such Trust Securities Certificates. A transferee of a Trust Securities Certificate shall become a Securityholder, and shall be entitled to the rights and subject to the obligations of a Securityholder hereunder, upon due registration of such Trust Securities Certificate in such transferee's name pursuant to Sections 5.04, 5.11 and 5.13.

.3. EXECUTION AND DELIVERY OF TRUST SECURITIES CERTIFICATES. On the Closing Date, the Administrative Trustees shall cause Trust Securities Certificates, in an aggregate Liquidation Amount as provided in Sections 2.04 and 2.05, to be executed on behalf of the Trust by at least one of the Administrative Trustees and delivered, without further corporate action by the Depositor, in authorized denominations.

.4. REGISTRATION OF TRANSFER AND EXCHANGE OF PREFERRED SECURITIES CERTIFICATES. The Property Trustee shall keep or cause to be kept, at the office or agency maintained pursuant to Section 5.08, a register or registers for the purpose of registering Trust Securities Certificates and transfers and exchanges of Preferred Securities Certificates (herein referred to as the "Securities Register") in which the registrar designated by the Property Trustee (the

"Securities Registrar"), subject to such reasonable regulations as it may prescribe, shall provide for the registration of Preferred Securities Certificates and Common Securities Certificates (subject to Section 5.10 in the case of the Common Securities Certificates) and registration of transfers and exchanges of Preferred Securities Certificates as herein provided. The Property Trustee shall be the initial Securities Registrar.

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Upon surrender for registration of transfer of any Preferred Securities Certificate at the office or agency maintained pursuant to Section 5.08, the Administrative Trustees or any one of them shall execute and deliver, in the name of the designated transferee or transferees, one or more new Preferred Securities Certificates in authorized denominations of a like aggregate Liquidation Amount dated the date of execution by such Administrative Trustee or Trustees. The Securities Registrar shall not be required to register the transfer of any Preferred Securities that have been called for redemption. At the option of a Holder, Preferred Securities Certificates may be exchanged for other Preferred Securities Certificates in authorized denominations of the same class and of a like aggregate Liquidation Amount upon surrender of the Preferred Securities Certificates to be exchanged at the office or agency maintained pursuant to Section 5.08.

Every Preferred Securities Certificate presented or surrendered for registration of transfer or exchange shall be accompanied by a written instrument of transfer in form satisfactory to the Property Trustee and the Securities Registrar duly executed by the Holder or such Holder's attorney duly authorized in writing. Each Preferred Securities Certificate surrendered for registration of transfer or exchange shall be canceled and subsequently disposed of by the Property Trustee in accordance with its customary practice. The Trust shall not be required to (i) issue, register the transfer of, or exchange any Preferred Securities during a period beginning at the opening of business 15 calendar days before the date of mailing of a notice of redemption of any Preferred Securities called for redemption and ending at the close of business on the day of such mailing or (ii) register the transfer of or exchange any Preferred Securities so selected for redemption, in whole or in part, except the unredeemed portion of any such Preferred Securities being redeemed in part.

No service charge shall be made for any registration of transfer or exchange of Preferred Securities Certificates, but the Securities Registrar may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Preferred Securities Certificates.

.5. MUTILATED, DESTROYED, LOST OR STOLEN TRUST SECURITIES CERTIFICATES. If (a) any mutilated Trust Securities Certificate shall be surrendered to the Securities Registrar, or if the Securities Registrar shall receive evidence to its satisfaction of the destruction, loss or theft of any Trust Securities Certificate and (b) there shall be delivered to the Securities Registrar and the Administrative Trustees such security or indemnity as may be required by them to save each of them harmless, then in the absence of notice that such Trust Securities Certificate shall have been acquired by a bona fide purchaser, the Administrative Trustees, or any one of them, on behalf of the Trust shall execute and make available for delivery, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Trust Securities Certificate, a new Trust Securities Certificate of like class, tenor and denomination. In connection with the issuance of any new Trust Securities Certificate under this Section, the Administrative Trustees or the Securities Registrar may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith. Any duplicate Trust Securities Certificate issued pursuant to this Section shall constitute conclusive evidence of an undivided beneficial interest in the assets of the Trust, as if originally issued, whether or not the lost, stolen or destroyed Trust Securities Certificate shall be found at any time.

.6. PERSONS DEEMED SECURITYHOLDERS. The Trustees, the Paying Agent and the Securities Registrar shall treat the Person in whose name any Trust Securities Certificate shall be registered in the Securities Register as the owner of such Trust Securities Certificate for the purpose of receiving Distributions and for all other purposes whatsoever, and neither the Trustees nor the Securities Registrar shall be bound by any notice to the contrary.

.7. ACCESS TO LIST OF SECURITYHOLDERS' NAMES AND ADDRESSES. At any time when the Property Trustee is not also acting as the Securities Registrar, the Administrative Trustees or the Depositor shall furnish or cause to be furnished to the Property Trustee (a) semi-annually on or before January 15 and July 15 in each year, a list, in such form as the Property Trustee may reasonably require, of the names and addresses of the Securityholders as of the most recent regular record date (as provided in Section 4.01(d)) and (b) promptly after receipt by any Administrative Trustee or the Depositor of a request therefor from the Property Trustee, such other information as the Property Trustee may reasonably require in order to enable the Property Trustee to discharge its obligations under this Trust Agreement, in each case to the extent such information is in the possession or control of the Administrative Trustees or the Depositor and is

not identical to a previously supplied list or has not otherwise been received by the Property Trustee in its capacity as Securities Registrar. The rights of Securityholders to communicate with other Securityholders with respect to their rights under this Trust Agreement or under the Trust Securities, and the corresponding rights of the Trustee shall be as provided in the Trust Indenture Act. Each Holder, by receiving and holding a Trust Securities Certificate, and each Owner shall be deemed to have agreed not to hold the Depositor, the Property Trustee or the Administrative Trustees accountable by reason of the disclosure of its name and address, regardless of the source from which such information was derived.

.8. MAINTENANCE OF OFFICE OR AGENCY. The Administrative Trustees shall maintain an office or offices or agency or agencies where Preferred Securities Certificates may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Trustees in respect of the Trust Securities Certificates may be served. The Administrative Trustees initially designate the principal corporate trust office of the Property Trustee, 25 South Charles Street, Baltimore, Maryland 21203, Attention: Corporate Trust Administration, as the principal corporate trust office for such purposes. The Administrative Trustees shall give prompt written notice to the Depositor and to the Securityholders of any change in the location of the Securities Register or any such office or agency.

.9. APPOINTMENT OF PAYING AGENT. The Paying Agent shall make Distributions to Securityholders from the Payment Account and shall report the amounts of such Distributions to the Property Trustee and the Administrative Trustees. Any Paying Agent shall have the revocable power to withdraw funds from the Payment Account for the purpose of making the Distributions referred to above. The Administrative Trustees may revoke such power and remove the Paying Agent if such Trustees determine in their sole discretion that the Paying Agent shall have failed to perform its obligations under this Trust Agreement in any material respect. The Paying Agent shall initially be the Property Trustee, and any co-paying agent chosen by the Property Trustee, and acceptable to the Administrative Trustees and the Depositor. Any Person acting as Paying Agent shall be permitted to resign as Paying Agent upon 30 days' written notice to the Administrative Trustees, the Property Trustee and the Depositor. In the event that the Property

Trustee shall no longer be the Paying Agent or a successor Paying Agent shall resign or its authority to act be revoked, the Administrative Trustees shall appoint a successor that is acceptable to the Property Trustee and the Depositor to act as Paying Agent (which shall be a bank or trust company). The

Administrative Trustees shall cause such successor Paying Agent or any additional Paying Agent appointed by the Administrative Trustees to execute and deliver to the Trustees an instrument in which such successor Paying Agent or additional Paying Agent shall agree with the Trustees that as Paying Agent, such successor Paying Agent or additional Paying Agent will hold all sums, if any, held by it for payment to the Securityholders in trust for the benefit of the Securityholders entitled thereto until such sums shall be paid to such Securityholders. The Paying Agent shall return all unclaimed funds to the Property Trustee and upon removal of a Paying Agent such Paying Agent shall also return all funds in its possession to the Property Trustee. The provisions of Sections 8.01, 8.03 and 8.06 shall apply to the Property Trustee also in its role as Paying Agent, for so long as the Property Trustee shall act as Paying Agent and, to the extent applicable, to any other Paying Agent appointed hereunder. Any reference in this Agreement to the Paying Agent shall include any co-paying agent unless the context requires otherwise.

.10. OWNERSHIP OF COMMON SECURITIES BY DEPOSITOR. On the Closing Date, the Depositor shall acquire and retain beneficial and record ownership of the Common Securities. To the fullest extent permitted by law, any attempted transfer of the Common Securities (other than a transfer in connection with a merger or consolidation of the Depositor into another corporation pursuant to Section 12.01 of the Indenture) shall be void. The Administrative Trustees shall cause each Common Securities Certificate issued to the Depositor to contain a legend stating "THIS CERTIFICATE IS NOT TRANSFERABLE".

.11. BOOK-ENTRY PREFERRED SECURITIES CERTIFICATES; COMMON SECURITIES CERTIFICATE.

(a) The Preferred Securities Certificates, upon original issuance, will be issued in the form of a typewritten Preferred Securities Certificate or Certificates representing Book-Entry Preferred Securities Certificates, to be delivered to or held on behalf of The Depository Trust Company, the initial Clearing Agency, by, or on behalf of, the Trust. Such Book-Entry Preferred Securities Certificate or Certificates shall initially be registered on the Securities Register in the name of Cede & Co., the nominee of the initial Clearing Agency, and no beneficial owner will receive a Definitive Preferred Securities Certificate representing such beneficial owner's interest in such Preferred Securities, except as provided in Section 5.13. Unless and until Definitive Preferred Securities Certificates have been issued to beneficial owners pursuant to Section 5.13:

(i) the provisions of this Section 5.11(a) shall be in full force and effect;

(ii) the Securities Registrar, the Paying Agent and the Trustees shall be entitled to deal with the Clearing Agency for all purposes of this Trust Agreement relating to the Book-Entry Preferred Securities Certificates (including the payment of the Liquidation Amount of and Distributions on the Book-Entry Preferred Securities) as the sole Holder of Book-Entry Preferred Securities and shall have no obligations to the Owners thereof;

(iii) to the extent that the provisions of this Section 5.11 conflict with any other provisions of this Trust Agreement, the provisions of this Section 5.11 shall control; and

(iv) the rights of the Owners of the Book-Entry Preferred Securities Certificates shall be exercised only through the Clearing Agency and shall be limited to those established by law and agreements between such Owners and the Clearing Agency and/or the Clearing Agency Participants. Pursuant to the Certificate Depository Agreement, unless and until Definitive Preferred Securities Certificates are issued pursuant to Section 5.13, the initial Clearing Agency will make book-entry transfers among the Clearing Agency Participants and will receive and transmit payments on the Preferred Securities to such Clearing Agency Participants. Any Clearing Agency designated pursuant hereto will not be deemed an agent of the Trustees for any purpose.

(b) A single Common Securities Certificate representing the Common Securities shall be issued to the Depositor in the form of a definitive Common Securities Certificate.

.12. NOTICES TO CLEARING AGENCY. To the extent that a notice or other communication to the Owners is required under this Trust Agreement, unless and until Definitive Preferred Securities Certificates shall have been issued to Owners pursuant to Section 5.13, the Trustees shall give all such notices and communications specified herein to be given to Owners to the Clearing Agency, and shall have no obligations to the Owners.

.13. DEFINITIVE PREFERRED SECURITIES CERTIFICATES. If (a) the Depositor advises the Trustees in writing that the Clearing Agency is no longer willing or able to discharge properly its responsibilities with respect to the Preferred Securities Certificates, and the Depositor is unable to locate a qualified successor, (b) the Depositor at its option advises the Trustees in writing that it elects to terminate the book-entry system through the Clearing Agency, or (c) after the occurrence of a Debenture Event of Default, Owners of Preferred Securities Certificates representing beneficial interests aggregating at least a majority of the Liquidation Amount advise the Property Trustee in writing that the continuation of a book-entry system through the Clearing Agency is no longer in the best interests of the Owners of Preferred Securities Certificates, then the Property Trustee shall notify the Clearing Agency, and the Clearing Agency shall notify all Owners of Preferred Securities Certificates, of the occurrence

of any such event and of the availability of the Definitive Preferred Securities Certificates to Owners of such class or classes, as applicable, requesting the same. Upon surrender to the Property Trustee of the typewritten Preferred Securities Certificate or Certificates representing the Book-Entry Preferred Securities Certificates by the Clearing Agency, accompanied by registration instructions, the Administrative Trustees, or any one of them, shall execute the Definitive Preferred Securities Certificates in accordance with the instructions of the Clearing Agency. Neither the Securities Registrar nor the Trustees shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of Definitive Preferred Securities Certificates, the Trustees shall recognize the Holders of the Definitive Preferred Securities Certificates as Securityholders. The Definitive Preferred Securities Certificates shall be printed, lithographed or engraved or may be produced in any other manner as is reasonably

acceptable to the Administrative Trustees, as evidenced by the execution thereof by the Administrative Trustees or any one of them.

.14. RIGHTS OF SECURITYHOLDERS.

(a) The legal title to the Trust Property is vested exclusively in the Property Trustee (in its capacity as such) in accordance with Section 2.09, and the Securityholders shall not have any right or title therein other than the undivided beneficial interest in the assets of the Trust conferred by their Trust Securities and they shall have no right to call for any partition or division of property, profits or rights of the Trust except as described below. The Trust Securities shall be personal property giving only the rights specifically set forth therein and in this Trust Agreement. The Trust Securities shall have no preemptive or similar rights. When issued and delivered to Holders of the Preferred Securities against payment of the purchase price therefor, the Preferred Securities will be fully paid and nonassessable interests in the Trust. The Holders of the Preferred Securities, in their capacities as such, shall be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of the State of Delaware.

(b) For so long as any Preferred Securities remain Outstanding, if, upon a Debenture Event of Default, the Debenture Trustee fails or the holders of not less than 25% in principal amount of the outstanding Junior Subordinated Debentures fail to declare the principal of all of the Junior Subordinated Debentures to be immediately due and payable, the Holders of at least 25% in

Liquidation Amount of the Preferred Securities then Outstanding shall have the right to make such declaration by a notice in writing to the Depositor and the Debenture Trustee; and upon any such declaration such principal amount of and the accrued interest on all of the Junior Subordinated Debentures shall become immediately due and payable, provided that the payment of principal and interest on such Junior Subordinated Debentures shall remain subordinated to the extent provided in the Indenture. If, as a result of a Debenture Event of Default, the Debenture Trustee or the holders of not less than 25% in aggregate outstanding principal amount of the Junior Subordinated Debentures have declared the Junior Subordinated Debentures due and payable and if such default has been cured and a sum sufficient to pay all matured installments due (otherwise than by acceleration) under the Junior Subordinated Debentures has been deposited with the Debenture Trustee, then (if the holders of not less than a majority in aggregate outstanding principal amount of Junior Subordinated Debentures have not annulled such declaration and waived such default) the Holders of a majority in aggregate Liquidation Amount of the Preferred Securities may annul such declaration and waive such default.

(c) For so long as any Preferred Securities remain outstanding, upon a Debenture Event of Default arising from the failure to pay interest or principal on the Junior Subordinated Debentures, the Holders of any Preferred Securities then Outstanding shall, to the fullest extent permitted by law, have the right to institute directly proceedings for enforcement of payment to such Holders of principal of or interest on the Junior Subordinated Debentures having a principal amount equal to the Liquidation Amount of the Preferred Securities of such Holders.

ARTICLE VI

ACTS OF SECURITYHOLDERS; MEETINGS; VOTING

.1. LIMITATIONS ON VOTING RIGHTS.

(a) Except as provided in this Section, in Sections 5.14, 8.10 and 10.02 and in the Indenture and as otherwise required by law, no Holder of Preferred Securities shall have any right to vote or in any manner otherwise control the administration, operation and management of the Trust or the obligations of the parties hereto, nor shall anything herein set forth, or contained in the terms of the Trust Securities Certificates, be construed so as to constitute the Securityholders from time to time as partners or members of an

association.

(b) So long as any Junior Subordinated Debentures are held by the Property Trustee, the Trustees shall not (i) direct the time, method and place of conducting any proceeding for any remedy available to the Debenture Trustee, or executing any trust or power conferred on the Debenture Trustee with respect to such Junior Subordinated Debentures, (ii) waive any past default which is waivable under Article Seven of the Indenture, (iii) exercise any right to rescind or annul a declaration that the principal of all the Junior Subordinated Debentures shall be due and payable or (iv) consent to any amendment, modification or termination of the Indenture or the Junior Subordinated Debentures, where such consent shall be required, without, in each case, obtaining the prior approval of the Holders of at least a majority in Liquidation Amount of all Outstanding Preferred Securities; provided, however, that where a consent under the Indenture would require the consent of each holder of outstanding Junior Subordinated Debentures affected thereby, no such consent shall be given by the Property Trustee without the prior written consent of each Holder of Preferred Securities. The Trustees shall not revoke any action previously authorized or approved by a vote of the Holders of the Outstanding Preferred Securities, except by a subsequent vote of the Holders of the Outstanding Preferred Securities. The Property Trustee shall notify each Holder of the Outstanding Preferred Securities of any notice of default received from the Debenture Trustee with respect to the Junior Subordinated Debentures. In addition to obtaining the foregoing approvals of the Holders of the Preferred Securities, prior to taking any of the foregoing actions, the Trustees shall, at the expense of the Depositor, obtain an Opinion of Counsel experienced in such matters to the effect that the Trust will continue to be classified as a grantor trust and not as an association taxable as a corporation for United States federal income tax purposes on account of such action.

(c) If any proposed amendment to the Trust Agreement provides for, or the Trustees otherwise propose to effect, (i) any action that would adversely affect in any material respect the powers, preferences or special rights of the Preferred Securities, whether by way of amendment to the Trust Agreement or otherwise, or (ii) the dissolution, winding-up or termination of the Trust, other than pursuant to the terms of this Trust Agreement, then the Holders of Outstanding Preferred Securities as a class will be entitled to vote on such amendment or proposal and such amendment or proposal shall not be effective except with the approval of the Holders of at least a majority in Liquidation Amount of the Outstanding Preferred Securities. No amendment to this Trust Agreement may be made if, as a result of such amendment, the Trust would cease to be

classified as a grantor trust or would be classified as an association taxable as a corporation for United States federal income tax purposes.

.2. NOTICE OF MEETINGS. Notice of all meetings of the Holders of Preferred Securities, stating the time, place and purpose of the meeting, shall be given by the Property Trustee pursuant to Section 10.08 to each Holder of Preferred Securities of record, at such Securityholder's registered address, at least 15 days and not more than 90 days before the meeting. At any such meeting, any business properly before the meeting may be so considered whether or not stated in the notice of the meeting. Any adjourned meeting may be held as adjourned without further notice.

.3. MEETINGS OF HOLDERS OF PREFERRED SECURITIES. No annual meeting of Securityholders is required to be held. The Administrative Trustees, however, shall call a meeting of Securityholders to vote on any matter upon the written request of the Holders of 25% of the Outstanding Preferred Securities (based upon their aggregate Liquidation Amount) and the Administrative Trustees or the Property Trustee may, at any time in their discretion, call a meeting of Holders of the Preferred Securities to vote on any matters as to which the Holders of the Preferred Securities are entitled to vote. Holders of record of 50% of the Outstanding Preferred Securities (based upon their aggregate Liquidation Amount), present in person or by proxy, shall constitute a quorum at any meeting of such Securityholders. If a quorum is present at a meeting, an affirmative vote by the Holders of record present, in person or by proxy, holding more than a majority of the Preferred Securities (based upon their aggregate Liquidation Amount) held by the Holders of Preferred Securities of record present, either in person or by proxy, at such meeting shall constitute the action of the Holders of the Preferred Securities, unless this Trust Agreement requires a greater number of affirmative votes.

.4. VOTING RIGHTS. Securityholders shall be entitled to one vote for each \$25 of Liquidation Amount represented by their Trust Securities in respect of any matter as to which such Securityholders are entitled to vote.

.5. PROXIES, ETC. At any meeting of Securityholders, any Securityholder entitled to vote thereat may vote by proxy, provided that no proxy shall be voted at any meeting unless it shall have been placed on file with the Administrative Trustees, or with such other officer or agent of the Trust as the Administrative Trustees may direct, for verification prior to the time at which such vote shall be taken. When Trust Securities are held jointly by several persons, any one of them may vote at any meeting in person or by proxy in respect of such Trust Securities, but if more than one of them shall be present at such meeting in person or by proxy, and such joint owners or their proxies so present disagree as to any vote to be cast, such vote shall not be received in respect of such Trust Securities. A proxy purporting to be executed by or on behalf of a Securityholder shall be deemed valid unless challenged at or prior to its exercise, and, the burden of proving invalidity shall rest on the challenger. No proxy shall be valid more than three years after its date of execution.

.6. SECURITYHOLDER ACTION BY WRITTEN CONSENT. Any action which may be taken by Securityholders at a meeting may be taken without a meeting if Securityholders holding more than a majority of all Outstanding Trust Securities (based upon their aggregate Liquidation Amount)

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entitled to vote in respect of such action (or such larger proportion thereof as shall be required by any express provision of this Trust Agreement) shall consent to the action in writing (based upon their aggregate Liquidation Amount).

.7. RECORD DATE FOR VOTING AND OTHER PURPOSES. For the purposes of determining the Securityholders who are entitled to notice of and to vote at any meeting or by written consent, or to participate in any distribution on the Trust Securities in respect of which a record date is not otherwise provided for in this Trust Agreement, or for the purpose of any other action, the Administrative Trustees may from time to time fix a date, not more than 90 days prior to the date of any meeting of Securityholders or the payment of any distribution or other action, as the case may be, as a record date for the determination of the identity of the Securityholders of record for such purposes.

.8. ACTS OF SECURITYHOLDERS. Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Trust Agreement to be given, made or taken by Securityholders or Owners may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Securityholders or Owners in person or by an agent duly appointed in writing; and, except as otherwise expressly provided herein, such action shall become effective when such instrument or instruments are delivered to an Administrative Trustee. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Securityholders or Owners signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Trust Agreement and (subject to Section 8.01) conclusive in favor of the Trustees, if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him or her the execution thereof. Where such

execution is by a signer acting in a capacity other than such signer's individual capacity, such certificate or affidavit shall also constitute sufficient proof of such signer's authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which any Trustee receiving the same deems sufficient. The ownership of Preferred Securities shall be proved by the Securities Register. Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Securityholder of any Trust Security shall bind every future Securityholder of the same Trust Security and the Securityholder of every Trust Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustees or the Trust in reliance thereon, whether or not notation of such action is made upon such Trust Security. Without limiting the foregoing, a Securityholder entitled hereunder to take any action hereunder with regard to any particular Trust Security may do so with regard to all or any part of the Liquidation Amount of such Trust Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such Liquidation Amount. A Holder of Preferred Securities may institute a legal proceeding directly against the Depositor under the Guarantee to enforce its rights under the

Guarantee without first instituting a legal proceeding against the Guarantee Trustee (as defined in the Guarantee), the Trust or any Person.

.9. INSPECTION OF RECORDS. Upon reasonable notice to the Administrative Trustees and the Property Trustee, the records of the Trust shall be open to inspection by Securityholders during normal business hours for any purpose reasonably related to such Securityholder's interest as a Securityholder.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

.1. REPRESENTATIONS AND WARRANTIES OF THE TRUST COMPANY AND THE PROPERTY TRUSTEE. The Trust Company, in its separate corporate capacity and as Property Trustee, as of the date hereof, and each successor Property Trustee at the time of the successor Property Trustee's acceptance of its appointment as Property Trustee hereunder (the term "Trust Company" being used hereafter in this Article VII to refer to such successor Property Trustee in its separate corporate capacity and as Property Trustee), hereby represents and warrants (as applicable) for the benefit of the Depositor and the Securityholders that:

(a) the Trust Company is a trust company duly organized, validly existing and in good standing under the laws of the United States of America;

(b) the Trust Company has full corporate power, authority and legal right to execute, deliver and perform its obligations under this Trust Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Trust Agreement;

(c) this Trust Agreement has been duly authorized, executed and delivered by the Trust Company and constitutes the valid and legally binding agreement of the Trust Company enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(d) the execution, delivery and performance by the Trust Company of this Trust Agreement has been duly authorized by all necessary corporate or other action on the part of the Trust Company and does not require any approval of the stockholders of the Trust Company and such execution, delivery and performance will not (i) violate the Trust Company's charter or by-laws, (ii) violate any provision of, or constitute, with or without notice or lapse of time, a default under, or result in the creation or imposition of, any Lien on any properties included in the Trust Property pursuant to the provisions of, any indenture, mortgage, credit agreement, license or other agreement or instrument to which the Trust Company is a party or by which it is bound, or (iii) violate any law, governmental rule or regulation of the United States or the State of Delaware, as the case may be,

governing the banking or trust powers of the Trust Company, or any order, judgment or decree applicable to the Trust Company;

(e) neither the authorization, execution or delivery by the Trust Company of this Trust Agreement nor the consummation of any of the transactions by the Trust Company contemplated herein or therein requires the consent or approval of, the giving of notice to, the registration with or the taking of any other action with respect to, any governmental authority or agency under any existing law of the United States or State of Delaware governing the banking or trust powers of the Trust Company; and

(f) there are no proceedings pending or, to the best of the Trust Company's knowledge, threatened against or affecting the Trust Company in any court or before any governmental authority, agency or arbitration board or tribunal which, individually or in the aggregate, would materially and adversely affect the Trust or would question the right, power and authority of the Trust Company to enter into or perform its obligations as one of the Trustees under this Trust Agreement.

.2. REPRESENTATIONS AND WARRANTIES OF THE DELAWARE BANK AND THE DELAWARE TRUSTEE. The Delaware Bank in its corporate capacity and as Delaware Trustee, as of the date hereof, and each successor Delaware Trustee at the time of the successor Delaware Trustee's acceptance of its appointment as Delaware Trustee hereunder (the term "Delaware Bank" being used hereafter in this Article VIII to refer to such successor Delaware Trustee in its separate corporate capacity and as Delaware Trustee), hereby represents and warrants (as applicable) for the benefit of the Depositor and the Securityholders that:

(a) the Delaware Bank is a Delaware banking corporation duly organized, validly existing and in good standing under the laws of the State of Delaware;

(b) the Delaware Bank has full corporate power, authority and legal right to execute, deliver and perform its obligations under this Trust Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Trust Agreement;

(c) this Trust Agreement has been duly authorized, executed and delivered by the Delaware Bank and constitutes the valid and legally binding agreement of the Delaware Bank enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(d) the execution, delivery and performance by the Delaware Bank of this Trust Agreement has been duly authorized by all necessary corporate or other action on the part of the Delaware Bank and does not require any approval of the

stockholders of the Delaware Bank and such execution, delivery and performance will not (i) violate the Delaware Bank's charter or by-laws, (ii) violate any provision of, or constitute, with or without notice or lapse of time, a default under, or result in the creation or imposition of, any Lien on any properties included in the Trust Property pursuant to the provisions of, any indenture, mortgage, credit agreement, license or other agreement or instrument to which the Delaware Bank is a party or by which it is bound, or (iii) violate any law, governmental rule or regulation of the United States or the State of Delaware, as the case may be, governing the banking or trust powers of the Delaware Bank, or any order, judgment or decree applicable to the Delaware Bank;

(e) neither the authorization, execution or delivery by the Delaware Bank of this Trust Agreement nor the consummation of any of the transactions by the Delaware Bank contemplated herein or therein requires the consent or approval of, the giving of notice to, the registration with or the taking of any other action with respect to, any governmental authority or agency under any existing law of the State of Delaware governing the banking or trust powers of the Delaware Bank; and

(f) there are no proceedings pending or, to the best of the Delaware Bank's knowledge, threatened against or affecting the Delaware Bank in any court or before any governmental authority, agency or arbitration board or tribunal which, individually or in the aggregate, would materially and adversely affect the Trust or would question the right, power and authority of the Delaware Bank to enter into or perform its obligations as one of the Trustees under this Trust Agreement.

.3. REPRESENTATION AND WARRANTIES OF DEPOSITOR. The Depositor hereby represents and warrants for the benefit of the Securityholders that:

(a) the Trust Securities Certificates issued on the Closing Date on behalf of the Trust have been duly authorized and will have been duly and validly executed, issued and delivered by the Administrative Trustees pursuant to the terms and provisions of, and in accordance with the requirements of, this Trust Agreement and the Securityholders will be, as of such date, entitled to the benefits of this Trust Agreement; and

(b) there are no taxes, fees or other governmental charges payable by the Trust (or the Trustees on behalf of the Trust) under the laws of the State of Delaware or any political subdivision thereof in connection with the execution, delivery and performance by the Trust Company, the Property Trustee, the Delaware Bank or the Delaware Trustee, as the case may be, of this Trust Agreement.

ARTICLE VIII

THE TRUSTEES

.1. CERTAIN DUTIES AND RESPONSIBILITIES.

(a) The duties and responsibilities of the Trustees shall be as provided by this Trust Agreement and, in the case of the Property Trustee, by the Trust Indenture Act. Notwithstanding the foregoing, no provision of this Trust Agreement shall require the Trustees to expend or risk their own funds or otherwise incur any financial liability in the performance of any of their duties hereunder, or in the exercise of any of their rights or powers, if they shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. No Administrative Trustee nor the Delaware Trustee shall be liable for such Trustee's acts or omissions hereunder except as a result of such Trustee's own gross negligence or willful misconduct. The Property Trustee's liability shall be determined under the Trust Indenture Act. Whether or not therein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustees shall be subject to the provisions of this Section. To the extent that, at law or in equity, the Delaware Trustee or an Administrative Trustee has duties (including fiduciary duties) and liabilities relating thereto to the Trust or to the Securityholders, the Delaware Trustee or such Administrative Trustee shall not be liable to the Trust or to any Securityholder for such Trustee's good faith reliance on the provisions of this Trust Agreement. The provisions of this Trust Agreement, to the extent that they restrict the duties and liabilities of the Delaware Trustee or the Administrative Trustees otherwise existing at law or in equity, are agreed by the Depositor and the Securityholders to replace such other duties and liabilities of the Delaware Trustee and the Administrative Trustees.

(b) All payments made by the Property Trustee or a Paying Agent in respect of the Trust Securities shall be made only from the revenue and proceeds from the Trust Property and only to the extent that there shall be sufficient revenue or proceeds from the Trust Property to enable the Property Trustee or a Paying Agent to make payments in accordance with the terms hereof. Each

Securityholder, by such Securityholder's acceptance of a Trust Security, agrees that such Securityholder will look solely to the revenue and proceeds from the Trust Property to the extent legally available for distribution to such Securityholder as herein provided and that the Trustees are not personally liable to such Securityholder for any amount distributable in respect of any Trust Security or for any other liability in respect of any Trust Security. This Section 8.01(b) does not limit the liability of the Trustees expressly set forth elsewhere in this Trust Agreement or, in the case of the Property Trustee, in the Trust Indenture Act.

(c) No provision of this Trust Agreement shall be construed to relieve the Property Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) the Property Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Property Trustee, unless it shall

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be proved that the Property Trustee was negligent in ascertaining the pertinent facts;

(ii) the Property Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in Liquidation Amount of the Trust Securities relating to the time, method and place of conducting any proceeding for any remedy available to the Property Trustee, or exercising any trust or power conferred upon the Property Trustee under this Trust Agreement;

(iii) the Property Trustee's sole duty with respect to the custody, safe keeping and physical preservation of the Junior Subordinated Debentures and the Payment Account shall be to deal with such Property in a similar manner as the Property Trustee deals with similar property for its own account, subject to the protections and limitations on liability afforded to the Property Trustee under this Trust Agreement and the Trust Indenture Act;

(iv) the Property Trustee shall not be liable for any interest on any money received by it except as it may otherwise agree with the Depositor and money held by the Property Trustee need not be segregated from other funds held by it except in relation to the Payment Account maintained by the Property Trustee pursuant to Section 3.01 and except

to the extent otherwise required by law; and

(v) the Property Trustee shall not be responsible for monitoring the compliance by the Administrative Trustees or the Depositor with their respective duties under this Trust Agreement, nor shall the Property Trustee be liable for the negligence, default or misconduct of the Administrative Trustees or the Depositor.

.2. CERTAIN NOTICES.

(a) Within five Business Days after the Property Trustee learns of occurrence of any Event of Default, the Property Trustee shall transmit, in the manner and to the extent provided in Section 10.08, notice of such Event of Default to the Securityholders, the Administrative Trustees and the Depositor, unless such Event of Default shall have been cured or waived prior to the sending of such notice. For purposes of this Section the term "Event of Default" means any event that is, or after notice or lapse of time or both would become, an Event of Default.

(b) The Administrative Trustees shall transmit, to the Securityholders in the manner and to the extent provided in Section 10.08, notice of the Depositor's election to begin or further extend an Extension Period on the Junior Subordinated Debentures (unless such election shall have been revoked) within the time specified for transmitting such notice to the holders of the Junior Subordinated Debentures pursuant to the Indenture as originally executed.

(c) In the event the Depositor elects to accelerate the Maturity Date in accordance with Section 2.02 of the Indenture, the Property Trustee shall give notice to each Holder of Trust Securities of the acceleration of the Maturity Date and the Accelerated Maturity Date not later

than five Business Days after the Property Trustee receives the notice provided in Section 2.02(c) of the Indenture.

.3. CERTAIN RIGHTS OF PROPERTY TRUSTEE. Subject to the provisions of Section 8.01:

(a) the Property Trustee may rely and shall be protected in acting or refraining from acting in good faith upon any resolution, Opinion of Counsel, certificate, written representation of a Holder or transferee, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond, debenture, note, other

evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) if (i) in performing its duties under this Trust Agreement the Property Trustee is required to decide between alternative courses of action or (ii) in construing any of the provisions of this Trust Agreement the Property Trustee finds the same ambiguous or inconsistent with other provisions contained herein or (iii) the Property Trustee is unsure of the application of any provision of this Trust Agreement, then, except as to any matter as to which the Holders of the Preferred Securities are entitled to vote under the terms of this Trust Agreement, the Property Trustee shall deliver a notice to the Depositor requesting written instructions of the Depositor as to the course of action to be taken and the Property Trustee shall take such action, or refrain from taking such action, as the Property Trustee shall be instructed in writing to take, or to refrain from taking, by the Depositor; provided, however, that if the Property Trustee does not receive such instructions of the Depositor within 10 Business Days after it has delivered such notice, or such reasonably shorter period of time set forth in such notice (which to the extent practicable shall not be less than two Business Days), it may, but shall be under no duty to, take or refrain from taking such action not inconsistent with this Trust Agreement as it shall deem advisable and in the best interests of the Securityholders, in which event the Property Trustee shall have no liability except for its own bad faith, negligence or willful misconduct;

(c) any direction or act of the Depositor or the Administrative Trustees contemplated by this Trust Agreement shall be sufficiently evidenced by an Officers' Certificate;

(d) whenever in the administration of this Trust Agreement, the Property Trustee shall deem it desirable that a matter be established before undertaking, suffering or omitting any action hereunder, the Property Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, request and conclusively rely upon an Officer's Certificate which, upon receipt of such request, shall be promptly delivered by the Depositor or the Administrative Trustees;

(e) the Property Trustee shall have no duty to see to any recording, filing or registration of any instrument (including any financing or continuation statement or any filing under tax or securities laws) or any rerecording, refiling or reregistration thereof;

(f) the Property Trustee may consult with counsel of its choice and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon and in accordance

with such advice (such counsel may be counsel to the Depositor or any of its Affiliates, and may include any of its employees); the Property Trustee shall have the right at any time to seek instructions concerning the administration of this Trust Agreement from any court of competent jurisdiction;

(g) the Property Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request or direction of any of the Securityholders pursuant to this Trust Agreement, unless such Securityholders shall have offered to the Property Trustee such reasonable security or indemnity as the Property Trustee may request against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(h) the Property Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture, note or other evidence of indebtedness or other paper or document, unless requested in writing to do so by one or more Securityholders, but the Property Trustee may make such further inquiry or investigation into such facts or matters as it may see fit;

(i) the Property Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through its agents or attorneys, provided that the Property Trustee shall be responsible for its own negligence or recklessness with respect to selection of any agent or attorney appointed by it hereunder;

(j) whenever in the administration of this Trust Agreement the Property Trustee shall deem it desirable to receive instructions with respect to enforcing any remedy or right or taking any other action hereunder, the Property Trustee (i) may request instructions from the Holders of the Trust Securities which instructions may only be given by the Holders of the same proportion in Liquidation Amount of the Trust Securities as would be entitled to direct the Property Trustee under the terms of the Trust Securities in respect of such remedy, right or action, (ii) may refrain from enforcing such remedy or right or taking such other action until such instructions are received, and (iii) shall be protected in acting in accordance with such instructions; and

(k) except as otherwise expressly provided by this Trust Agreement, the Property Trustee shall not be under any obligation to take any action that is discretionary under the provisions of this Trust Agreement. No provision of this Trust Agreement shall be deemed to impose any duty or obligation on the Property Trustee to perform any act or acts or exercise any right, power, duty or obligation conferred or imposed on it, in any jurisdiction in which it shall be illegal, or in which the Property Trustee shall be unqualified or incompetent in accordance with applicable law, to perform any such act or acts, or to exercise

any such right, power, duty or obligation. No permissive power or authority available to the Property Trustee shall be construed to be a duty.

.4. NOT RESPONSIBLE FOR RECITALS OR ISSUANCE OF SECURITIES. The recitals contained herein and in the Trust Securities Certificates shall be taken as the statements of the Trust, and the

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Trustees do not assume any responsibility for their correctness. The Trustees (as such) shall not be accountable for the use or application by the Depositor of the proceeds of the Junior Subordinated Debentures.

.5. MAY HOLD SECURITIES. Any Trustee or any other agent of any Trustee or the Trust, in its individual or any other capacity, may become the owner or pledgee of Trust Securities and, subject to Sections 8.08 and 8.13 and except as provided in the definition of the term "Outstanding" in Article I, may otherwise deal with the Trust with the same rights it would have if it were not a Trustee or such other agent.

.6. COMPENSATION; INDEMNITY; FEES. The Depositor agrees:

(a) to pay to the Trustees from time to time reasonable compensation for all services rendered by them hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein, to reimburse the Trustees upon request for all reasonable expenses, disbursements and advances incurred or made by the Trustees in accordance with any provision of this Trust Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to such Trustee's negligence, bad faith or willful misconduct (or, in the case of the Administrative Trustees or the Delaware Trustee, any such expense, disbursement or advance as may be attributable to its, his or her gross negligence, bad faith or willful misconduct); and

(c) to the fullest extent permitted by applicable law, to indemnify and hold harmless (i) each Trustees and any predecessor Trustee, (ii) any Affiliate of any Trustee, (iii) any officer, director, shareholder, employee, representative or agent of any Trustee, and (iv) any employee or agent of the Trust, (referred to as an "Indemnified Person") from and against, any loss, damage, liability, tax, penalty, expense or claim of any kind or nature

whatsoever incurred by such Indemnified Person arising out of or in connection with the creation, operation or dissolution of the Trust or any act or omission performed or omitted by such Indemnified Person reasonably believed to be within the scope of authority conferred on such Indemnified Person by this Trust Agreement, except that no Indemnified Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Indemnified Person by reason of gross negligence, bad faith or willful misconduct with respect to such acts or omissions (or, in the case of the Property Trustee, by reason of negligence, bad faith or willful misconduct with respect to such acts or omissions).

The provisions of this Section 8.06 shall survive the termination of this Trust Agreement.

The Depositor and any Trustee may engage in or possess an interest in other business ventures of any nature or description, independently or with others, similar or dissimilar to the business of the Trust, and the Trust and the Holders of Trust Securities shall have no rights by virtue of the Trust Agreement in and to such independent ventures or the income or profits derived therefrom, and the pursuit of any such venture, even if competitive with the business of

the Trust, shall not be deemed wrongful or improper. Neither the Depositor nor any Trustee shall be obligated to present any particular investment or other opportunity to the Trust even if such opportunity is of a character that, if presented to the Trust, could be taken by the Trust, and the Depositor or any Trustee shall have the right to take for its own account (individually or as a partner of fiduciary) or to recommend to others any such particular investment or other opportunity. Any Trustee may engage or be interested in any financial or other transaction with the Depositor or any Affiliate of the Depositor, or may act as depository for, trustee or agent for, or act on any committee or body of holders of, securities or other obligations of the Depositor or its Affiliates.

No Trustee may claim any Lien on any Trust Property as a result of any amount due pursuant to this Section 8.06.

.7. CORPORATE PROPERTY TRUSTEE REQUIRED; ELIGIBILITY OF TRUSTEES.

(a) There shall at all times be a Property Trustee hereunder with respect to the Trust Securities. The Property Trustee shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined

capital and surplus of at least \$500,000 (and its principal parent holding company having a combined capital and surplus of at least \$50 million). If any such Person publishes reports of condition at least annually, pursuant to law or to the requirements of its supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Property Trustee with respect to the Trust Securities shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

(b) There shall at all times be one or more Administrative Trustees hereunder with respect to the Trust Securities. Each Administrative Trustee shall be either a natural person who is at least 21 years of age or a legal entity that shall act through one or more persons authorized to bind that entity.

(c) There shall at all times be a Delaware Trustee with respect to the Trust Securities. The Delaware Trustee shall either be (i) a natural person who is at least 21 years of age and a resident of the State of Delaware or (ii) a legal entity with its principal place of business in the State of Delaware and that otherwise meets the requirements of applicable Delaware law that shall act through one or more persons authorized to bind such entity.

.8. CONFLICTING INTERESTS. If the Property Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Property Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Trust Agreement.

.9. CO-TRUSTEES AND SEPARATE TRUSTEE. Unless an Event of Default shall have occurred and be continuing, at any time or times, for the purpose of meeting the legal requirements of the Trust Indenture Act or of any jurisdiction in which any part of the Trust

Property may at the time be located, the Depositor and the Administrative Trustees shall have power to appoint, and upon the written request of the Property Trustee, the Depositor and the Administrative Trustees shall for such purpose join with the Property Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Property Trustee either to act as co-trustee, jointly with the Property Trustee, of all or any part of such Trust Property, or to the extent required by law to act as separate trustee of any

such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such Person or Persons in the capacity aforesaid, any property, title, right or power deemed necessary or desirable, subject to the other provisions of this Section. If the Depositor and the Administrative Trustees do not join in such appointment within 15 days after the receipt by them of a request so to do, or in case a Debenture Event of Default has occurred and is continuing, the Property Trustee alone shall have power to make such appointment. Any co-trustee or separate trustee appointed pursuant to this Section shall either be (i) a natural person who is at least 21 years of age and a resident of the United States or (ii) a legal entity with its principal place of business in the United States that shall act through one or more persons authorized to bind such entity.

Should any written instrument from the Depositor be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right, or power, any and all such instruments shall, on request, be executed, acknowledged, and delivered by the Depositor.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) The Trust Securities shall be executed and delivered and all rights, powers, duties and obligations hereunder in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustees specified hereunder, shall be exercised, solely by such Trustees and not by such co-trustee or separate trustee.

(b) The rights, powers, duties and obligations hereby conferred or imposed upon the Property Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Property Trustee or by the Property Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Property Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.

(c) The Property Trustee at any time, by an instrument in writing executed by it, with the written concurrence of the Depositor, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, in case a Debenture Event of Default has occurred and is continuing, the Property Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Depositor. Upon the written request of the Property Trustee, the Depositor shall join with the Property Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to

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effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 8.09.

(d) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Property Trustee or any other trustee hereunder.

(e) The Property Trustee shall not be liable by reason of any act of a co-trustee or separate trustee.

(f) Any Act of Holders delivered to the Property Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

.10. RESIGNATION AND REMOVAL; APPOINTMENT OF SUCCESSOR. No resignation or removal of any Trustee (the "Relevant Trustee") and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 8.11.

Subject to the immediately preceding paragraph, the Relevant Trustee may resign at any time by giving written notice thereof to the Securityholders. If the instrument of acceptance by the successor Trustee required by Section 8.11 shall not have been delivered to the Relevant Trustee within 30 days after the giving of such notice of resignation, the Relevant Trustee may petition, at the expense of the Depositor, any court of competent jurisdiction for the appointment of a successor Relevant Trustee.

Unless a Debenture Event of Default shall have occurred and be continuing, any Trustee may be removed at any time by Act of the Holder of the Common Securities. If a Debenture Event of Default shall have occurred and be continuing, the Property Trustee or the Delaware Trustee, or both of them, may be removed at such time by Act of the Holders of a majority in Liquidation Amount of the Preferred Securities, delivered to such Relevant Trustee (in its individual capacity and on behalf of the Trust). An Administrative Trustee may be removed by the Holder of the Common Securities at any time. In no event will the Holders of the Preferred Securities have the right to vote to appoint, remove or replace the Administrative Trustees.

If the Relevant Trustee shall resign, be removed or become incapable of acting as Trustee, or if a vacancy shall occur in the office of such Relevant Trustee for any cause, at a time when no Debenture Event of Default shall have occurred and be continuing, the Holder of the Common Securities, by Act of the Holder of the Common Securities delivered to the retiring Relevant Trustee,

shall promptly appoint a successor Trustee or Trustees with respect to the Trust Securities and the Trust, and the successor Trustee shall comply with the applicable requirements of Section 8.11. If the Property Trustee or the Delaware Trustee shall resign, be removed or become incapable of continuing to act as the Property Trustee or the Delaware Trustee, as the case may be, at a time when a Debenture Event of Default shall have occurred and is continuing, the Holders of the Preferred Securities by Act of the Holders of a majority in Liquidation Amount of the Preferred Securities then Outstanding delivered to the retiring Relevant Trustee, shall promptly appoint a successor Trustee or Trustees, and such successor Trustee shall comply with the applicable requirements of Section 8.11. If an Administrative Trustee shall resign, be removed

or become incapable of acting as Administrative Trustee, at a time when a Debenture Event of Default shall have occurred and be continuing, the Holder of the Common Securities, by Act of the Holder of the Common Securities delivered to an Administrative Trustee, shall promptly appoint a successor Administrative Trustee or Administrative Trustees, and such successor Administrative Trustee or Administrative Trustees shall comply with the applicable requirements of Section 8.11. If no successor Trustee with respect to the Trust Securities shall have been so appointed by the Holder of the Common Securities or the Holders of the Preferred Securities, as the case may be, and accepted appointment in the manner required by Section 8.11, any Securityholder who has been a Securityholder for at least six months may, on behalf of such Securityholder and all others similarly situated, petition a court of competent jurisdiction for the appointment of a successor Trustee.

The Property Trustee shall give notice of each resignation and each removal of a Relevant Trustee and each appointment of a successor Trustee to all Securityholders in the manner provided in Section 10.08 and shall give notice to the Depositor. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust office if it is the Property Trustee.

Subject to the foregoing or any other provision of this Trust Agreement, in the event any Administrative Trustee or a Delaware Trustee who is a natural person dies or becomes, in the opinion of the Depositor, incompetent or incapacitated, the vacancy created by such death, incompetence or incapacity may be filled by (a) the unanimous act of the remaining Administrative Trustees if there are at least two of them or (b) otherwise by the Depositor (with the successor in each case being a Person who satisfies the eligibility requirement for Administrative Trustees or the Delaware Trustee, as the case may be, set forth in Section 8.07).

.11. ACCEPTANCE OF APPOINTMENT BY SUCCESSOR. In case of the appointment hereunder of a successor Trustee, the retiring Relevant Trustee and each successor Trustee shall execute and deliver an instrument wherein each successor Trustee shall accept such appointment and which shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Relevant Trustee with respect to the Trust Securities and the Trust, and upon the execution and delivery of such instrument, the resignation or removal of the retiring Relevant Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Relevant Trustee with respect to the Trust Securities and the Trust; but, on request of the Trust or any successor Trustee such retiring Relevant Trustee shall duly assign, transfer and deliver to such successor Trustee all Trust Property, all proceeds thereof and money held by such retiring Relevant Trustee hereunder with respect to the Trust Securities and the Trust. Upon request of any such successor Trustee, the Trust shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in the immediately preceding paragraph, as the case may be. No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

.12. MERGER, CONVERSION, CONSOLIDATION OR SUCCESSION TO BUSINESS. Any Person into which a Trustee that is not a natural person may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which such Relevant Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of such Relevant Trustee, shall be the successor of such Relevant Trustee hereunder, provided such Person shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

.13. PREFERENTIAL COLLECTION OF CLAIMS AGAINST DEPOSITOR OR TRUST. If and when the Property Trustee shall be or become a creditor of the Depositor or the Trust (or any other obligor upon the Junior Subordinated Debentures or the Trust Securities), the Property Trustee shall be subject to and shall take all actions necessary in order to comply with the provisions of the Trust Indenture Act regarding the collection of claims against the Depositor or Trust (or any such other obligor).

.14. REPORTS BY PROPERTY TRUSTEE.

(a) Not later than January 31 of each year commencing with January 31, 2000, the Property Trustee shall transmit to all Securityholders in accordance with Section 10.08, and to the Depositor, a brief report dated as of the preceding December 31 with respect to:

(i) its eligibility under Section 8.07 or, in lieu thereof, if to the best of its knowledge it has continued to be eligible under said Section, a written statement to such effect; and

(ii) any change in the property and funds in its possession as Property Trustee since the date of its last report and any action taken by the Property Trustee in the performance of its duties hereunder which it has not previously reported and which in its opinion materially affects the Trust Securities.

(b) In addition the Property Trustee shall transmit to Securityholders such reports concerning the Property Trustee and its actions under this Trust Agreement as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto.

(c) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Property Trustee with each national securities exchange or other organization upon which the Trust Securities may be listed, with the Commission and with the Depositor.

.15. REPORTS TO THE PROPERTY TRUSTEE. The Depositor and the Administrative Trustees on behalf of the Trust shall provide to the Property Trustee such documents, reports and information as required by Section 314 of the Trust Indenture Act (if any) and the compliance certificate required by Section 314(a) of the Trust Indenture Act in the form, in the manner and at the times required by Section 314 of the Trust Indenture Act.

.16. EVIDENCE OF COMPLIANCE WITH CONDITIONS PRECEDENT. Each of the Depositor and the Administrative Trustees on behalf of the Trust shall provide to the Property Trustee such

evidence of compliance with the conditions precedent, if any, provided for in this Trust Agreement that relate to any of the matters set forth in Section 314(c) of the Trust Indenture Act. Any certificate or opinion required to be given by an officer pursuant to Section 314(c) (1) of the Trust Indenture Act

shall be given in the form of an Officers' Certificate.

.17. NUMBER OF TRUSTEES.

(a) The number of Trustees shall be five, provided that the Holder of the Common Securities by written instrument may increase or decrease the number of Administrative Trustees. The Property Trustee and the Delaware Trustee may be the same Person.

(b) If a Trustee ceases to hold office for any reason and the number of Administrative Trustees is not reduced pursuant to Section 8.17(a), or if the number of Trustees is increased pursuant to Section 8.17(a), a vacancy shall occur. The vacancy shall be filled with a Trustee appointed in accordance with Section 8.10.

(c) The death, resignation, retirement, removal, bankruptcy, incompetence or incapacity to perform the duties of a Trustee shall not operate to annul the Trust. Whenever a vacancy in the number of Administrative Trustees shall occur, until such vacancy is filled by the appointment of an Administrative Trustee in accordance with Section 8.10, the Administrative Trustees in office, regardless of their number (and notwithstanding any other provision of this Agreement), shall have all the powers granted to the Administrative Trustees and shall discharge all the duties imposed upon the Administrative Trustees by this Trust Agreement.

.18. DELEGATION OF POWER.

(a) Any Administrative Trustee may, by power of attorney consistent with applicable law, delegate to any other natural person over the age of 21 his or her power for the purpose of executing any documents contemplated in Section 2.07(a)(i); and

(b) The Administrative Trustees shall have power to delegate from time to time to such of their number or to the Depositor the doing of such things and the execution of such instruments either in the name of the Trust or the names of the Administrative Trustees or otherwise as the Administrative Trustees may deem expedient, to the extent such delegation is not prohibited by applicable law or contrary to the provisions of the Trust, as set forth herein.

.19. VOTING. Except as otherwise provided in this Trust Agreement, the consent or approval of the Administrative Trustees shall require consent or approval by not less than a majority of the Administrative Trustees, unless there are only two, in which case both must consent.

ARTICLE IX

DISSOLUTION, LIQUIDATION AND MERGER

.1. DISSOLUTION UPON EXPIRATION DATE. Unless earlier dissolved, the Trust shall automatically dissolve on _____, 2029 (the "Expiration Date"), and thereafter the Trust Property shall be distributed in accordance with Section 9.04.

.2. EARLY DISSOLUTION. The first to occur of any of the following events is an "Early Termination Event," upon the occurrence of which the Trust shall dissolve:

(a) the occurrence of a Bankruptcy Event in respect of, or the dissolution or liquidation of, the Depositor;

(b) delivery of written direction to the Property Trustee by the Depositor at any time (which direction is wholly optional and within the discretion of the Depositor) to dissolve the Trust and distribute the Junior Subordinated Debentures to Securityholders in exchange for the Preferred Securities in accordance with Section 9.04;

(c) the redemption of all of the Preferred Securities in connection with the redemption of all of the Junior Subordinated Debentures; and

(d) an order for dissolution of the Trust shall have been entered by a court of competent jurisdiction.

.3. TERMINATION. The respective obligations and responsibilities of the Trustees and the Trust created and continued hereby shall terminate upon the latest to occur of the following:

(a) the distribution by the Property Trustee to Securityholders upon the liquidation of the Trust pursuant to Section 9.04, or upon the redemption of all of the Trust Securities pursuant to Section 4.02, of all amounts required to be distributed hereunder upon the final payment of the Trust Securities;

(b) the payment of any expenses owed by the Trust;

(c) the discharge of all administrative duties of the Administrative Trustees, including the performance of any tax reporting obligations with respect to the Trust or the Securityholders, and

(d) the filing of a certificate of cancellation by the Administrative Trustee under the Delaware Business Trust Act.

.4. LIQUIDATION.

(a) If an Early Termination Event specified in clause (a), (b), or (d) of Section 9.02 occurs or upon the Expiration Date, the Trust shall be liquidated by the Trustees as expeditiously

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as the Trustees determine to be possible by distributing, after satisfaction of liabilities to creditors of the Trust as provided by applicable law, to each Securityholder a Like Amount of Junior Subordinated Debentures, subject to Section 9.04(d). Notice of liquidation shall be given by the Property Trustee by first-class mail, postage prepaid, mailed not later than 30 nor more than 60 days prior to the Liquidation Date to each Holder of Trust Securities at such Holder's address appearing in the Securities Register. All notices of liquidation shall:

(i) state the Liquidation Date;

(ii) state that from and after the Liquidation Date, the Trust Securities will no longer be deemed to be Outstanding and any Trust Securities Certificates not surrendered for exchange will be deemed to represent a Like Amount of Junior Subordinated Debentures; and

(iii) provide such information with respect to the mechanics by which Holders may exchange Trust Securities certificates for Junior Subordinated Debentures, or if Section 9.04(d) applies receive a Liquidation Distribution, as the Administrative Trustees or the Property Trustee shall deem appropriate.

(b) Except where Section 9.02(c) or 9.04(d) applies, in order to effect the liquidation of the Trust and distribution of the Junior Subordinated Debentures to Securityholders, the Property Trustee shall establish a record date for such distribution (which shall be not more than 45 days prior to the Liquidation Date) and, either itself acting as exchange agent or through the appointment of a separate exchange agent, shall establish such procedures as it shall deem appropriate to effect the distribution of Junior Subordinated Debentures in exchange for the Outstanding Trust Securities Certificates.

(c) Except where Section 9.02(c) or 9.04(d) applies, after the Liquidation Date, (i) the Trust Securities will no longer be deemed to be Outstanding, (ii) certificates (or, at the election of the Depositor a Global Subordinated Debenture, subject to the provisions of the Indenture) representing a Like Amount of Junior Subordinated Debentures will be issued to Holders of Trust Securities Certificates upon surrender of such certificates to the Administrative Trustees or their agent for exchange, (iii) the Depositor shall

use its reasonable efforts to have the Junior Subordinated Debentures listed on the NASDAQ National Market or on such other securities exchange or other organization as the Preferred Securities may then be listed or traded, (iv) any Trust Securities Certificates not so surrendered for exchange will be deemed to represent a Like Amount of Junior Subordinated Debentures, accruing interest at the rate provided for in the Junior Subordinated Debentures from the last Distribution Date on which a Distribution was made on such Trust Securities Certificates until such certificates are so surrendered (and until such certificates are so surrendered, no payments of interest or principal will be made to Holders of Trust Securities Certificates with respect to such Junior Subordinated Debentures) and (v) all rights of Securityholders holding Trust Securities will cease, except the right of such Securityholders to receive Junior Subordinated Debentures upon surrender of Trust Securities Certificates.

(d) In the event that, notwithstanding the other provisions of this Section 9.04, whether because of an order for dissolution entered by a court of competent jurisdiction or otherwise, distribution of the Junior Subordinated Debentures in the manner provided herein is determined by the Property Trustee not to be practical, the Trust shall be dissolved and the Trust Property shall be liquidated by the Property Trustee in such manner as the Property Trustee determines. In such event, on the date of the dissolution of the Trust, Securityholders will be entitled to receive out of the assets of the Trust available for distribution to Securityholders, after satisfaction of liabilities to creditors of the Trust as provided by applicable law, an amount equal to the Liquidation Amount per Trust Security plus accumulated and unpaid Distributions thereon to the date of payment (such amount being the "Liquidation Distribution"). If, upon any such dissolution, the Liquidation Distribution can be paid only in part because the Trust has insufficient assets available to pay in full the aggregate Liquidation Distribution, then, subject to the next succeeding sentence, the amounts payable by the Trust on the Trust Securities shall be paid on a pro rata basis (based upon Liquidation Amounts). The Holder of the Common Securities will be entitled to receive Liquidation Distributions upon any such dissolution, pro rata (determined as aforesaid) with Holders of Preferred Securities, except that, if a Debenture Event of Default has occurred and is continuing, the Preferred Securities shall have a priority over the Common Securities with respect to any distributions.

.5. MERGERS, CONSOLIDATIONS, AMALGAMATIONS OR REPLACEMENTS OF THE TRUST. The Trust may not merge with or into, consolidate, amalgamate, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to any corporation or other Person, except pursuant

to this Section 9.05. At the request of the Depositor, with the consent of the Administrative Trustees and without the consent of the Holders of the Preferred Securities, the Property Trustee or the Delaware Trustee, the Trust may merge with or into, consolidate, amalgamate, be replaced by or convey, transfer or lease its properties and assets substantially as an entirety to a trust organized as such under the laws of any state; provided, that (i) such successor entity either (a) expressly assumes all of the obligations of the Trust with respect to the Preferred Securities or (b) substitutes for the Preferred Securities other securities having substantially the same terms as the Preferred Securities (the "Successor Securities") so long as the Successor Securities rank the same as the Preferred Securities rank in priority with respect to distributions and payments upon liquidation, redemption and otherwise, (ii) the Depositor expressly appoints a trustee of such successor entity possessing substantially the same powers and duties as the Property Trustee as the holder of the Junior Subordinated Debentures, (iii) such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the Holders of the Preferred Securities (including any Successor Securities) in any material respect, (iv) such successor entity has a purpose identical to that of the Trust, (v) the Successor Securities will be listed or traded on any national securities exchange or other organization on which the Preferred Securities may then be listed, (vi) prior to such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, the Depositor has received an Opinion of Counsel experienced in such matters to the effect that (a) such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the Holders of the Preferred Securities (including any Successor Securities) in any material respect, and (b) following such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, neither the

Trust nor such successor entity will be required to register as an "investment company" under the Investment Company Act and (vii) the Depositor owns all of the Common Securities of such successor entity and guarantees the obligations of such successor entity under the Successor Securities at least to the extent provided by the Guarantee. Notwithstanding the foregoing, the Trust shall not, except with the consent of Holders of 100% in Liquidation Amount of the Preferred Securities, consolidate, amalgamate, merge with or into, or be replaced by or convey, transfer or lease its properties and assets substantially as an entirety to any other Person or permit any other Person to consolidate, amalgamate, merge with or into, or replace it, if such consolidation, amalgamation, merger or replacement would cause the Trust or the successor entity to be classified as other than a grantor trust for United States federal

ARTICLE X

MISCELLANEOUS PROVISIONS

.1. LIMITATION OF RIGHTS OF SECURITYHOLDERS. The death or incapacity of any Person having an interest, beneficial or otherwise, in Trust Securities shall not operate to terminate this Trust Agreement, nor entitle the legal representatives or heirs of such Person, to claim an accounting, take any action or bring any proceeding in any court for a partition or winding-up of the arrangements contemplated hereby, nor otherwise affect the rights, obligations and liabilities of the parties hereto or any of them.

.2. AMENDMENT.

(a) This Trust Agreement may be amended from time to time by the Trustees and the Depositor, without the consent of any Securityholders, (i) as provided in Section 8.11 with respect to acceptance of appointment by a successor Trustee, (ii) to cure any ambiguity, correct or supplement any provision herein or therein which may be inconsistent with any other provision herein or therein, or to make any other provisions with respect to matters or questions arising under this Trust Agreement, that shall not be inconsistent with the other provisions of this Trust Agreement, or (iii) to modify, eliminate or add to any provisions of this Trust Agreement to such extent as shall be necessary to ensure that the Trust will be classified for United States federal income tax purposes as a grantor trust at all times that any Trust Securities are Outstanding or to ensure that the Trust will not be required to register as an "investment company" under the Investment Company Act; provided, however, that in the case of clause (ii), such action shall not adversely affect in any material respect the interests of any Securityholder, and any amendments of this Trust Agreement shall become effective when notice thereof is given to the Securityholders.

(b) Except as provided in Section 6.01(c) or Section 10.02(c) hereof, any provision of this Trust Agreement may be amended by the Trustees and the Depositor (i) with the consent of Securityholders representing not less than a majority (based upon Liquidation Amounts) of the Trust Securities then Outstanding and (ii) upon receipt by the Trustees of an Opinion of Counsel to the effect that such amendment or the exercise of any power granted to the Trustees in accordance with such amendment will not affect the Trust's status as a grantor trust for United

States federal income tax purposes or the Trust's exemption from status of an "investment company" under the Investment Company Act.

(c) In addition to and notwithstanding any other provision in this Trust Agreement, without the consent of each affected Securityholder (such consent being obtained in accordance with Section 6.03 or 6.06 hereof), this Trust Agreement may not be amended to (i) change the amount or timing of any distribution on the Trust Securities or otherwise adversely affect the amount of any distribution required to be made in respect of the Trust Securities as of a specified date or (ii) restrict the right of a Securityholder to institute suit for the enforcement of any such payment on or after such date; notwithstanding any other provision herein, without the unanimous consent of the Securityholders (such consent being obtained in accordance with Section 6.03 or 6.06 hereof), this paragraph (c) of this Section 10.02 may not be amended.

(d) Notwithstanding any other provisions of this Trust Agreement, no Trustee shall enter into or consent to any amendment to this Trust Agreement which would cause the Trust to fail or cease to qualify for the exemption from status of an "investment company" under the Investment Company Act or to fail or cease to be classified as a grantor trust for United States federal income tax purposes.

(e) Notwithstanding anything in this Trust Agreement to the contrary, without the consent of the Depositor, this Trust Agreement may not be amended in a manner which imposes any additional obligation on the Depositor.

(f) In the event that any amendment to this Trust Agreement is made, the Administrative Trustees shall promptly provide to the Depositor a copy of such amendment.

(g) Neither the Property Trustee nor the Delaware Trustee shall be required to enter into any amendment to this Trust Agreement which affects its own rights, duties or immunities under this Trust Agreement. The Property Trustee shall be entitled to receive an Opinion of Counsel and an Officers' Certificate stating that any amendment to this Trust Agreement is in compliance with this Trust Agreement.

.3. SEPARABILITY. In case any provision in this Trust Agreement or in the Trust Securities Certificates shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

.4. GOVERNING LAW. THIS TRUST AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF EACH OF THE SECURITYHOLDERS, THE TRUST AND THE TRUSTEES WITH RESPECT TO THIS TRUST AGREEMENT AND THE TRUST SECURITIES SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF DELAWARE (WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES).

.5. PAYMENTS DUE ON NON-BUSINESS DAY. If the date fixed for any payment on any Trust Security shall be a day that is not a Business Day, then such payment need not be made on such date but may be made on the next succeeding day

otherwise provided in Sections 4.01(a) and 4.02(d)), with the same force and effect as though made on the date fixed for such payment, and no Distribution shall accumulate thereon for the period after such date.

.6. SUCCESSORS. This Trust Agreement shall be binding upon and shall inure to the benefit of any successor to the Depositor, the Trust or the Relevant Trustee(s), including any successor by operation of law. Except in connection with a consolidation, merger or sale involving the Depositor that is permitted under Article Twelve of the Indenture and pursuant to which the assignee agrees in writing to perform the Depositor's obligations hereunder, the Depositor shall not assign its obligations hereunder.

.7. HEADINGS. The Article and Section headings are for convenience only and shall not affect the construction of this Trust Agreement.

.8. REPORTS, NOTICES AND DEMANDS. Any report, notice, demand or other communication which by any provision of this Trust Agreement is required or permitted to be given or served to or upon any Securityholder or the Depositor may be given or served in writing by deposit thereof, first-class postage prepaid, in the United States mail, hand delivery or facsimile transmission, in each case, addressed, (a) in the case of a Holder of Preferred Securities, to such Securityholder as such Securityholder's name and address may appear on the Securities Register; and (b) in the case of the Holder of the Common Securities or the Depositor, to Flagstar Bancorp, Inc., 2600 Telegraph Road, Bloomfield Hills, Michigan 48302, Attention: Chief Executive Officer; Facsimile No.: (248) 338-6493. Any notice to the Holders of the Preferred Securities shall also be given to such Owners as have, within two years preceding the giving of such notice, filed their names and addresses with the Property Trustee for that purpose. Such notice, demand or other communication to or upon a Securityholder shall be deemed to have been sufficiently given or made, for all purposes, upon hand delivery, mailing or transmission.

Any notice, demand or other communication which by any provision of this Trust Agreement is required or permitted to be given or served to or upon the Trust, the Property Trustee or the Administrative Trustees shall be given in writing addressed (until another address is published by the Trust) as follows: (a) with respect to the Property Trustee to FMB Trust Company National Association, 25 South Charles Street, Baltimore, Maryland 21203, Attention: Corporate Trust Administration; (b) with respect to the Delaware Trustee, to First Omni Bank N.A., 499 Mitchell Street, Millsboro, Delaware 19966, Attention: Corporate Trust Administration; and (c) with respect to the Administrative

Trustees, to them at the address above for notices to the Depositor, marked "Attention: Administrative Trustees of Flagstar Bancorp Capital Trust I." Such notice, demand or other communication to or upon the Trust or the Property Trustee shall be deemed to have been sufficiently given or made only upon actual receipt of the writing by the Trust or the Property Trustee.

.9. AGREEMENT NOT TO PETITION. Each of the Trustees and the Depositor agree for the benefit of the Securityholders that, until at least one year and one day after the Trust has been terminated in accordance with Article IX, they shall not file, or join in the filing of, a petition against the Trust under any bankruptcy, insolvency, reorganization or other similar law (including, without limitation, the United States Bankruptcy Code) (collectively, "Bankruptcy Laws") or

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otherwise join in the commencement of any proceeding against the Trust under any Bankruptcy Law. In the event the Depositor takes action in violation of this Section 10.09, the Property Trustee agrees, for the benefit of Securityholders, that at the expense of the Depositor (which expense shall be paid prior to the filing), it shall file an answer with the bankruptcy court or otherwise properly contest the filing of such petition by the Depositor against the Trust or the commencement of such action and raise the defense that the Depositor has agreed in writing not to take such action and should be stopped and precluded therefrom. The provisions of this Section 10.09 shall survive the termination of this Trust Agreement.

.10. TRUST INDENTURE ACT; CONFLICT WITH TRUST INDENTURE ACT.

(a) This Trust Agreement is subject to the provisions of the Trust Indenture Act that are required to be part of this Trust Agreement and shall, to the extent applicable, be governed by such provisions.

(b) The Property Trustee shall be the only Trustee which is a trustee for the purposes of the Trust Indenture Act.

(c) If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this Trust Agreement by any of the provisions of the Trust Indenture Act, such required provision shall control. If any provision of this Trust Agreement modifies or excludes any provision of the Trust Indenture Act which may be so modified or excluded, the latter provision shall be deemed to apply to this Trust Agreement as so modified or to be excluded, as the case may be.

(d) The application of the Trust Indenture Act to this Trust Agreement shall not affect the nature of the Trust Securities as equity securities representing undivided beneficial interests in the assets of the Trust.

.11. ACCEPTANCE OF TERMS OF TRUST AGREEMENT, GUARANTEE AND INDENTURE.

THE RECEIPT AND ACCEPTANCE OF A TRUST SECURITY OR ANY INTEREST THEREIN BY OR ON BEHALF OF A SECURITYHOLDER OR ANY BENEFICIAL OWNER, WITHOUT ANY SIGNATURE OR FURTHER MANIFESTATION OF ASSENT, SHALL CONSTITUTE THE UNCONDITIONAL ACCEPTANCE BY THE SECURITYHOLDER AND ALL OTHERS HAVING A BENEFICIAL INTEREST IN SUCH TRUST SECURITY OF ALL THE TERMS AND PROVISIONS OF THIS TRUST AGREEMENT AND AGREEMENT TO THE SUBORDINATION PROVISIONS AND OTHER TERMS OF THE GUARANTEE AND THE INDENTURE, AND SHALL CONSTITUTE THE AGREEMENT OF THE TRUST, SUCH SECURITYHOLDER AND SUCH OTHERS THAT THE TERMS AND PROVISIONS OF THIS TRUST AGREEMENT SHALL BE BINDING, OPERATIVE AND EFFECTIVE AS BETWEEN THE TRUST AND SUCH SECURITYHOLDER AND SUCH OTHERS.

.12. COUNTERPARTS. This Trust Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, and all of which counterparts together shall constitute one and the same agreement.

FLAGSTAR BANCORP, INC.,
as Depositor

By: _____
Thomas J. Hammond, Chairman and
Chief Executive Officer

FMB TRUST COMPANY, NATIONAL ASSOCIATION,
as Property Trustee

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

FIRST OMNI BANK, N.A.,

Security) (the "Common Securities"). In accordance with Section 5.10 of the Trust Agreement (as defined below), the Common Securities are not transferable and any attempted transfer hereof shall be void. The designations, rights, privileges, restrictions, preferences, and other terms and provisions of the Common Securities are set forth in, and this certificate and the Common Securities represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Amended and Restated Trust Agreement of the Trust dated as of _____, 1999, as the same may be amended from time to time (the "Trust Agreement"), including the designation of the terms of Common Securities as set forth therein. The Trust will furnish a copy of the Trust Agreement to the Holder without charge upon written request to the Trust at its principal place of business or registered office. Upon receipt of this certificate, the Holder is bound by the Trust Agreement and is entitled to the benefits thereunder.

IN WITNESS WHEREOF, one of the Administrative Trustees of the Trust has executed this certificate this ____ day of _____, 1999.

FLAGSTAR TRUST I

By: _____
Michael W. Carrie
Administrative Trustee

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EXHIBIT D

AGREEMENT AS TO EXPENSES AND LIABILITIES

AGREEMENT dated as of _____, 1999, between FLAGSTAR BANCORP, INC., a Michigan corporation (the "Company"), and FLAGSTAR TRUST I, a Delaware business trust (the "Trust").

WHEREAS, the Trust intends to issue its Common Securities (the "Common Securities") to, and receive ____% Junior Subordinated Debentures due 2029 (the "Junior Subordinated Debentures") from, the Company and to issue and sell ____% Cumulative Preferred Securities (the "Preferred Securities") with such powers, preferences and special rights and restrictions as are set forth in the Amended and Restated Trust Agreement of the Trust dated as of _____, 1999, as the same may be amended from time to time (the "Trust Agreement"); and

WHEREAS, the Company will directly or indirectly own all of the Common Securities of the Trust and will issue the Junior Subordinated Debentures.

NOW, THEREFORE, in consideration of the purchase by each holder of the

Preferred Securities, which purchase the Company hereby agrees shall benefit the Company and which purchase the Company acknowledges will be made in reliance upon the execution and delivery of this Agreement, the Company, including in its capacity as holder of the Common Securities, and the Trust hereby agree as follows:

ARTICLE I

SECTION 1.01. GUARANTEE BY THE COMPANY. Subject to the terms and conditions hereof, the Company, including in its capacity as holder of the Common Securities, hereby irrevocably and unconditionally guarantees to each person or entity to whom the Trust is now or hereafter becomes indebted or liable (the "Beneficiaries") the full payment, when and as due, of any and all Obligations (as hereinafter defined) to such Beneficiaries. As used herein, "Obligations" means any costs, expenses or liabilities of the Trust other than obligations of the Trust to pay to holders of any Preferred Securities or other similar interests in the Trust the amounts due such holders pursuant to the terms of the Preferred Securities or such other similar interests, as the case may be. This Agreement is intended to be for the benefit of, and to be enforceable by, all such Beneficiaries, whether or not such Beneficiaries have received notice hereof.

SECTION 1.02. TERM OF AGREEMENT. This Agreement shall terminate and be of no further force and effect upon the later of (a) the date on which full payment has been made of all amounts payable to all holders of all the Preferred Securities (whether upon redemption, liquidation, exchange or otherwise) and (b) the date on which there are no Beneficiaries remaining; provided, however, that this Agreement shall continue to be effective or shall be reinstated, as the case may be, if at any time any holder of Preferred Securities or any Beneficiary must restore payment of any sums paid under the Preferred Securities, under any Obligation,

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under the Preferred Securities Guarantee Agreement dated the date hereof by the Company and Property Trustee as Guarantee Trustee or under this Agreement, for any reason whatsoever. This Agreement is continuing, irrevocable, unconditional and absolute.

SECTION 1.03. WAIVER OF NOTICE. The Company hereby waives notice of acceptance of this Agreement and of any Obligation to which it applies or may apply, and the Company hereby waives presentment, demand for payment, protest, notice of nonpayment, notice of dishonor, notice of redemption and all other notices and demands.

SECTION 1.04. NO IMPAIRMENT. The obligations, covenants, agreements and duties of the Company under this Agreement shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the extension of time for the payment by the Trust of all or any portion of the Obligations or for the performance of any other obligation under, arising out of, or in connection with, the Obligations;

(b) any failure, omission, delay or lack of diligence on the part of the Beneficiaries to enforce, assert or exercise any right, privilege, power or remedy conferred on the Beneficiaries with respect to the Obligations or any action on the part of the Trust granting indulgence or extension of any kind; or

(c) the voluntary or involuntary liquidation, dissolution, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Trust or any of the assets of the Trust. The Beneficiaries shall not be obligated to give notice to, or obtain the consent of, the Company with respect to the happening of any of the foregoing.

SECTION 1.05. ENFORCEMENT. A Beneficiary may enforce this Agreement directly against the Company, and the Company waives any right or remedy to require that any action be brought against the Trust or any other person or entity before proceeding against the Company.

ARTICLE II

SECTION 2.01. BINDING EFFECT. All guarantees and agreements contained in this Agreement shall bind the successors, assigns, receivers, trustees and representatives of the Company and shall inure to the benefit of the Beneficiaries.

SECTION 2.02. AMENDMENT. So long as there remains any Beneficiary or any Preferred Securities are outstanding, this Agreement shall not be modified or amended in any manner adverse to such Beneficiary or to the holders of the Preferred Securities.

SECTION 2.03. NOTICES. Any notice, request or other communication required or permitted to be given hereunder shall be given in writing by delivering the same by facsimile transmission (confirmed by mail), telex, or by registered or certified mail, addressed as follows

(and if so given, shall be deemed given when mailed or upon receipt of an answer back, if sent by telex):

Flagstar Trust I
2600 Telegraph Road
Bloomfield Hills, Michigan 48302
Facsimile No.: (248) 338-6493
Attention: Corporate Trust Administration

Flagstar Bancorp, Inc.
2600 Telegraph Road
Bloomfield Hills, Michigan 48302
Facsimile No.: (248) 338-6493
Attention: Chief Executive Officer

SECTION 2.04. GOVERNING LAW. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Michigan (without regard to conflict of laws principles).

THIS AGREEMENT is executed as of the day and year first above written.

FLAGSTAR BANCORP, INC.

By: _____
Thomas J. Hammond, Chairman and Chief
Executive Officer

FLAGSTAR TRUST I

By: _____
Michael W. Carrie, Administrative Trustee

This Preferred Security is a Book-Entry Preferred Securities Certificate within the meaning of the Trust Agreement hereinafter referred to and is registered in the name of The Depository Trust Company, a New York corporation (the "Depository") or a nominee of the Depository. This Preferred Security is exchangeable for Preferred Securities registered in the name of a person other than the Depository or its nominee only in the limited circumstances described in the Trust Agreement (as defined below) and no transfer of this Preferred Security (other than a transfer of this Preferred Security as a whole by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository) may be registered except in limited circumstances.

Unless this Preferred Security is presented by an authorized representative of the Depository to FLAGSTAR TRUST I or its agent for registration of transfer, exchange or payment, and any Preferred Security issued is registered in the name of Cede & Co., or such other name as requested by an authorized representative of the Depository (and any payment hereon is made to Cede & Co. or to such other entity as is requested by an authorized representative of the Depository), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co. has an interest herein.

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Certificate Number
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Number of Preferred Securities

CUSIP NO. _____

Certificate Evidencing Preferred Securities
of
Flagstar Trust I

_____ % Cumulative Preferred Securities
(liquidation amount \$25.00 per Preferred Security)

FLAGSTAR TRUST I, a statutory business trust created under the laws of the State of Delaware (the "Trust"), hereby certifies that Cede & Co. (the "Holder") is the registered owner of _____ (____) preferred securities of the Trust representing undivided beneficial interests in the assets of the Trust and designated the _____ % Cumulative Preferred Securities (liquidation amount \$25.00 per Preferred Security) (the "Preferred Securities"). The Preferred Securities are transferable on the books and records of the Trust,

in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer as provided in Section 5.04 of the Trust Agreement (as defined below). The designations, rights, privileges, restrictions, preferences, and other terms and provisions of the Preferred Securities are set forth in, and this certificate and the Preferred Securities represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Amended and Restated Trust Agreement of the Trust dated as of _____, 1999, as the same may be amended from time to time (the "Trust Agreement"), including the designation of the terms of Preferred Securities as set forth therein. The Holder is entitled to the benefits of the Preferred Securities Guarantee Agreement entered into by Flagstar Bancorp, Inc., a Michigan corporation, and _____ Trust Company, as guarantee trustee, dated as of _____, 1999 (the "Guarantee"), to the extent provided therein. The Trust will furnish a copy of the Trust Agreement and the Guarantee to the Holder without charge upon written request to the Trust at its principal place of business or registered office. Upon receipt of this certificate, the Holder is bound by the Trust Agreement and is entitled to the benefits thereunder.

IN WITNESS WHEREOF, one of the Administrative Trustees of the Trust has executed this certificate this ____ day of _____, 1999.

FLAGSTAR TRUST I

By: _____
Michael W. Carrie
Administrative Trustee

=====

SUBORDINATED INDENTURE

FLAGSTAR BANCORP, INC.,
as Issuer

to

FMB TRUST COMPANY NATIONAL ASSOCIATION,
as Trustee

___% Junior Subordinated Debentures

Dated as of March __, 1999

=====

FLAGSTAR BANCORP, INC.
RECONCILIATION AND TIE BETWEEN TRUST INDENTURE ACT OF 1939,
AS AMENDED, AND SUBORDINATED INDENTURE,
DATED AS OF MARCH __, 1999

<TABLE>

<CAPTION>

TRUST INDENTURE ACT SECTION	SUBORDINATED INDENTURE SECTION
<S>	<C>
Section 310	15.09
Section 310(b)	9.08
Section 311	15.09
Section 311(a)	9.13
(b)	9.13
Section 312	15.09
Section 312(b)	6.02
Section 313	15.09
Section 313(a)	6.04
(b)	6.04
(c)	6.04

Section 314	15.09
Section 315	15.09
Section 316	15.09
Section 317	15.09

</TABLE>

NOTE: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Subordinated Indenture.

SUBORDINATED INDENTURE (the "Indenture"), dated as of March __, 1999, between FLAGSTAR BANCORP, INC., a Michigan corporation (the "Company") and FMB TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, as trustee (the "Trustee");

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the execution and delivery of this Indenture to provide for the issuance of its securities to be known as its __% Junior Subordinated Debentures due March __, 2029 (hereinafter referred to as the "Junior Subordinated Debentures"), the form and substance of such Junior Subordinated Debentures and the terms, provisions and conditions thereof to be set forth as provided in this Indenture; and

WHEREAS, Flagstar Capital Trust I, a Delaware statutory business trust (the "Trust"), has offered to the public \$____[A]__ aggregate liquidation amount of its __% Cumulative Trust Preferred Securities (the "Preferred Securities"), representing undivided beneficial interests in the assets of the Trust and proposes to invest the proceeds from such offering, together with the proceeds of the issuance and sale by the Trust to the Company of \$__[B]__ aggregate liquidation amount of its __% Common Securities, in \$_[A]+[B]__ aggregate principal amount of the Junior Subordinated Debentures; and

WHEREAS, the Company has requested that the Trustee execute and deliver this Indenture and all requirements necessary to make this Indenture a valid instrument in accordance with its terms, and to make the Junior Subordinated Debentures, when executed by the Company and authenticated and delivered by the Trustee, the valid obligations of the Company; and

WHEREAS, to provide the terms and conditions upon which the Junior Subordinated Debentures are to be authenticated, issued and delivered, the Company has duly authorized the execution and delivery of this Indenture; and

WHEREAS, all things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, in consideration of the premises and the purchase of the Junior Subordinated Debentures by the holders thereof, it is mutually covenanted and agreed as follows for the equal and ratable benefit of the holders of Junior Subordinated Debentures:

ARTICLE I

DEFINITIONS

The terms defined in this Section (except as in this Indenture otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section and shall include the plural as well as the singular. All other terms used in this Indenture that are defined in the Trust Indenture Act of 1939, as amended, or that are by reference in said Trust Indenture Act defined in the Securities Act of 1933, as amended (except as herein otherwise expressly provided

or unless the context otherwise requires), shall have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of the execution of this Indenture.

"Accelerated Maturity Date" means, if the Company elects to accelerate the Maturity Date in accordance with Section 2.02, the date selected by the Company which is prior to the Scheduled Maturity Date, but is after March __, 2004.

"Additional Sums" shall have the meaning set forth in Section 2.05(c).

"Administrative Trustees" has the meaning set forth in the Trust Agreement.

"Affiliate" means, with respect to a specified Person, (a) any Person directly or indirectly owning, controlling or holding with power to vote 10% or more of the outstanding voting securities or other ownership interests of the specified Person, (b) any Person 10% or more of whose outstanding voting securities or other ownership interests are directly or indirectly owned, controlled or held with power to vote by the specified Person, (c) any Person directly or indirectly controlling, controlled by, or under common control with the specified Person, (d) a partnership in which the specified Person is a general partner, (e) any officer or director of the specified Person, and (f) if the specified Person is an individual, any entity of which the specified Person is an officer, director or general partner.

"Authenticating Agent" means an authenticating agent with respect to the Junior Subordinated Debentures appointed by the Trustee pursuant to Section 9.14.

"Bankruptcy Law" means Title 11, U.S. Code, or any similar federal or state law for the relief of debtors.

"Board of Directors" means the Board of Directors of the Company or any duly authorized committee of such Board.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification.

"Business Day" means any day other than a day on which federal or state banking institutions in the State of Michigan are authorized or obligated by law, executive order or regulation to close or a day on which the Trustee is closed.

"Capital Treatment Event" means the reasonable determination by the Company that, as a result of any amendment to, or change (including any proposed change) in, the laws (or any regulations thereunder) of the United States or any political subdivision thereof or therein, or as a result of any official or administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations, which amendment or change is effective or such proposed change, pronouncement or decision is announced on or after the date of issuance of the Preferred Securities under the Trust Agreement, there is more than an insubstantial risk of impairment of the Company's ability to treat the Preferred Securities (or any substantial portion thereof) as tier I

Capital for purposes of any then applicable capital adequacy guidelines of the OTS, as then in effect.

"Certificate" means a certificate signed by the principal executive officer, the principal financial officer or the principal accounting officer of the Company. The Certificate need not comply with the provisions of Section 15.07.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Common Securities" means undivided beneficial interests in the assets of the Trust which rank pari passu with Preferred Securities issued by the Trust; provided, however, that upon the occurrence of an Event of Default, the rights of holders of Common Securities to payment in respect of Distributions and payments upon liquidation, redemption and otherwise are subordinated to the rights of holders of Preferred Securities.

"Company" means Flagstar Bancorp, Inc., a corporation duly organized and existing under the laws of the State of Michigan, and, subject to the provisions of Article XII, shall also include its successors and assigns.

"Compounded Interest" shall have the meaning set forth in Section 4.01.

"Corporate Trust Office" means the office of the Trustee at which, at any particular time, its corporate trust business shall be principally administered, which office at the date hereof is located at _____, Attention: Corporate Trust Administration.

"Coupon Rate" shall have the meaning set forth in Section 2.05(a).

"Custodian" means any receiver, trustee, assignee, liquidator, or similar official under any Bankruptcy Law.

"Debt" means with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent, (a) every obligation of such Person for money borrowed; (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments, including obligations incurred in connection with the acquisition of property, assets or businesses; (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of such Person; (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business); (e) every capital lease obligation of such Person; and (f) every obligation of the type referred to in clauses (a) through (e) of another Person and all dividends of another Person the payment of which, in either case, such Person has guaranteed or for which such Person is responsible or liable, directly or indirectly, as obligor or otherwise.

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"Default" means any event, act or condition that with notice or lapse of time, or both, would constitute an Event of Default.

"Deferred Interest" shall have the meaning set forth in Section 4.01.

"Depository" means, with respect to Junior Subordinated Debentures issued as a Global Subordinated Debenture, The Depository Trust Company, New York, New York, another clearing agency, or any successor registered as a clearing agency under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or other applicable statute or regulation, which, in each case, shall be designated by the Company pursuant to either Section 2.01 or 2.04.

"Dissolution Event" means that as a result of the occurrence and continuation of a Special Event, the Trust is to be dissolved in accordance with the Trust Agreement and the Junior Subordinated Debentures held by the Property Trustee are to be distributed to the holders of the Trust Securities issued by the Trust pro rata in accordance with the Trust Agreement.

"Distributions" shall have the meaning set forth in the Trust Agreement.

"Event of Default" means any event specified in Section 7.01, continued for the period of time, if any, therein designated.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Extended Interest Payment Period" shall have the meaning set forth in Section 4.01.

"Global Subordinated Debenture" means a Junior Subordinated Debenture executed by the Company and delivered by the Trustee to the Depositary or pursuant to the Depositary's instruction, all in accordance with this Indenture, which shall be registered in the name of the Depositary or its nominee.

"Governmental Obligations" means securities that are (a) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (b) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America that, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act of 1933, as amended) as custodian with respect to any such Governmental Obligation or a specific payment of principal of or interest on any such Governmental Obligation held by such custodian for the account of the holder of such depositary receipt; provided, however, that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Governmental Obligation or the specific payment of principal of or interest on the Governmental Obligation evidenced by such depositary receipt.

"Herein," "hereof" and "hereunder," and other words of similar import, refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

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"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into in accordance with the terms hereof.

"Interest Payment Date," when used with respect to any installment of interest on the Junior Subordinated Debentures, means the date specified in the Junior Subordinated Debenture as the fixed date on which an installment of interest with respect to the Junior Subordinated Debentures is due and payable.

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"Investment Company Event" means the receipt by the Company and the Trust of an Opinion of Counsel experienced in such matters to the effect that, as a result of the occurrence of a change in law or regulation or a change in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority (a "Change in Investment Company Act Law"), the Trust is or will be considered an "investment company" that is required to be registered under the Investment Company Act, which Change in Investment Company Act Law becomes effective on or after the date of original issuance of the Preferred Securities under the Trust Agreement.

"Junior Subordinated Debentures" means the ___% Junior Subordinated Debentures due 2029 authenticated and delivered under this Indenture.

"Liquidation Amount" means the stated amount of \$25.00 per Trust Security.

"Maturity Date" shall have the meaning set forth in Section 2.02.

"Non Book-Entry Preferred Securities" shall have the meaning set forth in Section 2.04(a).

"Officers' Certificate" means a certificate signed by the Chief Executive Officer, the President or a Vice President and by the Chief Accounting Officer or the Controller or an Assistant Controller or the Secretary or an Assistant

Secretary of the Company that is delivered to the Trustee in accordance with the terms hereof. Each such certificate shall include the statements provided for in Section 15.07, if and to the extent required by the provisions thereof.

"Opinion of Counsel" means an opinion in writing of legal counsel, who may be an employee of or counsel for the Company, that is delivered to the Trustee in accordance with the terms hereof. Each such opinion shall include the statements provided for in Section 15.07, if and to the extent required by the provisions thereof.

"OTS" means the Office of Thrift Supervision of the United States Department of the Treasury, or any successor agency.

"Outstanding," when used with reference to Junior Subordinated Debentures means, subject to the provisions of Section 10.04, as of any particular time, all Junior Subordinated Debentures theretofore authenticated and delivered by the Trustee under this Indenture, except

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(a) Junior Subordinated Debentures theretofore canceled by the Trustee or any paying agent, or delivered to the Trustee or any paying agent for cancellation or that have previously been canceled; (b) Junior Subordinated Debentures or portions thereof for the payment or redemption of which moneys or Governmental Obligations in the necessary amount shall have been deposited in trust with the Trustee or with any paying agent (other than the Company) or shall have been set aside and segregated in trust by the Company (if the Company shall act as its own paying agent); provided, however, that if such Junior Subordinated Debentures or portions of such Junior Subordinated Debentures are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article III, or provision satisfactory to the Trustee shall have been made for giving such notice; and (c) Junior Subordinated Debentures in lieu of or in substitution for which other Junior Subordinated Debentures shall have been authenticated and delivered pursuant to the terms of Section 2.08.

"Person" means any individual, corporation, partnership, joint venture, joint-stock company, unincorporated organization or government or any agency or political subdivision thereof.

"Predecessor Junior Subordinated Debenture" means every previous Junior Subordinated Debenture evidencing all or a portion of the same debt as that evidenced by such particular Junior Subordinated Debenture; and, for the purposes of this definition, any Junior Subordinated Debenture authenticated and delivered under Section 2.08 in lieu of a lost, destroyed or stolen Junior Subordinated Debenture shall be deemed to evidence the same debt as the lost, destroyed or stolen Junior Subordinated Debenture.

"Preferred Securities" means undivided beneficial interests in the assets of the Trust which rank pari passu with Common Securities issued by the Trust; provided, however, that upon the occurrence of an Event of Default, the rights of holders of Common Securities to payment in respect of Distributions and payments upon liquidation, redemption and otherwise are subordinated to the rights of holders of Preferred Securities.

"Preferred Securities Certificate" has the meaning set forth in the Trust Agreement.

"Preferred Securities Guarantee" means any guarantee that the Company may enter into with the Property Trustee or other Persons that operates directly or indirectly for the benefit of holders of Preferred Securities of the Trust.

"Property Trustee" has the meaning set forth in the Trust Agreement.

"Redemption Price" means the amount equal to 100% of the principal amount of Junior Subordinated Debentures to be redeemed plus any accrued and unpaid interest thereon to the date of the redemption of such Junior Subordinated Debentures.

"Responsible Officer" when used with respect to the Trustee means the Chairman of the Board of Directors, the President, any Vice President, the

Secretary, the Treasurer, any trust officer, any corporate trust officer or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the Persons who at the time shall

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be such officers, respectively, or to whom any corporate trust matter is referred because of his or her knowledge of and familiarity with the particular subject.

"Scheduled Maturity Date" means March __, 2009.

"Securities Register" and "Securities Registrar" have the respective meanings specified in Section 2.07.

"Securityholder," "Holder," "Registered Holder," or other similar term, means the Person or Persons in whose name or names particular Junior Subordinated Debentures shall be registered in the Securities Register.

"Senior and Subordinated Debt" means the principal of (and premium, if any) and interest, if any (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company whether or not such claim for post-petition interest is allowed in such proceeding), on Debt of the Company, whether incurred on or prior to the date of this Indenture or thereafter incurred, unless, in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is provided that such obligations are not superior in right of payment to the Junior Subordinated Debentures or to other Debt which is pari passu with, or subordinated to, the Junior Subordinated Debentures; provided, however, that Senior and Subordinated Debt shall not be deemed to include (a) any Debt of the Company which when incurred and without respect to any election under section 1111(b) of the United States Bankruptcy Code of 1978, as amended, was without recourse to the Company, (b) any Debt of the Company to any of its Subsidiaries, (c) any Debt to any employee of the Company, (d) any Debt which by its terms is subordinated to any trade accounts payable or accrued liabilities arising in the ordinary course of business but only to the extent that payments made to the holders of such Debt by the Holders of the Junior Subordinated Debentures as a result of the subordination provisions of this Indenture would be greater than they otherwise would have been as a result of any obligation of such Holders to pay amounts over to the obligees on such trade accounts payable or accrued liabilities arising in the ordinary course of business as a result of subordination provisions to which such Debt is subject, (e) the Preferred Securities Guarantee, and (f) any other debt securities issued pursuant to this Indenture.

"Special Event" means a Tax Event, an Investment Company Event or a Capital Treatment Event.

"Subsidiary" means, with respect to any Person, (a) any corporation at least a majority of whose outstanding Voting Stock shall at the time be owned, directly or indirectly, by such Person, or by one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries, (b) any general partnership, joint venture or similar entity, at least a majority of whose outstanding partnership or similar interests shall at the time be owned by such Person, or by one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries, and (c) any limited partnership of which such Person or any of its Subsidiaries is a general partner.

"Tax Event" means the receipt by the Company and the Trust of an Opinion of Counsel experienced in such matters to the effect that, as a result of any amendment to, or change

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(including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, or as a result of any official administrative

pronouncement or judicial decision interpreting or applying such laws or regulations, which amendment or change is effective or which pronouncement or decision is announced on or after the date of issuance of the Junior Subordinated Debentures there is more than an insubstantial risk that (a) interest payable by the Company on the Junior Subordinated Debentures is not, or within 90 days after the date of such Opinion of Counsel will not be, deductible by the Company, in whole or in part, for United States federal income tax purposes, (b) the Trust is, or will be within 90 days after the date of such Opinion of Counsel, subject to United States federal income tax with respect to income received or accrued on the Junior Subordinated Debentures, or (c) the Trust is, or will be within 90 days after the date of such Opinion of Counsel, subject to more than a de minimis amount of other taxes, duties, assessments or other governmental charges.

"Trust" means Flagstar Capital Trust I, a Delaware statutory business trust created for the purpose of issuing Trust Securities in connection with the issuance of Junior Subordinated Debentures under this Indenture.

"Trust Agreement" means the Amended and Restated Trust Agreement, dated as of March __, 1999, of the Trust.

"Trustee" means TRUSTEE and, subject to the provisions of Article IX, shall also include its successors and assigns, and, if at any time there is more than one Person acting in such capacity hereunder, "Trustee" shall mean each such Person.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date of execution of this Indenture; provided, however, that in the event the Trust Indenture Act of 1939 is amended after such date, "Trust Indenture Act" means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

"Trust Securities" means Common Securities and Preferred Securities of the Trust.

"Voting Stock" as applied to stock of any Person, means shares, interests, participations or other equivalents in the equity interest (however designated) in such Person having ordinary voting power for the election of a majority of the directors (or the equivalent) of such Person, other than shares, interests, participations or other equivalents having such power only by reason of the occurrence of a contingency.

ARTICLE II

DESCRIPTION, TERMS, CONDITIONS, REGISTRATION AND EXCHANGE OF THE JUNIOR SUBORDINATED DEBENTURES

.1. DESIGNATION AND PRINCIPAL AMOUNT. There is hereby authorized a series of Securities designated the "__% Junior Subordinated Debentures due 2029," limited in aggregate principal amount to \$_____, which amount shall be as set forth in any written order of the

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Company for the authentication and delivery of Junior Subordinated Debentures pursuant to Section 8.02 of this Indenture.

.2. MATURITY.

(a) The Maturity Date will be either:

(i) the Scheduled Maturity Date; or

(ii) if the Company elects to accelerate the Maturity Date to be a date prior to the Scheduled Maturity Date in accordance with Section 2.02(b), the Accelerated Maturity Date.

(b) The Company may, at any time before the day which is 90 days before the Scheduled Maturity Date, elect to shorten the Maturity Date only once to the Accelerated Maturity Date, provided that the Company has received the prior approval of the OTS if then required under applicable

capital guidelines or policies of the OTS, but in no case shall such Accelerated Maturity Date be a date before March __, 2004.

(c) If the Company elects to accelerate the Maturity Date in accordance with Section 2.02(b), the Company shall give notice to the Registered Holders of the Junior Subordinated Debentures, the Property Trustee and the Trustee of the acceleration of the Maturity Date and the Accelerated Maturity Date at least 90 days before the Accelerated Maturity Date.

.3. FORM AND PAYMENT. Except as provided in Section 2.04, the Junior Subordinated Debentures shall be issued in fully registered certificated form without interest coupons. Principal and interest on the Junior Subordinated Debentures issued in certificated form will be payable, the transfer of such Junior Subordinated Debentures will be registrable and such Junior Subordinated Debentures will be exchangeable for Junior Subordinated Debentures bearing identical terms and provisions at the office or agency of the Trustee; provided, however, that payment of interest may be made at the option of the Company by check mailed to the Holder at such address as shall appear in the Securities Register. Notwithstanding the foregoing, so long as the Holder of any Junior Subordinated Debentures is the Property Trustee, the payment of the principal of and interest (including Compounded Interest and Additional Sums, if any) on such Junior Subordinated Debentures held by the Property Trustee will be made at such place and to such account as may be designated by the Property Trustee.

.4. GLOBAL SUBORDINATED DEBENTURE.

(a) In connection with a Dissolution Event:

(i) the Junior Subordinated Debentures in certificated form may be presented to the Trustee by the Property Trustee in exchange for a Global Subordinated Debenture in an aggregate principal amount equal to the aggregate principal amount of all outstanding Junior Subordinated Debentures (a "Global Subordinated Debenture"), to be registered in the name of the Depositary, or its

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nominee, and delivered by the Trustee to the Depositary for crediting to the accounts of its participants pursuant to the instructions of the Administrative Trustees. The Company upon any such presentation shall execute a Global Subordinated Debenture in such aggregate principal amount and deliver the same to the Trustee for authentication and delivery in accordance with this Indenture. Payments on the Junior Subordinated Debentures issued as a Global Subordinated Debenture will be made to the Depositary; and

(ii) if any Preferred Securities are held in non book-entry certificated form, the Junior Subordinated Debentures in certificated form may be presented to the Trustee by the Property Trustee and any Preferred Securities Certificate which represents Preferred Securities other than Preferred Securities held by the Depositary or its nominee ("Non Book-Entry Preferred Securities") will be deemed to represent beneficial interests in Junior Subordinated Debentures presented to the Trustee by the Property Trustee having an aggregate principal amount equal to the aggregate Liquidation Amount of the Non Book-Entry Preferred Securities until such Preferred Securities Certificates are presented to the Securities Registrar for transfer or reissuance at which time such Preferred Securities Certificates will be canceled and a Junior Subordinated Debenture, registered in the name of the holder of the Preferred Securities Certificate or the transferee of the holder of such Preferred Securities Certificate, as the case may be, with an aggregate principal amount equal to the aggregate Liquidation Amount of the Preferred Securities Certificate canceled, will be executed by the Company and delivered to the Trustee for authentication and delivery in

accordance with this Indenture. On issue of such Junior Subordinated Debentures, Junior Subordinated Debentures with an equivalent aggregate principal amount that were presented by the Property Trustee to the Trustee will be deemed to have been canceled.

(b) A Global Subordinated Debenture may be transferred, in whole but not in part, only to another nominee of the Depositary, or to a successor Depositary selected or approved by the Company or to a nominee of such successor Depositary.

(c) If at any time the Depositary notifies the Company that it is unwilling or unable to continue as Depositary or if at any time the Depositary for such series shall no longer be registered or in good standing under the Exchange Act or other applicable statute or regulation, and a successor Depositary for such series is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, the Company will execute, and the Trustee, upon written notice from the Company, will authenticate and deliver the Junior Subordinated Debentures in definitive registered form without coupons, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Subordinated Debenture in exchange for such Global Subordinated Debenture. In addition, the Company may at any time determine that the Junior Subordinated Debentures shall no longer be represented by a Global Subordinated Debenture. In such event the Company will execute, and the Trustee, upon receipt of an Officers' Certificate evidencing such determination by the Company, will authenticate and deliver the Junior

Subordinated Debentures in definitive registered form without coupons, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Subordinated Debenture in exchange for such Global Subordinated Debenture. Upon the exchange of the Global Subordinated Debenture for such Junior Subordinated Debentures in definitive registered form without coupons, in authorized denominations, the Global Subordinated Debenture shall be canceled by the Trustee. Such Junior Subordinated Debentures in definitive registered form issued in exchange for the Global Subordinated Debenture shall be registered in such names and in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Junior Subordinated Debentures to the Depositary for delivery to the Persons in whose names such Junior Subordinated Debentures are so registered.

.5. INTEREST.

(a) Each Junior Subordinated Debenture will bear interest at the rate of ___% per annum (the "Coupon Rate") from the original date of issuance until the principal thereof becomes due and payable, and on any overdue principal and (to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the Coupon Rate, compounded quarterly, payable (subject to the provisions of Article IV) quarterly in arrears on the fifteenth day of March, June, September and December in each year (each, an "Interest Payment Date"), commencing on June 15, 1999, to the Person in whose name such Junior Subordinated Debenture or any Predecessor Junior Subordinated Debenture is registered at the close of business on the regular record date for such interest installment, which, in respect of (i) Junior Subordinated Debentures of which the Property Trustee is the Holder and the Preferred Securities are in book-entry-only form or (ii) a Global Subordinated Debenture, shall be the close of business on the Business Day next preceding that Interest Payment Date. Notwithstanding the foregoing sentence, if (A) the Junior Subordinated Debentures are held by the Property Trustee and the Preferred Securities are no longer in book-entry only form or (B) the Junior Subordinated Debentures are not represented by a Global Subordinated Debenture, the record date for such interest installment shall be the first day of the month in which such payment is to be made. The amount of each interest payment due with respect to the

Junior Subordinated Debentures will include amounts accrued through the date the interest payment is due.

(b) The amount of interest payable for any period will be computed on the basis of a 360-day year of twelve 30-day months. Except as provided in the following sentence, the amount of interest payable for any period shorter than a full quarterly period for which interest is computed will be computed on the basis of the actual number of days elapsed in such a quarterly period. In the event that any date on which interest is payable on the Junior Subordinated Debentures is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

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(c) If, at any time while the Property Trustee is the Holder of any Junior Subordinated Debentures, the Trust or the Property Trustee is required to pay any taxes, duties, assessments or governmental charges of whatever nature (other than withholding taxes) imposed by the United States, or any other taxing authority, then, in any case, the Company will pay as additional interest ("Additional Sums") on the Junior Subordinated Debentures held by the Property Trustee such additional amounts as shall be required so that the net amounts received and retained by the Trust and the Property Trustee after paying such taxes, duties, assessments or other governmental charges will be equal to the amounts the Trust and the Property Trustee would have received had no such taxes, duties, assessments or other government charges been imposed.

.6. EXECUTION, AUTHENTICATION, DELIVERY AND DATING. The Junior Subordinated Debentures shall be executed on behalf of the Company by its Chief Executive Officer, its President or any Vice President and attested by its Secretary or Assistant Secretary. The signature of any of these officers on the Junior Subordinated Debentures may be manual or facsimile.

Junior Subordinated Debentures bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Junior Subordinated Debentures or did not hold such offices at the date of such Junior Subordinated Debentures.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Junior Subordinated Debentures executed by the Company to the Trustee for authentication, together with a Company order for the authentication and delivery of such Junior Subordinated Debentures. The Trustee in accordance with such Company order shall authenticate and deliver such Junior Subordinated Debentures as provided in this Indenture and not otherwise.

Upon the initial issuance, each Junior Subordinated Debenture shall be dated March__, 1999, and thereafter Junior Subordinated Debentures issued hereunder shall be dated the date of their authentication.

No Junior Subordinated Debenture shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Junior Subordinated Debenture a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Junior Subordinated Debenture shall be conclusive evidence, and the only evidence, that such Junior Subordinated Debenture has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

.7. REGISTRATION AND TRANSFER. The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office or any other office or agency pursuant to Section 5.02 being herein sometimes referred to as the "Securities Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the

Subordinated Debentures. The Trustee is hereby appointed "Securities Registrar" for the purpose of registering the Junior Subordinated Debentures and transfers of the Junior Subordinated Debentures as herein provided.

Upon surrender for registration of transfer of any Junior Subordinated Debenture at an office or agency of the Company designated pursuant to Section 5.02 for such purpose, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, a new Junior Subordinated Debenture of the authorized denomination.

All Junior Subordinated Debentures issued upon any registration of transfer of Junior Subordinated Debentures shall be valid obligations of the Company, evidencing the same debt and entitled to the same benefits under this Indenture as the Junior Subordinated Debentures surrendered upon such registration of transfer.

Every Junior Subordinated Debenture presented or surrendered for registration of transfer shall be duly endorsed for transfer (if so required by the Company or the Trustee), or shall be accompanied by a written instrument of transfer in form satisfactory to the Company and the Securities Registrar duly executed by the Holder thereof or such Holder's attorney duly authorized in writing.

No service charge shall be made for any registration of transfer of Junior Subordinated Debentures, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer of Junior Subordinated Debentures.

The Company shall not be required to issue or register the transfer of any Junior Subordinated Debenture during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Junior Subordinated Debentures selected for redemption pursuant to Article III and ending at the close of business on the day of such mailing.

.8. MUTILATED, DESTROYED, LOST AND STOLEN JUNIOR SUBORDINATED DEBENTURES. If any mutilated Junior Subordinated Debenture is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Junior Subordinated Debenture of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (a) evidence to their satisfaction of the destruction, loss or theft of any Junior Subordinated Debenture and (b) such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Junior Subordinated Debenture has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Junior Subordinated Debenture, a new Junior Subordinated Debenture of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Junior Subordinated Debenture has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Junior Subordinated Debenture, pay such Junior Subordinated Debenture.

Upon the issuance of any new Junior Subordinated Debenture under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected

therewith.

Every new Junior Subordinated Debenture issued pursuant to this Section in lieu of any destroyed, lost or stolen Junior Subordinated Debenture shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Junior Subordinated Debenture shall be at any time enforceable by anyone, and shall be entitled to all of the benefits of this Indenture.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Junior Subordinated Debentures.

ARTICLE III

REDEMPTION OF JUNIOR SUBORDINATED DEBENTURES

.1. REDEMPTION. Subject to the Company having received prior approval of the OTS, if then required under the applicable capital guidelines or policies of the OTS, the Company may redeem the Junior Subordinated Debentures in accordance with this Article III.

.2. SPECIAL EVENT REDEMPTION. Subject to the Company having received the prior approval of the OTS, if then required under the applicable capital guidelines or policies of the OTS, if a Special Event has occurred and is continuing, then, notwithstanding Section 3.03, the Company shall have the right upon not less than 30 days' nor more than 60 days' notice to the Holders of the Junior Subordinated Debentures to redeem the Junior Subordinated Debentures, in whole but not in part, for cash within 90 days following the occurrence of such Special Event (the "90-Day Period") at the Redemption Price, provided that if at the time there is available to the Company the opportunity to eliminate, within the 90-Day Period, the Tax Event by taking some ministerial action ("Ministerial Action"), such as filing a form or making an election, or pursuing some other similar reasonable measure which has no adverse effect on the Company, the Trust or the Holders of the Trust Securities issued by the Trust, the Company shall pursue such Ministerial Action in lieu of redemption, and, provided, further, that the Company shall have no right to redeem the Junior Subordinated Debentures while the Trust is pursuing any Ministerial Action to eliminate the Tax Event. The Redemption Price shall be paid prior to 2:00 p.m., Bloomfield Hills, Michigan, time, on the date of such redemption or such earlier time as the Company determines, provided that the Company shall deposit with the Trustee an amount sufficient to pay the Redemption Price by 12:00 noon, Bloomfield Hills, Michigan, time, on the date such Redemption Price is to be paid.

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.3. OPTIONAL REDEMPTION BY COMPANY.

(a) Except as otherwise may be specified in this Indenture, the Company shall have the right to redeem the Junior Subordinated Debentures, in whole or in part, from time to time, on or after March __, 2004, at the Redemption Price. Any redemption pursuant to this Section 3.03 will be made upon not less than 30 days' nor more than 60 days' notice to the Holders of the Junior Subordinated Debentures, at the Redemption Price. If the Junior Subordinated Debentures are only partially redeemed pursuant to this Section 3.03, the Junior Subordinated Debentures will be redeemed pro rata or by lot or by any other method utilized by the Trustee; provided, that if at the time of redemption the Junior Subordinated Debentures are registered as a Global Subordinated Debenture, the Depositary shall determine, in accordance with its procedures, the principal amount of such Junior Subordinated Debentures held by each Holder of Junior Subordinated Debentures to be redeemed. The Redemption Price shall be paid prior to 2:00 p.m., Bloomfield Hills, Michigan time, on the date of such redemption or at such earlier time as the Company determines provided that the Company shall deposit with the Trustee an amount sufficient to pay the Redemption Price by 12:00 noon, Bloomfield Hills, Michigan time, on the date such Redemption Price is to be paid.

(b) If a partial redemption of the Junior Subordinated

Debentures would result in the delisting of the Preferred Securities issued by the Trust from the NASDAQ National Market or any national securities exchange or other organization on which the Preferred Securities may then be listed, if any, the Company shall not be permitted to effect such partial redemption and may only redeem the Junior Subordinated Debentures in whole or in part to such extent as would not cause such delisting.

.4. NOTICE OF REDEMPTION.

(a) In case the Company shall desire to exercise such right to redeem all or, as the case may be, a portion of the Junior Subordinated Debentures in accordance with the right reserved so to do, the Company shall, or shall cause the Trustee to, give notice of such redemption to Holders of the Junior Subordinated Debentures to be redeemed by mailing, first class postage prepaid, a notice of such redemption not less than 30 days and not more than 60 days before the date fixed for redemption to such Holders at their last addresses as they shall appear upon the Securities Register. Any notice that is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Registered Holder receives the notice. In any case, failure duly to give such notice to the Holder of any Junior Subordinated Debenture designated for redemption in whole or in part, or any defect in the notice, shall not affect the validity of the proceedings for the redemption of any other Junior Subordinated Debentures. In the case of any redemption of Junior Subordinated Debentures prior to the expiration of any restriction on such redemption provided elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with any such restriction.

Each such notice of redemption shall specify the date fixed for redemption and the Redemption Price, and shall state that payment of the Redemption Price of such Junior

Subordinated Debentures to be redeemed will be made at the office or agency of the Company in Bloomfield Hills, Michigan, upon presentation and surrender of such Junior Subordinated Debentures, that interest accrued to the date fixed for redemption will be paid as specified in said notice, that from and after said date interest will cease to accrue. If less than all the Junior Subordinated Debentures are to be redeemed, the notice to the Holders of Junior Subordinated Debentures to be redeemed in whole or in part shall specify the particular Junior Subordinated Debentures to be so redeemed. In case any Junior Subordinated Debenture is to be redeemed in part only, the notice that relates to such Junior Subordinated Debenture shall state the portion of the principal amount thereof to be redeemed, and shall state that on and after the redemption date, upon surrender of such Junior Subordinated Debenture, a new Junior Subordinated Debenture or Junior Subordinated Debentures in principal amount equal to the unredeemed portion thereof shall be issued to the Holder.

(b) If less than all the Junior Subordinated Debentures are to be redeemed, the Company shall give the Trustee at least 45 days' notice in advance of the date fixed for redemption as to the aggregate principal amount of Junior Subordinated Debentures to be redeemed, and thereupon the Trustee shall select, by lot or in such other manner as it shall deem appropriate and fair in its discretion and that may provide for the selection of a portion or portions (equal to _____ dollars U.S. (\$_____) or any integral multiple thereof), the Junior Subordinated Debentures to be redeemed and shall thereafter promptly notify the Company in writing of the numbers of the Junior Subordinated Debentures to be redeemed, in whole or in part.

The Company may, if and whenever it shall so elect, by delivery of instructions signed on its behalf by its Chief Executive Officer, its President or any Vice President, instruct the Trustee or any paying agent to call all or any part of the Junior Subordinated Debentures for redemption and to give notice of redemption in the manner set forth in this Section, such notice to be in the name of the Company or in the name of the Trustee or the paying agent, as the Trustee or such paying agent may deem advisable. In any case in which notice of

redemption is to be given by the Trustee or any such paying agent, the Company shall deliver or cause to be delivered to, or permit to remain with, the Trustee or such paying agent, as the case may be, such Securities Register, transfer books or other records, or suitable copies or extracts therefrom, sufficient to enable the Trustee or such paying agent to give any notice by mail that may be required under the provisions of this Section.

.5. PAYMENT UPON REDEMPTION.

(a) If the giving of notice of redemption shall have been completed as above provided, the Junior Subordinated Debentures or portions of Junior Subordinated Debentures to be redeemed specified in such notice shall become due and payable on the date and at the place stated in such notice at the Redemption Price (which includes interest accrued to the date fixed for redemption) and interest on such Junior Subordinated Debentures or

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portions of Junior Subordinated Debentures shall cease to accrue on and after the date fixed for redemption, unless the Company shall default in the payment of such Redemption Price with respect to any such Junior Subordinated Debentures or portions thereof. On presentation and surrender of such Junior Subordinated Debentures on or after the date fixed for redemption at the place of payment specified in the notice, such Junior Subordinated Debentures shall be paid and redeemed at the Redemption Price (which includes the interest accrued thereon to the date fixed for redemption) (but if the date fixed for redemption is an Interest Payment Date, the interest installment payable on such date shall be payable to the Registered Holder at the close of business on the applicable record date pursuant to Section 2.05(a)).

(b) Upon presentation of any Junior Subordinated Debenture that is to be redeemed in part only, the Company shall execute and the Trustee shall authenticate and the office or agency where the Junior Subordinated Debenture is presented shall deliver to the Holder thereof, at the expense of the Company, a new Junior Subordinated Debenture or Junior Subordinated Debentures of authorized denominations in principal amount equal to the unredeemed portion of the Junior Subordinated Debenture so presented.

.6. NO SINKING FUND. The Junior Subordinated Debentures are not entitled to the benefit of any sinking fund.

ARTICLE IV

EXTENSION OF INTEREST PAYMENT PERIOD

.1. EXTENSION OF INTEREST PAYMENT PERIOD. So long as no Event of Default has occurred and is continuing, the Company shall have the right, at any time and from time to time during the term of the Junior Subordinated Debentures, to defer payments of interest by extending the interest payment period of such Junior Subordinated Debentures for a period not exceeding 20 consecutive quarters (the "Extended Interest Payment Period"), during which Extended Interest Payment Period no interest shall be due and payable; provided that no Extended Interest Payment Period may extend beyond the Maturity Date. To the extent permitted by applicable law, interest, the payment of which has been deferred because of the extension of the interest payment period pursuant to this Section 4.01, will bear interest thereon at the Coupon Rate compounded quarterly for each quarter of the Extended Interest Payment Period ("Compounded Interest"). At the end of the Extended Interest Payment Period, the Company shall pay all interest accrued and unpaid on the Junior Subordinated Debentures, including any Additional Sums and Compounded Interest (together, "Deferred Interest") that shall be payable to the Holders of the Junior Subordinated Debentures in whose names the Junior Subordinated Debentures are registered in the Securities Register on the record date for the Interest Payment Date coinciding with the end of the Extended Interest Payment Period. Before the termination of any Extended Interest Payment Period, the Company may further extend such period, provided that such period together with all such further extensions thereof shall not exceed 20 consecutive quarters, or extend beyond the Maturity Date. Upon the termination of any Extended Interest Payment Period

and upon the payment of all Deferred Interest then due, the Company may commence a new Extended Interest Payment Period, subject to the foregoing requirements. No interest shall be due and payable during an Extended Interest Payment Period, except at the end thereof, but the Company may prepay at any time all or any portion of the interest accrued during an Extended Interest Payment Period.

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.2. NOTICE OF EXTENSION.

(a) If the Property Trustee is the only Registered Holder of the Junior Subordinated Debentures at the time the Company selects an Extended Interest Payment Period, the Company shall give written notice to the Administrative Trustees, the Property Trustee and the Trustee of its selection of such Extended Interest Payment Period one Business Day before the earlier of (i) the next succeeding date on which Distributions are payable, or (ii) the date the Trust is required to give notice of the record date, or the date such Distributions are payable, to the Preferred Securities holders or to the NASDAQ National Market or other applicable self-regulatory organization, if any, but in any event at least one Business Day before such record date.

(b) If the Property Trustee is not the only Holder of the Junior Subordinated Debentures at the time the Company selects an Extended Interest Payment Period, the Company shall give the Holders of the Junior Subordinated Debentures and the Trustee written notice of its selection of such Extended Interest Payment Period at least one Business Day before the earlier of (i) the next succeeding Interest Payment Date, or (ii) the date the Company is required to give notice of the record or payment date of such interest payment to the Holders of the Junior Subordinated Debentures or to the NASDAQ National Market or other applicable self-regulatory organization, if any.

(c) The quarter in which any notice is given pursuant to paragraph (a) or paragraph (b) of this Section 4.02 shall be counted as one of the 20 quarters permitted in the maximum Extended Interest Payment Period permitted under Section 4.01.

.3. LIMITATION OF TRANSACTIONS DURING EXTENSION. If (a) the Company shall exercise its right to defer payment of interest as provided in Section 4.01; or (b) there shall have occurred any Event of Default, then the Company shall be subject to the restrictions on payments set forth under Section 5.06.

ARTICLE V

PARTICULAR COVENANTS OF THE COMPANY

.1. PAYMENT OF PRINCIPAL AND INTEREST. The Company will duly and punctually pay or cause to be paid the principal of and interest on the Junior Subordinated Debentures at the time and place and in the manner provided herein and established with respect to such Junior Subordinated Debentures.

.2. MAINTENANCE OF AGENCY. So long as any Junior Subordinated Debentures remain Outstanding, the Company agrees to maintain an office or agency in Bloomfield Hills, Michigan, or at such other location or locations as may be designated as provided in this Section 5.02, where (a) Junior Subordinated Debentures may be presented for payment, (b) Junior Subordinated Debentures may be presented as hereinabove authorized for registration of transfer and exchange, and (c) notices and demands to or upon the Company in respect of the Junior Subordinated Debentures and this Indenture may be given or served, such designation to continue with respect

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to such office or agency until the Company shall, by written notice signed by its Chief Executive Officer, its President or a Vice President and delivered to the Trustee, designate some other office or agency for such purposes or any of them. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, notices and demands.

.3. PAYING AGENTS.

(a) If the Company shall appoint one or more paying agents for the Junior Subordinated Debentures, other than the Trustee, the Company will cause each such paying agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section:

(i) that it will hold all sums held by it as such agent for the payment of the principal of or interest on the Junior Subordinated Debentures (whether such sums have been paid to it by the Company or by any other obligor) in trust for the benefit of the Persons entitled thereto;

(ii) that it will give the Trustee notice of any failure by the Company (or by any other obligor) to make any payment of the principal of or interest on the Junior Subordinated Debentures when the same shall be due and payable;

(iii) that it will, at any time during the continuance of any failure referred to in the preceding paragraph (a) (ii) above, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such paying agent; and

(iv) that it will perform all other duties of paying agent as set forth in this Indenture.

(b) If the Company shall act as its own paying agent with respect to the Junior Subordinated Debentures, it will on or before each due date of the principal of or interest on Junior Subordinated Debentures, set aside, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay such principal or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of such action, or any failure (by it or any other obligor) to take such action. Whenever the Company shall have one or more paying agents for the Junior Subordinated Debentures, it will, prior to each due date of the principal of or interest on the Junior Subordinated Debentures, deposit with the paying agent a sum sufficient to pay the principal or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal or interest, and (unless such paying agent is the Trustee) the Company will promptly notify the Trustee of this action or failure so to act.

(c) Notwithstanding anything in this Section to the contrary, (i) the agreement to hold sums in trust as provided in this Section is subject to the provisions of Section 13.05, and (ii) the Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or direct any paying agent to pay, to the Trustee all sums held in trust by the Company or such paying agent, such sums to be held by the Trustee upon the same terms and conditions as

those upon which such sums were held by the Company or such paying agent; and, upon such payment by any paying agent to the Trustee, such paying agent shall be released from all further liability with respect to such money.

.4. APPOINTMENT TO FILL VACANCY IN OFFICE OF TRUSTEE. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 9.10, a Trustee, so that there shall at all times be a Trustee hereunder.

.5. COMPLIANCE WITH CONSOLIDATION PROVISIONS. The Company will not, while any of the Junior Subordinated Debentures remain Outstanding, consolidate with, or merge into, or merge into itself, or sell or convey all or substantially all of its property to any other company unless the provisions of Article XII hereof are complied with.

.6. RESTRICTIONS ON CERTAIN PAYMENTS. If at any time (a) there shall have occurred any event of which the Company has actual knowledge that (i) with the giving of notice or the lapse of time, or both, would constitute an Event of Default and (ii) in respect to which the Company shall not have taken reasonable steps to cure, or (b) the Company shall have given notice of its election of an Extended Interest Payment Period as provided herein with respect to the Junior Subordinated Debentures and shall not have rescinded such notice, or such Extended Interest Payment Period, or any extension thereof, shall be continuing; or (c) while the Junior Subordinated Debentures are held by the Trust, the Company shall be in default with respect to its payment of any obligation under the Preferred Securities Guarantee, then the Company will not (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of the Company's capital stock or (ii) make any payment of principal, interest or premium, if any, on or repay, repurchase or redeem any debt securities of the Company (including the Junior Subordinated Debentures) that rank pari passu with or junior in interest to the Junior Subordinated Debentures or make any guarantee payments with respect to any guarantee by the Company of the debt securities of any Subsidiary of the Company if such guarantee ranks pari passu or junior in interest to the Junior Subordinated Debentures (other than (A) dividends or distributions in common stock, (B) any declaration of a dividend in connection with the implementation of a shareholders' rights plan, or the issuance of stock under any such plan in the future or the redemption or repurchase of any such rights pursuant thereto, (C) payments under the Preferred Securities Guarantee and (D) purchases of common stock related to the issuance of common stock or rights under any of the Company's benefit plans for its directors, officers or employees).

.7. COVENANTS AS TO THE TRUST. For so long as the Trust Securities of the Trust remain outstanding, the Company will (a) maintain 100% direct or indirect ownership of the Common Securities of the Trust; provided, however, that any permitted successor of the Company under this Indenture may succeed to the Company's ownership of the Common Securities, (b) use its

reasonable efforts to cause the Trust (i) to remain a business trust, except in connection with a distribution of Junior Subordinated Debentures, the redemption of all of the Trust Securities of the Trust or certain mergers, consolidations or amalgamations, each as permitted by the Trust Agreement, and (ii) to otherwise continue not to be treated as an association taxable as a corporation or partnership for United States federal income tax purposes and (c) to use its reasonable efforts to cause each Holder of Trust Securities to be treated as owning an individual undivided beneficial interest in the Junior Subordinated Debentures.

If the Junior Subordinated Debentures are to be issued as a Global Subordinated Debenture in connection with the distribution of the Junior Subordinated Debentures to the holders of the Preferred Securities issued by the Trust upon a Dissolution Event, the Company will use its best efforts to list such Junior Subordinated Debentures on the NASDAQ National Market or on such other exchange as the Preferred Securities may then be listed.

SECURITYHOLDERS' LISTS AND REPORTS
BY THE COMPANY AND THE TRUSTEE

.1. COMPANY TO FURNISH TRUSTEE NAMES AND ADDRESSES OF SECURITYHOLDERS.

The Company will furnish or cause to be furnished to the Trustee (a) on each regular record date (as defined in Section 2.05(a)) a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of such regular record date, provided that the Company shall not be obligated to furnish or cause to furnish such list at any time that the list shall not differ in any respect from the most recent list furnished to the Trustee by the Company and (b) at such other times as the Trustee may request in writing within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished; provided, however, that, in either case, no such list need be furnished if the Trustee shall be the Securities Registrar.

.2. PRESERVATION OF INFORMATION; COMMUNICATIONS WITH SECURITYHOLDERS.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the Holders contained in the most recent list furnished to it as provided in Section 6.01 and as to the names and addresses of Holders received by the Trustee in its capacity as Securities Registrar (if acting in such capacity).

(b) The Trustee may destroy any list furnished to it as provided in Section 6.01 upon receipt of a new list so furnished.

(c) Securityholders may communicate as provided in Section 312(b) of the Trust Indenture Act with other Securityholders with respect to their rights under this Indenture or under the Junior Subordinated Debentures.

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.3. REPORTS BY THE COMPANY.

(a) The Company covenants and agrees to file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) that the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and the Commission, in accordance with the rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports that may be required pursuant to any applicable rules and regulations of the Commission.

(b) The Company covenants and agrees to file with the Trustee and the Commission, in accordance with the rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Indenture as may be required from time to time by such rules and regulations.

(c) The Company covenants and agrees to transmit by mail, first class postage prepaid, or reputable overnight delivery service that provides for evidence of receipt, to the Securityholders, as their names and addresses appear upon the Securities Register, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (a) and (b) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

.4. REPORTS BY THE TRUSTEE.

(a) Beginning January 31, 2000, on or before January 31 in each year in which any of the Junior Subordinated Debentures are Outstanding, the Trustee shall transmit by mail, first class postage prepaid, to the Securityholders, as their names and addresses appear upon the Securities Register, a brief report dated as of the preceding December 31, if and to the extent required under Section 313(a) of the Trust Indenture Act.

(b) The Trustee shall comply with Section 313(b) and 313(c) of the Trust Indenture Act.

(c) A copy of each such report shall, at the time of such transmission to Securityholders, be filed by the Trustee with the Company, and also with the Commission.

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ARTICLE VII

REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS ON EVENT OF DEFAULT

.1. EVENTS OF DEFAULT.

(a) Whenever used herein, "Event of Default" means any one or more of the following events that has occurred and is continuing:

(i) the Company defaults in the payment of any installment of interest upon any of the Junior Subordinated Debentures, as and when the same shall become due and payable, and continuance of such default for a period of 30 days; provided, however, that a valid extension of an interest payment period by the Company in accordance with the terms of this Indenture shall not constitute a default in the payment of interest for this purpose;

(ii) the Company defaults in the payment of the principal of any of the Junior Subordinated Debentures as and when the same shall become due and payable whether at maturity, upon redemption, by declaration or otherwise;

(iii) the Company fails to observe or perform any other of its covenants or agreements hereunder with respect to the Junior Subordinated Debentures for a period of 90 days after the date on which written notice of such failure, requiring the same to be remedied and stating that such notice is a "Notice of Default" hereunder, shall have been given to the Company by the Trustee, by registered or certified mail, or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Junior Subordinated Debentures at the time Outstanding;

(iv) the Company pursuant to or within the meaning of any Bankruptcy Law (A) commences a voluntary case, (B) consents to the entry of an order for relief against it in an involuntary case, (C) consents to the appointment of a custodian of it or for all or substantially all of its property or (D) makes a general assignment for the benefit of its creditors;

(v) a court of competent jurisdiction enters an order under any Bankruptcy Law that (A) is for relief against the Company in an involuntary case, (B) appoints a custodian of the Company for all or substantially all of its property, or (C) orders the liquidation of the Company, and the order or decree remains unstayed and in effect for 90 days; or

(vi) in the event Junior Subordinated Debentures are issued to the Trust or a trustee of the Trust in connection with the issuance of Trust Securities by the Trust, the Trust shall have voluntarily or involuntarily dissolved, wound up its business or otherwise terminated its existence, except in connection with (A) the distribution of Junior Subordinated Debentures to holders of Trust Securities in

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liquidation of their interests in the Trust, (B) the redemption of all of the outstanding Trust Securities of the Trust or (C) certain mergers, consolidations or amalgamations, each as permitted by the Trust Agreement.

(b) In each and every such case, unless the principal of all the Junior Subordinated Debentures shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of the Junior Subordinated Debentures then Outstanding hereunder, by notice in writing to the Company (and to the Trustee if given by such Securityholders) may declare the principal of all the Junior Subordinated Debentures to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, notwithstanding anything contained in this Indenture or in the Junior Subordinated Debentures to the contrary.

(c) At any time after the principal of the Junior Subordinated Debentures shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Holders of a majority in aggregate principal amount of the Junior Subordinated Debentures then Outstanding, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if: (i) the Company has paid or deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all the Junior Subordinated Debentures and the principal of any and all Junior Subordinated Debentures that shall have become due otherwise than by acceleration (with interest upon such principal and, to the extent that such payment is enforceable under applicable law, upon overdue installments of interest, at the rate per annum expressed in the Junior Subordinated Debentures to the date of such payment or deposit) and the amount payable to the Trustee under Section 9.06, and (ii) any and all Events of Default under this Indenture, other than the nonpayment of principal on Junior Subordinated Debentures that shall not have become due by their terms, shall have been remedied or waived as provided in Section 7.06. Should the Holders fail to annul such declaration and waive such default, then the holders of a majority in aggregate Liquidation Amount of the Preferred Securities shall have such right.

No such rescission and annulment shall extend to or shall affect any subsequent default or impair any right consequent thereon.

(d) In case the Trustee shall have proceeded to enforce any right with respect to Junior Subordinated Debentures under this Indenture and such proceedings shall have been discontinued or abandoned because of such rescission or annulment or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company and the Trustee shall be restored respectively to their former positions and rights hereunder, and all rights, remedies and powers of the Company and the Trustee shall continue as though no such proceedings had been taken.

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.2. COLLECTION OF INDEBTEDNESS AND SUITS FOR ENFORCEMENT BY TRUSTEE.

(a) The Company covenants that (i) in case it shall default in the payment of any installment of interest on any of the Junior Subordinated Debentures as and when the same shall have become due and payable, and such default shall have continued for a period of 90 Business Days, or (ii) in case it shall default in the payment of the principal of any of the Junior Subordinated Debentures when the same shall have become due and payable, whether upon maturity of the Junior Subordinated

Debentures or upon redemption or upon declaration or otherwise, then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the Holders of the Junior Subordinated Debentures, the whole amount that then shall have become due and payable on all such Junior Subordinated Debentures for principal or interest, or both, as the case may be, with interest upon the overdue principal and (to the extent that payment of such interest is enforceable under applicable law and, if the Junior Subordinated Debentures are held by the Trust or a trustee of the Trust, without duplication of any other amounts paid by the Trust or trustee in respect thereof) upon overdue installments of interest at the rate per annum expressed in the Junior Subordinated Debentures; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, and the amount payable to the Trustee under Section 9.06.

(b) If the Company shall fail to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company or other obligor upon the Junior Subordinated Debentures and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or other obligor upon the Junior Subordinated Debentures, wherever situated.

(c) In case of any receivership, insolvency, liquidation, bankruptcy, reorganization, readjustment, arrangement, composition or judicial proceedings affecting the Company or the creditors or property of either, the Trustee shall have power to intervene in such proceedings and take any action therein that may be permitted by the court and shall (except as may be otherwise provided by law) be entitled to file such proofs of claim and other papers and documents as may be necessary or advisable in order to have the claims of the Trustee and of the Holders of Junior Subordinated Debentures allowed for the entire amount due and payable by the Company under this Indenture at the date of institution of such proceedings and for any additional amount that may become due and payable by the Company after such date, and to collect and receive any moneys or other property payable or deliverable on any such claim, and to distribute the same after the deduction of the amount payable to the Trustee under Section 9.06; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the Holders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to such Securityholders, to pay to the Trustee any amount due it under Section 9.06.

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(d) All rights of action and of asserting claims under this Indenture may be enforced by the Trustee without the possession of any of the Junior Subordinated Debentures, or the production thereof at any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for payment to the Trustee of any amounts due under Section 9.06, be for the ratable benefit of the Holders of the Junior Subordinated Debentures.

In case of an Event of Default hereunder, the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Nothing contained herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting the

Junior Subordinated Debentures or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding.

.3. APPLICATION OF MONEYS COLLECTED. Any moneys collected by the Trustee pursuant to this Article with respect to the Junior Subordinated Debentures shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such moneys on account of principal or interest, upon presentation of the Junior Subordinated Debentures, and notation thereon the payment, if only partially paid, and upon surrender thereof if fully paid:

FIRST, to the payment of costs and expenses of collection and of all amounts payable to the Trustee under Section 9.06;

SECOND, to the payment of all Senior and Subordinated Debt of the Company if and to the extent required by Article XVI; and

THIRD, to the payment of the amounts then due and unpaid upon Junior Subordinated Debentures for principal and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Junior Subordinated Debentures for principal and interest, respectively.

.4. LIMITATION ON SUITS. No Holder shall have any right by virtue of or by availing any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (a) such Holder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof; (b) the Holders of not less than 25% in aggregate principal amount of the Junior Subordinated Debentures then Outstanding shall have

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made written request upon the Trustee to institute such action, suit or proceeding in its own name as trustee hereunder; (c) such Holder or Holders shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such action, suit or proceeding; and (e) during such 60-day period, the Holders of a majority in principal amount of the Junior Subordinated Debentures do not give the Trustee a direction inconsistent with the request.

Notwithstanding any other provisions of this Indenture to the contrary, the right of any Holder to receive payment of the principal of and interest on the Junior Subordinated Debentures on or after the respective due dates (or in the case of redemption, on the redemption date), or to institute suit for the enforcement of any such payment on or after such respective dates or redemption date, shall not be impaired or affected without the consent of such Holder; and by accepting a Junior Subordinated Debenture hereunder it is expressly understood, intended and covenanted by the Holder thereof with every other such Holder and the Trustee, that no one or more Holders shall have any right in any manner whatsoever by virtue of or by availing any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders, or to obtain or seek to obtain priority over or preference to any such other Holders, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all Holders of Junior Subordinated Debentures. For the protection and enforcement of the provisions of this Section, each and every Securityholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

.5. RIGHTS AND REMEDIES CUMULATIVE; DELAY OR OMISSION NOT WAIVER.

(a) Except as otherwise provided in Section 7.02, all powers and remedies given by this Article to the Trustee or to the Securityholders shall, to the extent permitted by law, be deemed cumulative and not

exclusive of any other powers and remedies available to the Trustee or the Holders of the Junior Subordinated Debentures, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture or otherwise established with respect to such Junior Subordinated Debentures.

(b) No delay or omission of the Trustee or of any Holder of any of the Junior Subordinated Debentures to exercise any right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or on acquiescence therein; and, subject to the provisions of Section 7.04, every power and remedy given by this Article or by law to the Trustee or the Securityholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Securityholders.

.6. CONTROL BY SECURITYHOLDERS. The Holders of a majority in aggregate principal amount of the Junior Subordinated Debentures at the time Outstanding, determined in accordance with Section 10.04, shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided, however, that such direction shall not be in conflict with any rule of law or

with this Indenture. Subject to the provisions of Section 9.01, the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall, by a Responsible Officer or Officers of the Trustee, determine that the proceeding so directed would involve the Trustee in personal liability. The Holders of a majority in aggregate principal amount of the Junior Subordinated Debentures at the time Outstanding affected thereby, determined in accordance with Section 10.04, may on behalf of the Holders of all of the Junior Subordinated Debentures waive any past default in the performance of any of the covenants contained herein and its consequences, except (a) a default in the payment of the principal of or interest on any of the Junior Subordinated Debentures as and when the same shall become due by its terms otherwise than by acceleration (unless such default has been cured and a sum sufficient to pay all matured installments of interest and principal has been deposited with the Trustee in accordance with Section 7.01(c)), (b) a default in the covenants contained in Section 5.06 or (c) in respect of a covenant or provision hereof which under Article XI cannot be modified or amended without the consent of the Holder of each Outstanding Junior Subordinated Debenture affected; provided, however, that if the Junior Subordinated Debentures are held by the Trust or a Trustee of the Trust, such waiver or modification to such waiver shall not be effective until the Holders of a majority in Liquidation Amount of Trust Securities of the Trust shall have consented to such waiver or modification to such waiver; provided further, that if the consent of the Holder of each Outstanding Junior Subordinated Debenture is required, such waiver shall not be effective until each Holder of the Trust Securities of the Trust shall have consented to such waiver. Upon any such waiver, the default covered thereby shall be deemed to be cured for all purposes of this Indenture and the Company, the Trustee and the Holders of the Junior Subordinated Debentures shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

.7. UNDERTAKING TO PAY COSTS. All parties to this Indenture agree, and each Holder of any Junior Subordinated Debentures by such Holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Securityholder, or group of Securityholders, holding more than

10% in aggregate principal amount of the Outstanding Junior Subordinated Debentures, or to any suit instituted by any Securityholder for the enforcement of the payment of the principal of or interest on the Junior Subordinated Debentures on or after the due dates thereof.

ARTICLE VIII

FORM OF JUNIOR SUBORDINATED DEBENTURE AND ORIGINAL ISSUE

.1. FORM OF JUNIOR SUBORDINATED DEBENTURE. The Junior Subordinated Debenture and the Trustee's Certificate of Authentication to be endorsed thereon are to be substantially in

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the forms contained as Exhibit A to this Indenture, attached hereto and incorporated herein by reference.

.2. ORIGINAL ISSUE OF JUNIOR SUBORDINATED DEBENTURES. Junior Subordinated Debentures in the aggregate principal amount of \$_____ may, upon execution of this Indenture, be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver the Junior Subordinated Debentures to or upon the written order of the Company, signed by its Chairman, its Vice Chairman, its Chief Executive Officer, its President or any Vice President, without any further action by the Company.

ARTICLE IX

CONCERNING THE TRUSTEE

.1. CERTAIN DUTIES AND RESPONSIBILITIES OF THE TRUSTEE.

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, shall undertake to perform with respect to the Junior Subordinated Debentures such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants shall be read into this Indenture against the Trustee. In case an Event of Default has occurred (that has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) prior to the occurrence of an Event of Default and after the curing or waiving of all such Events of Default that may have occurred:

(A) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(B) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to

determine whether or not they conform to the requirement of this Indenture;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Responsible Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in principal amount of the Junior Subordinated Debentures at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture; and

(iv) none of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Indenture or adequate indemnity against such risk is not reasonably assured to it.

.2. CERTAIN RIGHTS OF TRUSTEE. Except as otherwise provided in Section 9.01:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by a Board Resolution or an instrument signed in the name of the Company by the Chief Executive Officer, the President or any Vice President and by the Secretary or an Assistant Secretary or the Chief Accounting Officer thereof (unless other evidence in respect thereof is specifically prescribed herein);

(c) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted hereunder in good faith and in reliance thereon;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Securityholders, pursuant to the provisions of this Indenture, unless such Securityholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby; nothing contained herein shall, however, relieve the Trustee of the obligation, upon the occurrence of an Event of Default (that has not been cured or waived) to exercise such of the rights and powers vested in it by this Indenture, and to use the same degree of care and skill in their exercise

as a prudent man would exercise or use under the circumstances in the

conduct of his own affairs;

(e) the Trustee shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, security or other papers or documents, unless requested in writing so to do by the Holders of not less than a majority in principal amount of the Outstanding Junior Subordinated Debentures (determined as provided in Section 10.04); provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such costs, expenses or liabilities as a condition to so proceeding. The reasonable expense of every such examination shall be paid by the Company or, if paid by the Trustee, shall be repaid by the Company upon demand; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

.3. TRUSTEE NOT RESPONSIBLE FOR RECITALS OR ISSUANCE OF THE JUNIOR SUBORDINATED DEBENTURES.

(a) The recitals contained herein and in the Junior Subordinated Debentures shall be taken as the statements of the Company and the Trustee assumes no responsibility for the correctness of the same.

(b) The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Junior Subordinated Debentures.

(c) The Trustee shall not be accountable for the use or application by the Company of any of the Junior Subordinated Debentures or of the proceeds of such Junior Subordinated Debentures, or for the use or application of any moneys paid over by the Trustee in accordance with any provision of this Indenture, or for the use or application of any moneys received by any paying agent other than the Trustee.

.4. MAY HOLD JUNIOR SUBORDINATED DEBENTURES. The Trustee or any paying agent or Securities Registrar, in its individual or any other capacity, may become the owner or pledgee of Junior Subordinated Debentures with the same rights it would have if it were not Trustee, paying agent or Securities Registrar.

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.5. MONEYS HELD IN TRUST. Subject to the provisions of Section 13.05, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any moneys received by it hereunder except such as it may agree with the Company to pay thereon.

.6. COMPENSATION AND REIMBURSEMENT.

(a) The Company covenants and agrees to pay to the Trustee, and the Trustee shall be entitled to, such reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), as the Company and the Trustee may from time to time agree in writing, for all services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of

the powers and duties hereunder of the Trustee, and, except as otherwise expressly provided herein, the Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all Persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Company also covenants to indemnify the Trustee (and its officers, agents, directors and employees) for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee and arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim of liability in the premises.

(b) The obligations of the Company under this Section to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder. Such additional indebtedness shall be secured by a lien prior to that of the Junior Subordinated Debentures upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the Holders of the Junior Subordinated Debentures.

.7. RELIANCE ON OFFICERS' CERTIFICATE. Except as otherwise provided in Section 9.01, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting to take any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee and such certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted to be taken by it under the provisions of this Indenture upon the faith thereof.

.8. DISQUALIFICATION; CONFLICTING INTERESTS. If the Trustee has or shall acquire any "conflicting interest" within the meaning of Section 310(b) of the Trust Indenture Act, the Trustee

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and the Company shall in all respects comply with the provisions of Section 310(b) of the Trust Indenture Act.

.9. CORPORATE TRUSTEE REQUIRED; ELIGIBILITY. There shall at all times be a Trustee with respect to the Junior Subordinated Debentures issued hereunder which shall at all times be a corporation organized and doing business under the laws of the United States of America or any state or territory thereof or of the District of Columbia, or a corporation or other Person permitted to act as trustee by the Commission, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$500,000 (and its parent holding company having a combined capital and surplus of at least \$50,000,000) and subject to supervision or examination by federal, state, territorial, or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. No Affiliate of the Company may serve as Trustee. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 9.10.

.10. RESIGNATION AND REMOVAL; APPOINTMENT OF SUCCESSOR.

(a) The Trustee, or any successor hereafter appointed, may at any time resign by giving written notice thereof to the Company and by transmitting notice of resignation by mail, first class postage prepaid, to the Securityholders, as their names and addresses appear upon the Securities Register. Upon receiving such notice of resignation, the Company

shall promptly appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 30 days after the mailing of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Securityholder who has been a bona fide Holder of Junior Subordinated Debentures for at least six months may, subject to the provisions of Section 7.07, on behalf of such Securityholder and all other Holders, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any one of the following shall occur:

(i) the Trustee shall fail to comply with the provisions of Section 9.08 after written request therefor by the Company or by any Securityholder who has been a bona fide Holder of Junior Subordinated Debentures for at least six months; or

(ii) the Trustee shall cease to be eligible in accordance with the provisions of Section 9.09 and shall fail to resign after written request therefor by the Company or by any such Securityholder; or

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(iii) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or commence a voluntary bankruptcy proceeding, or a receiver of the Trustee or of its property shall be appointed or consented to, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the Company may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 7.07, unless the Trustee's duty to resign is stayed as provided herein, any Securityholder who has been a bona fide Holder of Junior Subordinated Debentures for at least six months may, on behalf of that Holder and all other Holders, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The Holders of a majority in aggregate principal amount of the Junior Subordinated Debentures at the time Outstanding may at any time remove the Trustee by so notifying the Trustee and the Company and may appoint a successor Trustee with the consent of the Company.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section shall become effective upon acceptance of appointment by the successor trustee as provided in Section 9.11.

.11. ACCEPTANCE OF APPOINTMENT BY SUCCESSOR.

(a) In case of the appointment hereunder of a successor trustee, every such successor trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to

such successor trustee all the rights, powers, and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor trustee all property and money held by such retiring Trustee hereunder.

(b) Upon request of any such successor trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor trustee all such rights, powers and trusts referred to in paragraph (a) of this Section.

(c) No successor trustee shall accept its appointment unless at the time of such acceptance such successor trustee shall be qualified and eligible under this Article.

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(d) Upon acceptance of appointment by a successor trustee as provided in this Section, the Company shall transmit notice of the succession of such trustee hereunder by mail, first class postage prepaid, to the Securityholders, as their names and addresses appear upon the Securities Register. If the Company fails to transmit such notice within ten days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be transmitted at the expense of the Company.

.12. MERGER, CONVERSION, CONSOLIDATION OR SUCCESSION TO BUSINESS. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided that such corporation shall be qualified and eligible under the provisions of this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. In case any Junior Subordinated Debentures shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Junior Subordinated Debentures so authenticated with the same effect as if such successor Trustee had itself authenticated such Junior Subordinated Debentures.

.13. PREFERENTIAL COLLECTION OF CLAIMS AGAINST THE COMPANY. The Trustee shall comply with Section 311(a) of the Trust Indenture Act, excluding any creditor relationship described in Section 311(b) of the Trust Indenture Act. A Trustee who has resigned or been removed shall be subject to Section 311(a) of the Trust Indenture Act to the extent included therein.

.14. APPOINTMENT OF AUTHENTICATING AGENT. At any time when any of the Junior Subordinated Debentures remain Outstanding, the Trustee may appoint an Authenticating Agent or Agents which shall be authorized to act on behalf of the Trustee to authenticate Junior Subordinated Debentures issued upon original issuance, exchange, registration of transfer or partial redemption thereof or pursuant to Section 2.08, and Junior Subordinated Debentures so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Junior Subordinated Debentures by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any state thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than \$500,000 (and its parent holding company having a combined capital and surplus of at least \$50,000,000) and subject to supervision or examination by federal or state authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of such supervision or examining authority, for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most

so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such notice of resignation or upon such termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall mail written notice of such appointment by first class mail, postage prepaid, to all Securityholders as their names and addresses appear in the Securities Register. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with the like effect as if originally named as an Authenticating Agent herein. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section, and the Trustee shall be entitled to be reimbursed for such payments, subject to the provisions of Section 9.06.

If an appointment is made pursuant to this Section, the Junior Subordinated Debentures may have endorsed thereon, in lieu of the form of certificate of authentication set forth in Section 8.01, a certificate of authentication in the following form:

"This is one of the Junior Subordinated Debentures described in the within mentioned Indenture."

-----,
as Trustee

By
-----,
as Authenticating Agent

By
-----,
Authorized Signature

.1. EVIDENCE OF ACTION BY SECURITYHOLDERS. Whenever in this Indenture it is provided that the Holders of a majority or specified percentage in aggregate principal amount of the Junior Subordinated Debentures may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the Holders of such majority or specified percentage have joined therein may be evidenced by any instrument or any number of instruments of similar tenor executed by such Holders in Person or by agent or proxy appointed in writing.

If the Company shall solicit from the Securityholders any request, demand, authorization, direction, notice, consent, waiver or other action, the Company may, at its option, as evidenced by an Officers' Certificate, fix in advance a record date for the determination of Securityholders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other action, but the Company shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other action may be given before or after the record date, but only the Securityholders of record at the close of business on the record date shall be deemed to be Securityholders for the purposes of determining whether Securityholders of the requisite proportion of Outstanding Junior Subordinated Debentures have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other action, and for that purpose the Outstanding Junior Subordinated Debentures shall be computed as of the record date; provided, however, that no such authorization, agreement or consent by such Securityholders on the record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after the record date.

.2. PROOF OF EXECUTION BY SECURITYHOLDERS. Subject to the provisions of Section 6.01, proof of the execution of any instrument by a Securityholder (such proof will not require notarization) or his agent or proxy and proof of the holding by any Person of any of the Junior Subordinated Debentures shall be sufficient if made in the following manner:

(a) The fact and date of the execution by any such Person of any instrument may be proved in any reasonable manner acceptable to the Trustee.

(b) The ownership of Junior Subordinated Debentures shall be proved by the Securities Register or by a certificate of the Securities Registrar thereof.

(c) The Trustee may require such additional proof of any matter referred to in this Section as it shall deem necessary.

.3. WHO MAY BE DEEMED OWNERS. Prior to the due presentment for registration of transfer of any Junior Subordinated Debenture, the Company, the Trustee, any paying agent and

any Securities Registrar may deem and treat the Person in whose name such Junior Subordinated Debenture shall be registered upon the books of the Company as the absolute owner of such Junior Subordinated Debenture (whether or not such Junior Subordinated Debenture shall be overdue and notwithstanding any notice of ownership or writing thereon made by anyone other than the Securities Registrar) for the purpose of receiving payment of or on account of the principal of and (subject to Section 2.03) interest on such Junior Subordinated Debenture and for all other purposes; and neither the Company nor the Trustee nor any paying agent nor any Securities Registrar shall be affected by any notice to the contrary.

.4. CERTAIN JUNIOR SUBORDINATED DEBENTURES OWNED BY COMPANY DISREGARDED. In determining whether the Holders of the requisite aggregate principal amount of Junior Subordinated Debentures have concurred in any direction, consent or waiver under this Indenture, the Junior Subordinated Debentures that are owned by the Company or any other obligor on the Junior Subordinated Debentures or by

any Person directly or indirectly controlling or controlled by or under common control with the Company or any other obligor on the Junior Subordinated Debentures shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only Junior Subordinated Debentures that the Trustee actually knows are so owned shall be so disregarded. The Junior Subordinated Debentures so owned that have been pledged in good faith may be regarded as Outstanding for the purposes of this Section, if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right with respect to such Junior Subordinated Debentures and that the pledgee is not a Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any such other obligor. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

.5. ACTIONS BINDING ON FUTURE SECURITYHOLDERS. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 10.01, of the taking of any action by the Holders of the majority or percentage in aggregate principal amount of the Junior Subordinated Debentures specified in this Indenture in connection with such action, any Holder who is shown by the evidence to have consented to such action may, by filing written notice with the Trustee, and upon proof of holding as provided in Section 10.02, revoke such action so far as concerns such Holder's Junior Subordinated Debentures. Except as aforesaid any such action taken by the Holder shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Holder's Junior Subordinated Debentures, and of any Junior Subordinated Debentures issued in exchange therefor, on registration of transfer thereof or in place thereof, irrespective of whether or not any notation in regard thereto is made upon such Junior Subordinated Debentures. Any action taken by the Holders of the majority or percentage in aggregate principal amount of the Junior Subordinated Debentures specified in this Indenture in connection with such action shall be conclusively binding upon the Company, the Trustee and the Holders of all the Junior Subordinated Debentures.

ARTICLE XI

SUPPLEMENTAL INDENTURES

.1. SUPPLEMENTAL INDENTURES WITHOUT THE CONSENT OF SECURITYHOLDERS. In addition to any supplemental indenture otherwise authorized by this Indenture, the Company and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act as then in effect), without the consent of the Securityholders, for one or more of the following purposes:

(a) to cure any ambiguity, defect, or inconsistency herein, or in the Junior Subordinated Debentures, provided that any such action does not materially adversely affect the interests of the Holders or the holders of the Preferred Securities so long as they remain outstanding;

(b) to comply with Article XII;

(c) to provide for uncertificated Junior Subordinated Debentures in addition to or in place of certificated Junior Subordinated Debentures;

(d) to add to the covenants of the Company for the benefit of the Holders or to surrender any right or power herein conferred upon the Company;

(e) to add to, delete from, or revise the conditions, limitations, and restrictions on the authorized amount, terms, or purposes of issue, authentication, and delivery of Junior Subordinated Debentures, as herein set forth;

(f) to make any change that does not adversely affect the rights of any Securityholder in any material respect; or

(g) to establish the form of any certifications required to be furnished pursuant to the terms of this Indenture or to add to the rights of the Holders.

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into any such supplemental indenture that affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section may be executed by the Company and the Trustee without the consent of the Holders of any of the Junior Subordinated Debentures at the time Outstanding, notwithstanding any of the provisions of Section 11.02.

.2. SUPPLEMENTAL INDENTURES WITH CONSENT OF SECURITYHOLDERS. With the consent (evidenced as provided in Section 10.01) of the Holders of not less than a majority in aggregate principal amount of the Junior Subordinated Debentures at the time Outstanding, the Company,

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when authorized by Board Resolutions, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act as then in effect) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner not covered by Section 11.01 the rights of the Holders of the Junior Subordinated Debentures under this Indenture; provided, however, that no such supplemental indenture shall without the consent of the Holders of each Junior Subordinated Debenture then Outstanding, (a) change (except as expressly provided herein pursuant to Section 2.02) the stated maturity of the Junior Subordinated Debentures or reduce the principal amount thereof; or reduce the rate or extend (except as expressly provided herein pursuant to Section 4.01) the time of payment of interest thereon; or (b) reduce the percentage of principal amount of Junior Subordinated Debentures, the Holders of which are required to consent to any such supplemental indenture; provided, further, that if the Junior Subordinated Debentures are held by the Trust or a trustee of the Trust, such supplemental indenture shall not be effective until the holders of a majority in aggregate Liquidation Amount of Preferred Securities shall have consented to such supplemental indenture; provided further, that if the consent of the Holder of each Outstanding Junior Subordinated Debenture is required, such supplemental indenture shall not be effective until each Holder of the Trust Securities shall have consented to such supplemental indenture.

It shall not be necessary for the consent of the Securityholders to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

.3. EFFECT OF SUPPLEMENTAL INDENTURES. Upon the execution of any supplemental indenture pursuant to the provisions of this Article or of Section 12.01, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

.4. JUNIOR SUBORDINATED DEBENTURES AFFECTED BY SUPPLEMENTAL INDENTURES. Junior Subordinated Debentures, affected by a supplemental indenture, authenticated and delivered after the execution of such supplemental indenture pursuant to the provisions of this Article or of Section 12.01, may bear a notation in form approved by the Company, as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Junior Subordinated Debentures so modified as to conform, in the opinion of the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may be prepared by the Company, authenticated by the Trustee and delivered in exchange for the Junior Subordinated Debentures then Outstanding.

.5. EXECUTION OF SUPPLEMENTAL INDENTURES. Upon the request of the Company, accompanied by Board Resolutions authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the

consent of Securityholders required to consent thereto as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion but shall not be obligated to enter into such supplemental indenture. The Trustee, subject to the provisions of Section 9.01, may receive an Opinion of Counsel as conclusive

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evidence that any supplemental indenture executed pursuant to this Article is authorized or permitted by, and conforms to, the terms of this Article and that it is proper for the Trustee under the provisions of this Article to join in the execution thereof.

Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of this Section, the Trustee shall transmit by mail, first class postage prepaid, a notice, setting forth in general terms the substance of such supplemental indenture, to the Securityholders as their names and addresses appear upon the Securities Register. Any failure of the Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

ARTICLE XII

SUCCESSOR CORPORATION

.1. COMPANY MAY CONSOLIDATE, ETC. The Company shall not consolidate with or merge into any other Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, and no Person shall consolidate with or merge into the Company or convey, transfer or lease its properties and assets substantially as an entirety to the Company, unless (a) in case the Company consolidates with or merges into another Person or conveys or transfers its properties and assets substantially as an entirety to any Person, the successor Person is organized under the laws of the United States or any state or the District of Columbia, and such successor Person expressly assumes the Company's obligations on the Junior Subordinated Debentures issued under this Indenture; (b) immediately after giving effect thereto, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and (c) such successor Person expressly assumes the due and punctual performance and observance of all the covenants and conditions of this Indenture to be kept and performed by the Company by executing and delivering a supplemental indenture in form and substance satisfactory to the Trustee.

.2. SUCCESSOR SUBSTITUTED.

(a) In case of any such consolidation, merger, sale, conveyance, transfer or other disposition and upon the assumption by the successor Person by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the due and punctual payment of the principal of and interest on all of the Junior Subordinated Debentures Outstanding and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Company, such successor Person shall succeed to and be substituted for the Company, with the same effect as if it had been named as the Company herein, and thereupon the predecessor corporation shall be relieved of all obligations and covenants under this Indenture and the Junior Subordinated Debentures.

(b) In case of any such consolidation, merger, sale, conveyance, transfer or other disposition such changes in phraseology and form (but not in substance) may be made in the Junior Subordinated Debentures thereafter to be issued as may be appropriate.

.3. EVIDENCE OF CONSOLIDATION, ETC., TO TRUSTEE. The Trustee, subject to the provisions of Section 9.01, may receive an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale, conveyance, transfer or other disposition, and any such assumption, comply with the provisions of this Article.

ARTICLE XIII

SATISFACTION AND DISCHARGE

.1. SATISFACTION AND DISCHARGE OF INDENTURE. If at any time: (a) the Company shall have delivered to the Trustee for cancellation all Junior Subordinated Debentures theretofore authenticated (other than any Junior Subordinated Debentures that shall have been destroyed, lost or stolen and that shall have been replaced or paid as provided in Section 2.08) and Junior Subordinated Debentures for whose payment money or Governmental Obligations have theretofore been deposited in trust or segregated and held in trust by the Company (and thereupon repaid to the Company or discharged from such trust, as provided in Section 13.05); or (b) all such Junior Subordinated Debentures not theretofore delivered to the Trustee for cancellation shall have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and the Company shall deposit or cause to be deposited with the Trustee as trust funds the entire amount in moneys or Governmental Obligations sufficient or a combination thereof sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay at maturity or upon redemption all Junior Subordinated Debentures not theretofore delivered to the Trustee for cancellation, including principal and interest due or to become due to such date of maturity or date fixed for redemption, as the case may be, and if the Company shall also pay or cause to be paid all other sums payable hereunder by the Company; then this Indenture shall thereupon cease to be of further effect except for the provisions of Sections 2.02, 2.03, 2.04, 2.05, 4.01, 4.02, 4.03 and 9.10, that shall survive until the date of maturity or redemption date, as the case may be, and Sections 9.06 and 13.05, that shall survive to such date and thereafter, and the Trustee, on demand of the Company and at the cost and expense of the Company, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture.

.2. DISCHARGE OF OBLIGATIONS. If at any time all such Junior Subordinated Debentures not theretofore delivered to the Trustee for cancellation or that have not become due and payable as described in Section 13.01 shall have been paid by the Company by depositing irrevocably with the Trustee, as trust funds, moneys or an amount of Governmental Obligations sufficient to pay at maturity or upon redemption all such Junior Subordinated Debentures not theretofore delivered to the Trustee for cancellation, including principal and interest due or to become due to such date of maturity or date fixed for redemption, as the case may be, and if the Company shall also pay or cause to be paid all other sums payable hereunder by the Company, then after the date such moneys or Governmental Obligations, as the case may be, are deposited with the Trustee the obligations of the Company under this Indenture shall cease to be of further effect except for the provisions of Sections 2.02, 2.03, 2.04, 2.05, 4.01, 4.02, 4.03, 9.06, 9.10 and 13.05 hereof that

shall survive until such Junior Subordinated Debentures shall mature and be paid. Thereafter, Sections 9.06 and 13.05 shall survive.

.3. DEPOSITED MONEYS TO BE HELD IN TRUST. All moneys or Governmental Obligations deposited with the Trustee pursuant to Sections 13.01 or 13.02 shall

be held in trust and shall be available for payment as due, either directly or through any paying agent (including the Company acting as its own paying agent), to the Holders of the Junior Subordinated Debentures for the payment or redemption of which such moneys or Governmental Obligations have been deposited with the Trustee.

.4. PAYMENT OF MONEYS HELD BY PAYING AGENTS. In connection with the satisfaction and discharge of this Indenture all moneys or Governmental Obligations then held by any paying agent under the provisions of this Indenture shall, upon demand of the Company, be paid to the Trustee and thereupon such paying agent shall be released from all further liability with respect to such moneys or Governmental Obligations.

.5. REPAYMENT TO COMPANY. Any moneys or Governmental Obligations deposited with any paying agent or the Trustee, or then held by the Company in trust for payment of principal of or interest on the Junior Subordinated Debentures that are not applied but remain unclaimed by the Holders of such Junior Subordinated Debentures for at least two years after the date upon which the principal of or interest on such Junior Subordinated Debentures shall have respectively become due and payable, shall be repaid to the Company on the second annual anniversary of when such payment was originally due or (if then held by the Company) shall be discharged from such trust; and thereupon the paying agent and the Trustee shall be released from all further liability with respect to such moneys or Governmental Obligations, and the Holder of any of the Junior Subordinated Debentures entitled to receive such payment shall thereafter, as an unsecured general creditor, look only to the Company for the payment thereof.

ARTICLE XIV

IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

.1. NO RECOURSE. No recourse under or upon any obligation, covenant or agreement of this Indenture, or of any Junior Subordinated Debenture, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, stockholder, officer or director as such, past, present or future, of the Company or of any predecessor or successor corporation, either directly or through the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the obligations issued hereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, stockholders, officers or directors as such, of the Company or of any predecessor or successor corporation, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Junior Subordinated Debentures or implied therefrom; and that any and all such personal liability of

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every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, stockholder, officer or director as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Junior Subordinated Debentures or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issuance of such Junior Subordinated Debentures.

ARTICLE XV

MISCELLANEOUS PROVISIONS

.1. EFFECT ON SUCCESSORS AND ASSIGNS. All the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of the

Company or the Trustee shall bind their respective successors and assigns, whether so expressed or not.

.2. ACTIONS BY SUCCESSOR. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the corresponding board, committee or officer of any corporation that shall at the time be the lawful sole successor of the Company.

.3. SURRENDER OF COMPANY POWERS. The Company by instrument in writing executed by authority of two-thirds of its Board of Directors and delivered to the Trustee may surrender any of the powers reserved to the Company, and thereupon such power so surrendered shall terminate both as to the Company and as to any successor corporation.

.4. NOTICES. Except as otherwise expressly provided herein any notice or demand that by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the Holders of Junior Subordinated Debentures to or on the Company may be given or served by being deposited first class postage prepaid in a post-office letterbox addressed (until another address is filed in writing by the Company with the Trustee), as follows: c/o Flagstar Bancorp, Inc., 2600 Telegraph Road, Bloomfield Hills, Michigan 48302, Attention: Chief Executive Officer. Any notice, election, request or demand by the Company or any Securityholder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or made in writing at the Corporate Trust Office of the Trustee.

.5. GOVERNING LAW. This Indenture and each Junior Subordinated Debenture shall be deemed to be a contract made under the internal laws of the State of Michigan and for all purposes shall be construed in accordance with the laws of said state, provided that the immunities and the standard of care of the Trustee shall be governed by Michigan law.

.6. TREATMENT OF JUNIOR SUBORDINATED DEBENTURES AS DEBT. It is intended that the Junior Subordinated Debentures will be treated as indebtedness and not as equity for federal income tax purposes. The provisions of this Indenture shall be interpreted to further this intention.

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.7. COMPLIANCE CERTIFICATES AND OPINIONS.

(a) Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent have been complied with, except that in the case of any such application or demand as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or demand, no additional certificate or opinion need be furnished.

(b) Every certificate or opinion delivered to the Trustee with respect to compliance with a condition or covenant in this Indenture shall include (i) a statement that the Person making such certificate or opinion has read such covenant or condition; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (iii) a statement that, in the opinion of such Person, such Person has made such examination or investigation as is necessary to enable such Person to express an informed opinion as to whether or not such covenant or condition has been complied with; and (iv) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

.8. PAYMENTS ON BUSINESS DAYS. In any case where the date of maturity of interest or principal of the Junior Subordinated Debentures or the date of redemption of the Junior Subordinated Debentures shall not be a Business Day, then payment of interest or principal will be made on the next succeeding Business Day (without any additional interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on the date such payment was originally payable.

.9. CONFLICT WITH TRUST INDENTURE ACT. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by Sections 310 to 317, inclusive, of the Trust Indenture Act, such imposed duties shall control.

.10. COUNTERPARTS. This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

.11. SEPARABILITY. In case any one or more of the provisions contained in this Indenture or in the Junior Subordinated Debentures shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Indenture or of the Junior Subordinated Debentures, but this Indenture and the Junior Subordinated Debentures shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

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.12. ASSIGNMENT. The Company will have the right at all times to assign any of its respective rights or obligations under this Indenture to a direct or indirect wholly owned Subsidiary of the Company, provided that, in the event of any such assignment, the Company will remain liable for all such obligations. Subject to the foregoing, this Indenture is binding upon and inures to the benefit of the parties thereto and their respective successors and assigns. This Indenture may not otherwise be assigned by the parties hereto.

.13. ACKNOWLEDGMENT OF RIGHTS. The Company acknowledges that, with respect to any Junior Subordinated Debentures held by the Trust or a trustee of the Trust, if the Property Trustee of the Trust fails to enforce its rights under this Indenture as the Holder of the Junior Subordinated Debentures held as the assets of the Trust, any holder of Preferred Securities may institute legal proceedings directly against the Company to enforce such Property Trustee's rights under this Indenture without first instituting any legal proceedings against such Property Trustee or any other Person or entity. Notwithstanding the foregoing, if an Event of Default has occurred and is continuing and such event is attributable to the failure of the Company to pay interest or principal on the Junior Subordinated Debentures on the date such interest or principal is otherwise payable (or in the case of redemption, on the redemption date), the Company acknowledges that a holder of Preferred Securities may directly institute a proceeding for enforcement of payment to such holder of the principal of or interest on the Junior Subordinated Debentures having a principal amount equal to the aggregate Liquidation Amount of the Preferred Securities of such holder on or after the respective due date specified in the Junior Subordinated Debentures. This Section 15.13 may not be amended without the prior written consent of the holders of all of the Preferred Securities.

ARTICLE XVI

SUBORDINATION OF JUNIOR SUBORDINATED DEBENTURES

.1. AGREEMENT TO SUBORDINATE. The Company covenants and agrees, and each Holder of Junior Subordinated Debentures issued hereunder by such Holder's acceptance thereof likewise covenants and agrees, that all Junior Subordinated Debentures shall be issued subject to the provisions of this Article XVI; and each Holder, whether upon original issue or upon transfer or assignment thereof,

accepts and agrees to be bound by such provisions.

The payment by the Company of the principal of and interest on all Junior Subordinated Debentures issued hereunder shall, to the extent and in the manner hereinafter set forth, be subordinated and junior in right of payment to the prior payment in full of all Senior and Subordinated Debt, whether outstanding at the date of this Indenture or thereafter incurred.

No provision of this Article XVI shall prevent the occurrence of any default or Event of Default hereunder.

.2. DEFAULT ON SENIOR AND SUBORDINATED DEBT. In the event and during the continuation of any default by the Company in the payment of principal, premium, interest or any other payment due on any Senior and Subordinated Debt of the Company or in the event that the maturity of any Senior and Subordinated Debt of the Company has been accelerated because of a

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default, then, in either case, no payment shall be made by the Company with respect to the principal of or interest on the Junior Subordinated Debentures.

In the event that, notwithstanding the foregoing, any payment shall be received by the Trustee when such payment is prohibited by the preceding paragraph of this Section 16.02, such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior and Subordinated Debt or their respective representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior and Subordinated Debt may have been issued, as their respective interests may appear, but only to the extent that the holders of the Senior and Subordinated Debt (or their representative or representatives or a trustee) notify the Trustee in writing within 90 days of such payment of the amounts then due and owing on the Senior and Subordinated Debt and only the amounts specified in such notice to the Trustee shall be paid to the holders of Senior and Subordinated Debt.

.3. LIQUIDATION; DISSOLUTION; BANKRUPTCY. Upon any payment by the Company or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to creditors upon any dissolution or winding-up or liquidation or reorganization of the Company, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all amounts due upon all Senior and Subordinated Debt of the Company shall first be paid in full, or payment thereof provided for in money in accordance with its terms, before any payment is made by the Company on account of the principal or interest on the Junior Subordinated Debentures; and upon any such dissolution or winding-up or liquidation or reorganization, any payment by the Company, or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the Holders or the Trustee would be entitled to receive from the Company, except for the provisions of this Article XVI, shall be paid by the Company or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, or by the Holders or by the Trustee under the Indenture if received by them or it, directly to the holders of Senior and Subordinated Debt of the Company (pro rata to such holders on the basis of the respective amounts of Senior and Subordinated Debt held by such holders, as calculated by the Company) or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing such Senior and Subordinated Debt may have been issued, as their respective interests may appear, to the extent necessary to pay such Senior and Subordinated Debt in full, in money or money's worth, after giving effect to any concurrent payment or distribution to or for the holders of such Senior and Subordinated Debt, before any payment or distribution is made to the Holders or to the Trustee.

In the event that, notwithstanding the foregoing, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, prohibited by the foregoing, shall be received by the Trustee before all Senior and Subordinated Debt of the Company is paid in full, or provision is made for such payment in money in accordance with its terms,

such payment or distribution shall be held in trust for the benefit of and shall be paid over or delivered to the holders of such Senior and Subordinated Debt or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing such Senior and Subordinated Debt may have been issued, and their respective interests may appear, as calculated by the Company, for application to the payment of

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all Senior and Subordinated Debt of the Company, as the case may be, remaining unpaid to the extent necessary to pay such Senior and Subordinated Debt in full in money in accordance with its terms, after giving effect to any concurrent payment or distribution to or for the benefit of the holders of such Senior and Subordinated Debt.

For purposes of this Article XVI, the words "cash, property or securities" shall not be deemed to include shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment, the payment of which is subordinated at least to the extent provided in this Article XVI with respect to the Junior Subordinated Debentures to the payment of all Senior and Subordinated Debt of the Company, as the case may be, that may at the time be outstanding, provided that (a) such Senior and Subordinated Debt is assumed by the new corporation, if any, resulting from any such reorganization or readjustment, and (b) the rights of the holders of such Senior and Subordinated Debt are not, without the consent of such holders, altered by such reorganization or readjustment. The consolidation of the Company with, or the merger of the Company into, another corporation or the liquidation or dissolution of the Company following the conveyance or transfer of its property as an entirety, or substantially as an entirety, to another corporation upon the terms and conditions provided for in Article XII of this Indenture shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section 16.03 if such other corporation shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions stated in Article XII of this Indenture. Nothing in Section 16.02 or in this Section 16.03 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 9.06 of this Indenture.

.4. SUBROGATION. Subject to the payment in full of all Senior and Subordinated Debt of the Company, the rights of the Holders of the Junior Subordinated Debentures shall be subrogated to the rights of the holders of such Senior and Subordinated Debt to receive payments or distributions of cash, property or securities of the Company, as the case may be, applicable to such Senior and Subordinated Debt until the principal of and interest on the Junior Subordinated Debentures shall be paid in full; and, for the purposes of such subrogation, no payments or distributions to the holders of such Senior and Subordinated Debt of any cash, property or securities to which the Holders of the Junior Subordinated Debentures or the Trustee would be entitled except for the provisions of this Article XVI, and no payment over pursuant to the provisions of this Article XVI to or for the benefit of the holders of such Senior and Subordinated Debt by Holders of the Junior Subordinated Debentures or the Trustee, shall, as between the Company, its creditors other than holders of Senior and Subordinated Debt of the Company, and the Holders of the Junior Subordinated Debentures, be deemed to be a payment by the Company to or on account of such Senior and Subordinated Debt. It is understood that the provisions of this Article XVI are and are intended solely for the purposes of defining the relative rights of the Holders of the Junior Subordinated Debentures, on the one hand, and the holders of such Senior and Subordinated Debt on the other hand.

Nothing contained in this Article XVI or elsewhere in this Indenture or in the Junior Subordinated Debentures is intended to or shall impair, as between the Company, its creditors other than the holders of Senior and Subordinated Debt of the Company, and the Holders of the Junior Subordinated Debentures, the obligation of the Company, which is absolute and

unconditional, to pay to the Holders of the Junior Subordinated Debentures the principal of and interest on the Junior Subordinated Debentures as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders of the Junior Subordinated Debentures and creditors of the Company, other than the holders of Senior and Subordinated Debt of the Company, nor shall anything herein or therein prevent the Trustee or the Holder of any Junior Subordinated Debenture from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article XVI of the holders of such Senior and Subordinated Debt in respect of cash, property or securities of the Company, as the case may be, received upon the exercise of any such remedy.

Upon any payment or distribution of assets of the Company referred to in this Article XVI, the Trustee, subject to the provisions of Section 9.01, and the Holders of the Junior Subordinated Debentures shall be entitled to conclusively rely upon any order or decree made by any court of competent jurisdiction in which such dissolution, winding-up, liquidation or reorganization proceedings are pending, or a certificate of the receiver, trustee in bankruptcy, liquidation trustee, agent or other Person making such payment or distribution, delivered to the Trustee or to the Holders of the Junior Subordinated Debentures, for the purposes of ascertaining the Persons entitled to participate in such distribution, the holders of Senior and Subordinated Debt and other indebtedness of the Company, as the case may be, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article XVI.

.5. TRUSTEE TO EFFECTUATE SUBORDINATION. Each Holder of Junior Subordinated Debentures by such Holder's acceptance thereof authorizes and directs the Trustee on such Holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article XVI and appoints the Trustee such Holder's attorney-in-fact for any and all such purposes.

.6. NOTICE BY THE COMPANY. The Company shall give prompt written notice to a Responsible Officer of the Trustee of any fact known to the Company that would prohibit the making of any payment of moneys to or by the Trustee in respect of the Junior Subordinated Debentures pursuant to the provisions of this Article XVI. Notwithstanding the provisions of this Article XVI or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts that would prohibit the making of any payment of moneys to or by the Trustee in respect of the Junior Subordinated Debentures pursuant to the provisions of this Article XVI, unless and until a Responsible Officer of the Trustee shall have received written notice thereof from the Company or a holder or holders of Senior and Subordinated Debt or from any trustee therefor; and before the receipt of any such written notice, the Trustee, subject to the provisions of Section 9.01, shall be entitled in all respects to assume that no such facts exist; provided, however, that if the Trustee shall not have received the notice provided for in this Section 16.06 at least two Business Days prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of or interest on any Junior Subordinated Debenture), then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such money and to apply the same to the purposes for which it was received, and shall not be affected

by any notice to the contrary that may be received by it within two Business Days prior to such date.

The Trustee, subject to the provisions of Section 9.01, shall be entitled to conclusively rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior and Subordinated Debt of the Company (or a trustee on behalf of such holder), to establish that such notice has been given by a holder of such Senior and Subordinated Debt or a trustee on behalf of any such holder or holders. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of such Senior and Subordinated Debt to participate in any payment or distribution pursuant to this Article XVI, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of such Senior and Subordinated Debt held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article XVI, and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

.7. RIGHTS OF THE TRUSTEE; HOLDERS OF SENIOR AND SUBORDINATED DEBT. The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article XVI in respect of any Senior and Subordinated Debt at any time held by it, to the same extent as any other holder of Senior and Subordinated Debt, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder.

With respect to the holders of Senior and Subordinated Debt of the Company, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article XVI, and no implied covenants or obligations with respect to the holders of such Senior and Subordinated Debt shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of such Senior and Subordinated Debt and, subject to the provisions of Section 9.01, the Trustee shall not be liable to any holder of such Senior and Subordinated Debt if it shall pay over or deliver to Holders of Junior Subordinated Debentures, the Company or any other Person money or assets to which any holder of such Senior and Subordinated Debt shall be entitled by virtue of this Article XVI or otherwise.

.8. SUBORDINATION MAY NOT BE IMPAIRED. No right of any present or future holder of any Senior and Subordinated Debt of the Company to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof that any such holder may have or otherwise be charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior and Subordinated Debt of the Company may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Junior Subordinated Debentures, without incurring responsibility to the Holders of the Junior Subordinated Debentures and without impairing or releasing the subordination provided in this Article XVI or the obligations hereunder

of the Holders of the Junior Subordinated Debentures to the holders of such Senior and Subordinated Debt, do any one or more of the following: (a) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, such Senior and Subordinated Debt, or otherwise amend or supplement in any manner such Senior and Subordinated Debt or any instrument evidencing the same or any agreement under which such Senior and Subordinated Debt is outstanding; (b) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing such Senior and Subordinated Debt; (c) release any Person liable in any manner for the collection of such Senior and Subordinated Debt; and (d) exercise or refrain from exercising any rights against the Company and any other Person.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

FLAGSTAR BANCORP, INC.

By _____
Thomas J. Hammond, Chairman and Chief
Executive Officer

FMB TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By _____
Name _____
Title _____

By _____
Name _____
Title _____

STATE OF MICHIGAN)
) ss.
COUNTY OF OAKLAND)

On the _____ day of _____, 1999, before me personally came THOMAS J. HAMMOND, to me known, who, being by me duly sworn, did depose and say that he is the Chairman and Chief Executive Officer of FLAGSTAR BANCORP, INC., one of the corporations described in and which executed the above instrument; and that he signed his name thereto on behalf of said corporation by authority of the Board of Directors of said corporation.

Witness my hand and official seal:

Notary Public

My Commission Expires:

STATE OF MICHIGAN)
) ss.
COUNTY OF OAKLAND)

On the _____ day of _____, 1999, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that he/she is the _____ of FMB TRUST COMPANY, NATIONAL ASSOCIATION, one of the corporations described in and which executed the above instrument; and that he/she signed his/her name thereto on behalf of said corporation by authority of the Board of Directors of said corporation.

Witness my hand and official seal:

Notary Public

My Commission Expires:

EXHIBIT A

(FORM OF FACE OF JUNIOR SUBORDINATED DEBENTURE)

This Junior Subordinated Debenture is a [Global] Subordinated Debenture within the meaning of the Indenture hereinafter referred to and is registered in the name of [_____] [a Depositary or a nominee of a Depositary]. This Junior Subordinated Debenture is exchangeable for Junior Subordinated Debentures registered in the name of a person other than [_____] [the Depositary or its nominee] only in the limited circumstances described in the Indenture, and no transfer of this Junior Subordinated Debenture [(other than a transfer of this Junior Subordinated Debenture as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary)] may be registered except in such limited circumstances.

[Unless this Junior Subordinated Debenture is presented by an authorized representative of TRUSTEE (___[address]_____) to the issuer or its agent for registration of transfer, exchange or payment, and any Junior Subordinated Debenture issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of TRUSTEE (and any payment hereon is made to Cede & Co. or to such other entity as is requested by an authorized representative of TRUSTEE), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch the registered owner hereof, Cede & Co., has an interest herein.]

Registered Principal Amount

Registered No. _____ \$ _____

[CUSIP No. _____]

FLAGSTAR BANCORP, INC.
% JUNIOR SUBORDINATED DEBENTURE
DUE _____, 2029

Flagstar Bancorp, Inc., a Delaware corporation (the "Company," which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to TRUSTEE or registered assigns, the principal sum of

_____ Dollars
(\$ _____) on _____, 2029 (which date may be shortened as provided in the Indenture, the "Stated Maturity"), and to pay interest on said principal sum from _____, 1999, or from the most recent interest payment date (each such date, an "Interest Payment Date") to which interest has been paid or duly provided for, quarterly (subject to deferral as set forth herein) in arrears on the 15th day of March, June, September and December in each year commencing June 15, 1999, at the rate of ____% per annum until the principal hereof shall have become due and payable, and on any overdue principal and (without duplication and to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate per annum compounded quarterly. The

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amount of each interest payment due with respect to the Junior Subordinated Debentures will include amounts accrued through the date the interest payment is due. The amount of interest payable on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months. In the event that any date on which interest is payable on this Junior Subordinated Debenture is not a Business Day (as defined in the Indenture), then payment of interest payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. The interest installment so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person in whose name this Junior Subordinated Debenture (or one or more Predecessor Junior Subordinated Debentures, as defined in the Indenture) is registered at the close of business on the regular record date for such interest installment, which shall be the close of business on the business day next preceding such Interest Payment Date unless otherwise provided in the Indenture. The principal of and the interest on this Junior Subordinated Debenture shall be payable at the office or agency of the Trustee (as defined in the Indenture) maintained for that purpose in any coin or currency of the United States of America that at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the Registered Holder (as defined in the Indenture) at such address as shall appear in the Securities Register (as defined in the Indenture). Notwithstanding the foregoing, so long as the Holder of this Junior Subordinated Debenture is the Property Trustee (as defined in the Indenture), the payment of the principal of and interest on this Junior Subordinated Debenture will be made at such place and to such account as may be designated by the Property Trustee.

The Stated Maturity may be shortened at any time by the Company to any date not earlier than _____, 2004, subject to the Company having received prior approval of the OTS (as defined in the Indenture) if then required under applicable capital guidelines or policies of the OTS.

The indebtedness evidenced by this Junior Subordinated Debenture is, to the extent provided in the Indenture, subordinate and junior in right of payment to the prior payment in full of all Senior and Subordinated Debt (as defined in the Indenture), and this Junior Subordinated Debenture is issued subject to the provisions of the Indenture with respect thereto. Each Holder of this Junior Subordinated Debenture, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his or her behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination so provided and (c) appoints the Trustee his or her attorney-in-fact for any and all such purposes. Each Holder hereof, by his or her acceptance hereof, hereby waives all notice of the acceptance of the subordination provisions contained herein and in the Indenture by each holder of Senior and Subordinated Debt, whether now outstanding or hereafter incurred, and waives reliance by each such holder upon said provisions.

This Junior Subordinated Debenture shall not be entitled to any benefit under the Indenture, be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by or on behalf of

the Trustee.

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The provisions of this Junior Subordinated Debenture are continued on the reverse side hereof and such continued provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed.

Dated: _____ FLAGSTAR BANCORP, INC.

By _____
Thomas J. Hammond, Chairman and Chief
Executive Officer

Attest:

By _____
Mary K. McGuire
Secretary

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[FORM OF CERTIFICATE OF AUTHENTICATION]

CERTIFICATE OF AUTHENTICATION

This is one of the Junior Subordinated Debentures described in the within-mentioned Indenture.

Dated: _____ TRUSTEE, as Trustee

By _____
Authorized Signature

[FORM OF REVERSE OF JUNIOR SUBORDINATED DEBENTURE]
 _____% JUNIOR SUBORDINATED DEBENTURE
 (CONTINUED)

This Junior Subordinated Debenture is one of the junior subordinated debentures of the Company (herein sometimes referred to as the "Junior Subordinated Debentures"), specified in the Indenture, all issued under and pursuant to a Subordinated Indenture dated as of _____, 1999 (the "Indenture") duly executed and delivered between the Company and TRUSTEE, as Trustee (the "Trustee"), to which Indenture reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Junior Subordinated Debentures. The Junior Subordinated Debentures are limited in aggregate principal amount as specified in the Indenture.

Because of the occurrence and continuation of a Special Event (as defined in the Indenture), in certain circumstances, this Junior Subordinated Debenture may become due and payable at the option of the Company at the principal amount together with any interest accrued thereon (the "Redemption Price"). The Redemption Price shall be paid prior to 2:00 p.m. Bloomfield Hills, Michigan time, on the date of such redemption or at such earlier time as the Company determines.

The Company shall have the right to redeem this Junior Subordinated Debenture at the option of the Company, in whole or in part, from time to time, on or after _____, 2004, at a redemption price equal to 100% of the principal amount to be redeemed plus any accrued but unpaid interest thereon to the date of such redemption. Any redemption pursuant to this paragraph will be made upon not less than 30 days' nor more than 60 days' notice. If the Junior Subordinated Debentures are only partially redeemed by the Company pursuant to this paragraph, the Junior Subordinated Debentures will be redeemed pro rata or by lot or by any other method utilized by the Trustee; provided that if, at the time of redemption, the Junior Subordinated Debentures are registered as a Global Subordinated Debenture (as defined in the Indenture), the Depositary (as defined in the Indenture) shall determine the principal amount of such Junior Subordinated Debentures held by each Junior Subordinated Debenture Holder to be redeemed in accordance with its procedures.

In the event of redemption of this Junior Subordinated Debenture in part only, a new Junior Subordinated Debenture for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

In case an Event of Default (as defined in the Indenture), shall have occurred and be continuing, the principal of all of the Junior Subordinated Debentures may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the Holders of not less than a majority in aggregate principal amount of the Junior Subordinated Debentures at the time Outstanding, as defined in the Indenture, to execute

supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of the Junior Subordinated Debentures; provided, however, that no such

supplemental indenture shall (i) change the stated maturity of the Junior Subordinated Debentures except as provided in the Indenture, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, without the consent of the Holder of each Junior Subordinated Debenture so affected, or (ii) reduce the aforesaid percentage of Junior Subordinated Debentures, the Holders of which are required to consent to any such supplemental indenture, without the consent of the Holders of each Junior Subordinated Debenture then Outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Junior Subordinated Debentures at the time Outstanding, on behalf of all of the Holders of the Junior Subordinated Debentures, to waive any past default in the performance of any of the covenants contained in the Indenture, or established pursuant to the Indenture, and its consequences, except a default in the payment of the principal of or interest on any of the Junior Subordinated Debentures. Any such consent or waiver by the registered Holder of this Junior Subordinated Debenture (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Junior Subordinated Debenture and of any Junior Subordinated Debenture issued in exchange herefor or in place hereof (whether by registration of transfer or otherwise), irrespective of whether or not any notation of such consent or waiver is made upon this Junior Subordinated Debenture.

No reference herein to the Indenture and no provision of this Junior Subordinated Debenture or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Junior Subordinated Debenture at the time and place and at the rate and in the money herein prescribed.

The Company shall have the right at any time during the term of the Junior Subordinated Debentures and from time to time to extend the interest payment period of such Junior Subordinated Debentures for up to 20 consecutive quarters (an "Extended Interest Payment Period"), at the end of which period the Company shall pay all interest then accrued and unpaid (together with interest thereon at the rate specified for the Junior Subordinated Debentures to the extent that payment of such interest is enforceable under applicable law). Before the termination of any such Extended Interest Payment Period, the Company may further extend such Extended Interest Payment Period, provided that such Extended Interest Payment Period together with all such further extensions thereof shall not exceed 20 consecutive quarters or extend beyond the Stated Maturity. At the termination of any such Extended Interest Payment Period and upon the payment of all accrued and unpaid interest and any additional amounts then due, the Company may commence a new Extended Interest Payment Period.

The Company has agreed that if at any time (a) there shall have occurred any event of which the Company has actual knowledge that (i) with the giving of notice or the lapse of time, or both, would constitute an Event of Default and (ii) in respect to which the Company shall not have taken reasonable steps to cure, or (b) the Company shall have given notice of its election of an Extended Interest Payment Period as provided herein and shall not have rescinded such notice, or such Extended Interest Payment Period, or any extension thereof, shall be continuing; or (c)

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while the Junior Subordinated Debentures are held by the Trust, the Company shall be in default with respect to its payment of any obligation under the Preferred Securities Guarantee, then the Company will not (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of the Company's capital stock or (ii) make any payment of principal, interest or premium, if any, on or repay, repurchase or redeem any debt securities of the Company (including the Junior Subordinated Debentures) that rank pari passu with or junior in interest to the Junior Subordinated Debentures or make any guarantee payments with respect to any guarantee by the Company of the debt securities of any subsidiary of the Company if such guarantee ranks pari passu or junior in interest to the Junior Subordinated Debentures (other than (A) dividends or distributions in common stock, (B) any declaration of a dividend in connection with the implementation

of a shareholders' rights plan, or the issuance of stock under any such plan in the future or the redemption or repurchase of any such rights pursuant thereto, (C) payments under the Preferred Securities Guarantee and (D) purchases of common stock related to the issuance of common stock or rights under any of the Company's benefit plans for its directors, officers or employees).

As provided in the Indenture and subject to certain limitations therein set forth, this Junior Subordinated Debenture is transferable by the registered Holder hereof on the Securities Register of the Company, upon surrender of this Junior Subordinated Debenture for registration of transfer at the office or agency of the Trustee accompanied by a written instrument or instruments of transfer in form satisfactory to the Company or the Trustee duly executed by the registered Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Junior Subordinated Debentures of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be made for any such transfer, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in relation thereto.

Prior to due presentment for registration of transfer of this Junior Subordinated Debenture, the Company, the Trustee, any paying agent and the Securities Registrar (as defined in the Indenture) may deem and treat the Registered Holder hereof as the absolute owner hereof (whether or not this Junior Subordinated Debenture shall be overdue and notwithstanding any notice of ownership or writing hereon made by anyone other than the Securities Registrar) for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes, and neither the Company nor the Trustee nor any paying agent nor any Securities Registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or the interest on this Junior Subordinated Debenture, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture, against any incorporator, stockholder, officer or director, past, present or future, as such, of the Company or of any predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issuance hereof, expressly waived and released.

The Junior Subordinated Debentures are issuable only in registered form without coupons in denominations of \$_____ and any integral multiple thereof. [This Global Subordinated

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Debenture is exchangeable for Junior Subordinated Debentures in definitive form only under certain limited circumstances set forth in the Indenture. Junior Subordinated Debentures so issued are issuable only in registered form without coupons in denominations of \$_____ and any integral multiple thereof.]

All terms used in this Junior Subordinated Debenture that are defined in the Indenture shall have the meanings assigned to them in the Indenture.

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PREFERRED SECURITIES GUARANTEE AGREEMENT

FLAGSTAR BANCORP, INC.

and

FMB TRUST COMPANY, NATIONAL ASSOCIATION

Dated: March __, 1999

CROSS REFERENCE TABLE

Section of Trust Indenture Act of 1939,
as Amended

Section of Guarantee Agreement

310 (a)	4.01 (a)
310 (b)	4.01 (c), 2.08
310 (c)	Inapplicable
311 (a)	2.02 (b)
311 (b)	2.02 (b)
311 (c)	Inapplicable

312 (a)	2.02 (a)
312 (b)	2.02 (b)
313	2.03
314 (a)	2.04
314 (b)	Inapplicable
314 (c)	2.05
314 (d)	Inapplicable
314 (e)	1.01, 2.05, 3.02
314 (f)	2.01, 3.02
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316 (a)	1.01, 3.06, 5.04
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317 (a)	Inapplicable
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318 (a)	2.01 (b)
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PREFERRED SECURITIES GUARANTEE AGREEMENT

This GUARANTEE AGREEMENT (the "Preferred Securities Guarantee"), dated as of March __, 1999, is executed and delivered by FLAGSTAR BANCORP, INC., a Michigan corporation (the "Guarantor"), and FMB TRUST COMPANY, NATIONAL ASSOCIATION, as trustee (the "Preferred Guarantee Trustee"), for the benefit of the Holders (as defined herein) from time to time of the Preferred Securities (as defined herein) of FLAGSTAR TRUST I, a Delaware statutory business trust ("Flagstar Trust").

WHEREAS, pursuant to an Amended and Restated Trust Agreement (the "Trust Agreement") dated as of March __, 1999 among the trustees of Flagstar Trust named therein, the Guarantor, as sponsor, and the holders from time to time of undivided beneficial interests in the assets of Flagstar Trust, Flagstar Trust is issuing on the date hereof _____ preferred securities, having an aggregate liquidation amount of \$ _____ designated the ___% Cumulative Trust Preferred Securities (the "Preferred Securities"); and

WHEREAS, as incentive for the Holders to purchase the Preferred Securities, the Guarantor desires irrevocably and unconditionally to agree, to the extent set forth in this Preferred Securities Guarantee, to pay to the Holders of the Preferred Securities the Guarantee Payments (as defined herein) and to make certain other payments on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the purchase by each Holder of Preferred Securities, which purchase the Guarantor hereby agrees shall benefit the Guarantor, the Guarantor executes and delivers this Preferred Securities Guarantee for the benefit of the Holders.

ARTICLE I

DEFINITIONS AND INTERPRETATION

.1. DEFINITIONS AND INTERPRETATIONS. In this Preferred Securities Guarantee, unless the context otherwise requires:

(a) capitalized terms used in this Preferred Securities Guarantee but not defined in the preamble above have the respective meanings assigned to them in this Section 1.01;

(b) a term defined anywhere in this Preferred Securities Guarantee has the same meaning throughout;

(c) all references to "the Preferred Securities Guarantee" or "this Preferred Securities Guarantee" are to this Preferred Securities Guarantee as modified, supplemented or amended from time to time;

(d) all references in this Preferred Securities Guarantee to Articles and Sections are to Articles and Sections of this Preferred Securities Guarantee, unless otherwise specified;

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(e) a term defined in the Trust Indenture Act has the same meaning when used in this Preferred Securities Guarantee, unless otherwise defined in this Preferred Securities Guarantee or unless the context otherwise requires; and

(f) a reference to the singular includes the plural and vice versa.

"Affiliate" has the same meaning as given to that term in Rule 405 of the Securities Act of 1933, as amended, or any successor rule thereunder.

"Business Day" means any day other than (a) a Saturday or Sunday, (b) a day on which banking institutions in the State of Michigan are authorized or required by law or executive order to remain closed, or (c) a day on which the Preferred Guarantee Trustee's Corporate Trust Office is closed for business.

"Corporate Trust Office" means the office of the Preferred Guarantee Trustee at which the corporate trust business of the Preferred Guarantee Trustee shall, at any particular time, be principally administered, which office at the date of execution of this Agreement is located at 25 South Charles Street, Baltimore, Maryland 21203, Attn: Corporate Trust Administration.

"Covered Person" means any Holder or beneficial owner of Preferred Securities.

"Debt" means with respect to any person, whether recourse is to all or a portion of the assets of such person and whether or not contingent: (a) every obligation of such person for money borrowed; (b) every obligation of such person evidenced by bonds, debentures, notes or other similar instruments, including obligations incurred in connection with the acquisition of property, assets or businesses; (c) every reimbursement obligation of such person with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of such person; (d) every obligation of such person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business); (e) every capital lease obligation of such person; and (f) every obligation of the type referred to in clauses (a) through (e) of another person and all dividends of another person the payment of which, in either case, such person has guaranteed or for which such person is responsible or liable, directly or indirectly, as obligor or otherwise.

"Event of Default" means a default by the Guarantor on any of its payment or other obligations under this Preferred Securities Guarantee.

"Guarantee Payments" means the following payments or distributions, without duplication, with respect to the Preferred Securities, to the extent not paid or made by Flagstar Trust: (a) any accrued and unpaid Distributions (as defined in the Trust Agreement) that are required to be paid on such Preferred Securities to the extent Flagstar Trust shall have funds available therefor, (b) the redemption price, including all accrued and unpaid Distributions to the date of redemption (the "Redemption Price") to the extent Flagstar Trust has funds available therefor, with respect to any Preferred Securities called for redemption by Flagstar Trust, and (c) upon a voluntary or involuntary dissolution, winding-up or termination of Flagstar Trust (other than in connection with the distribution of Junior Subordinated Debentures to the Holders

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in exchange for Preferred Securities as provided in the Trust Agreement), the lesser of (i) the aggregate of the liquidation amount and all accrued and unpaid Distributions on the Preferred Securities to the date of payment, to the extent Flagstar Trust shall have funds available therefor, and (ii) the amount of assets of Flagstar Trust remaining available for distribution to Holders in liquidation of Flagstar Trust (in either case, the "Liquidation Distribution").

"Holder" shall mean any holder, as registered on the books and records of Flagstar Trust of any Preferred Securities; provided, however, that, in determining whether the holders of the requisite percentage of Preferred Securities have given any request, notice, consent or waiver hereunder, "Holder" shall not include the Guarantor or any Affiliate of the Guarantor.

"Indemnified Person" means the Preferred Guarantee Trustee, any Affiliate of the Preferred Guarantee Trustee, or any officers, directors, shareholders, members, partners, employees, representatives, nominees, custodians or agents of the Preferred Guarantee Trustee.

"Indenture" means the Subordinated Indenture dated as of March __, 1999, among the Guarantor (the "Debenture Issuer") and American Securities Transfer & Trust, Inc., as trustee, and any indenture supplemental thereto pursuant to which the Junior Subordinated Debentures are to be issued to the Property Trustee (as defined in the Trust Agreement) of Flagstar Trust.

"Junior Subordinated Debentures" means the series of junior subordinated deferrable interest debt securities of the Guarantor designated the __% Junior Subordinated Debentures due 2029 held by the Property Trustee of Flagstar Trust.

"Majority in liquidation amount of the Preferred Securities" means, except as provided by the Trust Indenture Act, a vote by Holders of Preferred Securities, voting separately as a class, of more than 50% of the liquidation amount (including the stated amount that would be paid on redemption, liquidation or otherwise, plus accrued and unpaid Distributions to the date upon which the voting percentages are determined) of all Preferred Securities.

"Officers' Certificate" means, with respect to any Person, a certificate signed by two Authorized officers of such Person. Any Officers' Certificate delivered with respect to compliance with a condition or covenant provided for in this Preferred Securities Guarantee shall include:

(a) a statement that each officer signing the Officers' Certificate has read the covenant or condition and the definition relating thereto;

(b) a brief statement of the nature and scope of the examination or investigation undertaken by each officer in rendering the Officers' Certificate;

(c) a statement that each such officer has made such examination or investigation as, in such officer's opinion, is necessary to enable such officer to express an informed opinion as to whether or not such covenant or condition has been complied with; and

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(d) a statement as to whether, in the opinion of each such officer, such condition or covenant has been complied with.

"Person" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated association, or government or any agency or political subdivision thereof, or any other entity of whatever nature.

"Preferred Guarantee Trustee" means American Securities Transfer & Trust, Inc., until a Successor Preferred Guarantee Trustee has been appointed and has accepted such appointment pursuant to the terms of this Preferred Securities Guarantee and thereafter means each such Successor Preferred Guarantee Trustee.

"Responsible Officer" means, with respect to the Preferred Guarantee Trustee, any officer within the Corporate Trust Office of the Preferred Guarantee Trustee, including any vice-president, any assistant vice-president, any assistant secretary, the treasurer, any assistant treasurer or other officer of the Corporate Trust Office of the Preferred Guarantee Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

"Successor Preferred Guarantee Trustee" means a successor Preferred Guarantee Trustee possessing the qualifications to act as Preferred Guarantee Trustee under Section 4.01.

"Senior and Subordinated Debt" means the principal of (and premium, if any) and interest, if any (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Guarantor whether or not such claim for post-petition interest is allowed in such proceeding), on Debt of the Guarantor, whether incurred on or prior to the date of the Indenture or thereafter incurred, unless, in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is provided that such obligations are not superior in right of payment to the Preferred Securities Guarantee or to other Debt which is pari passu with, or subordinated to, the Preferred Securities Guarantee; provided, however, that Senior and

Subordinated Debt shall not be deemed to include (a) any Debt of the Guarantor which when incurred and without respect to any election under section 1111(b) of the United States Bankruptcy Code of 1978, as amended, was without recourse to the Guarantor, (b) any Debt of the Guarantor to any of its subsidiaries, (c) any Debt to any employee of the Guarantor, (d) any Debt which by its terms is subordinated to trade accounts payable or accrued liabilities arising in the ordinary course of business to the extent that payments made to the holders of such Debt by the holders of the Junior Subordinated Debentures as a result of the subordination provisions of the Indenture would be greater than they otherwise would have been as a result of any obligation of such holders to pay amounts over to the obligees on such trade accounts payable or accrued liabilities arising in the ordinary course of business as a result of the subordination provisions to which such Debt is subject, (e) the Junior Subordinated Debentures, and (f) any other debt securities issued pursuant to the Indenture.

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"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended.

ARTICLE II

TRUST INDENTURE ACT

.1. TRUST INDENTURE ACT; APPLICATION.

(a) This Preferred Securities Guarantee is subject to the provisions of the Trust Indenture Act that are required to be part of this Preferred Securities Guarantee and shall, to the extent applicable, be governed by such provisions; and

(b) If and to the extent that any provision of this Preferred Securities Guarantee limits, qualifies or conflicts with the duties imposed by Sections 310 to 317, inclusive, of the Trust Indenture Act, such imposed duties shall control.

.2. LISTS OF HOLDERS OF SECURITIES.

(a) The Guarantor shall provide the Preferred Guarantee Trustee with a list, in such form as the Preferred Guarantee Trustee may reasonably require, of the names and addresses of the Holders of the Preferred Securities ("List of Holders") (i) on or before January 15 and July 15 of each year, and (ii) at any other time within 30 days of receipt by the Guarantor of a written request for a List of Holders, as of a date no more than 14 days before such List of Holders is given to the Preferred Guarantee Trustee provided, that the Guarantor shall not be obligated to provide such List of Holders at any time the List of Holders does not differ from the most recent List of Holders given to the Preferred Guarantee Trustee by the Guarantor. The Preferred Guarantee Trustee may destroy any List of Holders previously given to it on receipt of a new List of Holders.

(b) The Preferred Guarantee Trustee shall comply with its obligations under Sections 311(a), 311(b) and Section 312(b) of the

.3. REPORTS BY THE PREFERRED GUARANTEE TRUSTEE. On or before July 15 of each year, the Preferred Guarantee Trustee shall provide to the Holders of the Preferred Securities such reports as are required by Section 313 of the Trust Indenture Act, if any, in the form and in the manner provided by Section 313 of the Trust Indenture Act. The Preferred Guarantee Trustee shall also comply with the requirements of Section 313(d) of the Trust Indenture Act.

.4. PERIODIC REPORTS TO PREFERRED GUARANTEE TRUSTEE. The Guarantor shall provide to the Preferred Guarantee Trustee such documents, reports and information as required by Section 314 of the Trust Indenture Act, if any, and the compliance certificate required by Section 314 of the Trust Indenture Act in the form, in the manner and at the times required by Section 314 of the Trust Indenture Act.

.5. EVIDENCE OF COMPLIANCE WITH CONDITIONS PRECEDENT. The Guarantor shall provide to the Preferred Guarantee Trustee such evidence of compliance with the conditions precedent, if any, provided for in this Preferred Securities Guarantee that relate to any of the matters set forth

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in Section 314(c) of the Trust Indenture Act. Any certificate or opinion required to be given by an officer pursuant to Section 314(c) (1) may be given in the form of an Officers' Certificate.

.6. EVENTS OF DEFAULT; WAIVER. The Holders of a Majority in liquidation amount of Preferred Securities may, by vote, on behalf of the Holders of all of the Preferred Securities, waive any past Event of Default and its consequences. Upon such waiver, any such Event of Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Preferred Securities Guarantee, but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

.7. EVENT OF DEFAULT; NOTICE.

(a) The Preferred Guarantee Trustee shall, within 90 days after the occurrence of an Event of Default, transmit by mail, first class postage prepaid, to the Holders of the Preferred Securities, notices of all Events of Default actually known to a Responsible Officer of the Preferred Guarantee Trustee, unless such defaults have been cured before the giving of such notice, provided, that, the Preferred Guarantee Trustee shall be protected in withholding such notice if and so long as a Responsible Officer of the Preferred Guarantee Trustee in good faith determines that the withholding of such notice is in the interests of the Holders of the Preferred Securities.

(b) The Preferred Guarantee Trustee shall not be deemed to have knowledge of any Event of Default unless the Preferred Guarantee Trustee shall have received a properly addressed written notice, or of which a Responsible Officer of the Preferred Guarantee Trustee charged with the administration of the Trust Agreement shall have obtained actual knowledge.

.8. CONFLICTING INTERESTS. The Trust Agreement shall be deemed to be

specifically described in this Preferred Securities Guarantee for the purposes of clause (i) of the first proviso contained in Section 310(b) of the Trust Indenture Act.

ARTICLE III

POWERS, DUTIES AND RIGHTS OF PREFERRED GUARANTEE TRUSTEE

.1. POWERS AND DUTIES OF THE PREFERRED GUARANTEE TRUSTEE.

(a) This Preferred Securities Guarantee shall be held by the Preferred Guarantee Trustee for the benefit of the Holders of the Preferred Securities, and the Preferred Guarantee Trustee shall not transfer this Preferred Securities Guarantee to any Person except a Holder of Preferred Securities exercising such Holder's rights pursuant to Section 5.04(b) or to a Successor Preferred Guarantee Trustee on acceptance by such Successor Preferred Guarantee Trustee of its appointment to act as Successor Preferred Guarantee Trustee. The right, title and interest of the Preferred Guarantee Trustee shall

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automatically vest in any Successor Preferred Guarantee Trustee, and such vesting and cessation of title shall be effective whether or not conveyancing documents have been executed and delivered pursuant to the appointment of such Successor Preferred Guarantee Trustee.

(b) If an Event of Default actually known to a Responsible Officer of the Preferred Guarantee Trustee has occurred and is continuing, the Preferred Guarantee Trustee shall enforce this Preferred Securities Guarantee for the benefit of the Holders of the Preferred Securities.

(c) The Preferred Guarantee Trustee, before the occurrence of any Event of Default and after the curing of all Events of Default that may have occurred, shall undertake to perform only such duties as are specifically set forth in this Preferred Securities Guarantee, and no implied covenants shall be read into this Preferred Securities Guarantee against the Preferred Guarantee Trustee. In case an Event of Default has occurred (that has not been cured or waived pursuant to Section 2.06) and is actually known to a Responsible Officer of the Preferred Guarantee Trustee, the Preferred Guarantee Trustee shall exercise such of the rights and powers vested in it by this Preferred Securities Guarantee, and use the same degree of care and skill in its exercise thereof, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(d) No provision of this Preferred Securities Guarantee shall be construed to relieve the Preferred Guarantee Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) prior to the occurrence of any Event of Default and after the curing or waiving of all such Events of Default that may have occurred:

(A) the duties and obligations of the Preferred

Guarantee Trustee shall be determined solely by the express provisions of this Preferred Securities Guarantee, and the Preferred Guarantee Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Preferred Securities Guarantee, and no implied covenants or obligations shall be read into this Preferred Securities Guarantee against the Preferred Guarantee Trustee; and

(B) in the absence of bad faith on the part of the Preferred Guarantee Trustee, the Preferred Guarantee Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Preferred Guarantee Trustee and conforming to the requirements of this Preferred Securities Guarantee; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Preferred Guarantee Trustee, the Preferred Guarantee Trustee shall be under a duty to examine the same to determine whether or

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not they conform to the requirements of this Preferred Securities Guarantee;

(ii) the Preferred Guarantee Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Preferred Guarantee Trustee, unless it shall be proved that the Preferred Guarantee Trustee was negligent in ascertaining the pertinent facts upon which such judgment was made;

(iii) the Preferred Guarantee Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a Majority in liquidation amount of the Preferred Securities relating to the time, method and place of conducting any proceeding for any remedy available to the Preferred Guarantee Trustee, or exercising any trust or power conferred upon the Preferred Guarantee Trustee under this Preferred Securities Guarantee; and

(iv) no provision of this Preferred Securities Guarantee shall require the Preferred Guarantee Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if the Preferred Guarantee Trustee shall have reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Preferred Securities Guarantee or indemnity, reasonably satisfactory to the Preferred Guarantee Trustee, against such risk or liability is not reasonably assured to it.

.2. CERTAIN RIGHTS OF PREFERRED GUARANTEE TRUSTEE.

(a) Subject to the provisions of Section 3.01:

(i) The Preferred Guarantee Trustee may conclusively rely

upon, and shall be fully protected in acting or refraining from acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed, sent or presented by the proper party or parties.

(ii) Any direction or act of the Guarantor contemplated by this Preferred Securities Guarantee shall be sufficiently evidenced by an Officers' Certificate.

(iii) Whenever, in the administration of this Preferred Securities Guarantee, the Preferred Guarantee Trustee shall deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Preferred Guarantee Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, request and conclusively rely upon an Officers' Certificate which, upon receipt of such request, shall be promptly delivered by the Guarantor.

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(iv) The Preferred Guarantee Trustee shall have no duty to see to any recording, filing or registration of any instrument (or any re-recording, re-filing or registration thereof).

(v) The Preferred Guarantee Trustee may consult with counsel, and the written advice or opinion of such counsel with respect to legal matters shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such advice or opinion. Such counsel may be counsel to the Guarantor or any of its Affiliates and may include any of its employees. The Preferred Guarantee Trustee shall have the right at any time to seek instructions concerning the administration of this Preferred Securities Guarantee from any court of competent jurisdiction.

(vi) The Preferred Guarantee Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Preferred Securities Guarantee at the request or direction of any Holder, unless such Holder shall have provided to the Preferred Guarantee Trustee such security and indemnity, reasonably satisfactory to the Preferred Guarantee Trustee, against the costs, expenses (including attorneys' fees and expenses and the expenses of the Preferred Guarantee Trustee's agents, nominees or custodians) and liabilities that might be incurred by it in complying with such request or direction, including such reasonable advances as may be requested by the Preferred Guarantee Trustee; provided that, nothing contained in this Section 3.02(a)(vi) shall be taken to relieve the Preferred Guarantee Trustee, upon the occurrence of an Event of Default, of its obligation to exercise the rights and powers vested in it by this Preferred Securities Guarantee.

(vii) The Preferred Guarantee Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Preferred Guarantee Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(viii) The Preferred Guarantee Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, nominees, custodians or attorneys, and the Preferred Guarantee Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(ix) Any action taken by the Preferred Guarantee Trustee or its agents hereunder shall bind the Holders of the Preferred Securities, and the signature of the Preferred Guarantee Trustee or its agents alone shall be sufficient and effective to perform any such action. No third party shall be required to inquire as to the authority of the Preferred Guarantee Trustee to so act or as to its compliance with any of the terms and provisions of this Preferred Securities Guarantee, both of

which shall be conclusively evidenced by the Preferred Guarantee Trustee's or its agent's taking such action.

(x) Whenever in the administration of this Preferred Securities Guarantee the Preferred Guarantee Trustee shall deem it desirable to receive instructions with respect to enforcing any remedy or right or taking any other action hereunder, the Preferred Guarantee Trustee (A) may request instructions from the Holders of a Majority in liquidation amount of the Preferred Securities, (B) may refrain from enforcing such remedy or right or taking such other action until such instructions are received, and (C) shall be protected in conclusively relying on or acting in accordance with such instructions.

(b) No provision of this Preferred Securities Guarantee shall be deemed to impose any duty or obligation on the Preferred Guarantee Trustee to perform any act or acts or exercise any right, power, duty or obligation conferred or imposed on it in any jurisdiction in which it shall be illegal, or in which the Preferred Guarantee Trustee shall be unqualified or incompetent in accordance with applicable law, to perform any such act or acts or to exercise any such right, power, duty or obligation. No permissive power or authority available to the Preferred Guarantee Trustee shall be construed to be a duty.

.3. NOT RESPONSIBLE FOR RECITALS OR ISSUANCE OF GUARANTEE. The recitals contained in this Preferred Securities Guarantee shall be taken as the statements of the Guarantor, and the Preferred Guarantee Trustee does not assume any responsibility for their correctness. The Preferred Guarantee Trustee makes

no representation as to the validity or sufficiency of this Preferred Securities Guarantee.

.4. COMPENSATION AND REIMBURSEMENT. The Guarantor covenants and agrees to pay to the Preferred Guarantor Trustee, and the Preferred Guarantor Trustee shall be entitled to, such reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), as the Guarantor and the Preferred Guarantor Trustee may from time to time agree in writing, for all services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Preferred Guarantee Trustee, and, except as otherwise expressly provided herein, the Guarantor will pay or reimburse the Preferred Guarantor Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Preferred Guarantor Trustee in accordance with any of the provisions of this Preferred Securities Guarantee (including the reasonable compensation and the expenses and disbursements of its counsel and of all Persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Guarantor also covenants to indemnify the Preferred Guarantor Trustee (and its officers, agents, directors and employees) for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Preferred Guarantor Trustee and arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claims of liability in the premises.

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ARTICLE IV

PREFERRED GUARANTEE TRUSTEE

.1. PREFERRED GUARANTEE TRUSTEE; ELIGIBILITY.

(a) There shall at all times be a Preferred Guarantee Trustee which shall:

(i) not be an Affiliate of the Guarantor; and

(ii) be a corporation organized and doing business under the laws of the United States of America or any state or territory thereof or of the District of Columbia, or a corporation or Person permitted by the Securities and Exchange Commission to act as an institutional trustee under the Trust Indenture Act, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least with respect to the initial Trustee \$500,000 (and its principal parent holding company having a combined capital and surplus of at least \$50,000,000) and with respect to any successor Trustee \$50,000,000, and subject to supervision or examination by federal, state, territorial or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the supervising or examining authority referred to above, then, for the purposes of this Section 4.01(a)(ii), the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most

recent report of condition so published.

(b) If at any time the Preferred Guarantee Trustee shall cease to be eligible to so act under Section 4.01(a), the Preferred Guarantee Trustee shall immediately resign in the manner and with the effect set out in Section 4.02(c).

(c) If the Preferred Guarantee Trustee has or shall acquire any "conflicting interest" within the meaning of Section 310(b) of the Trust Indenture Act, the Preferred Guarantee Trustee and Guarantor shall in all respects comply with the provisions of Section 310(b) of the Trust Indenture Act.

.2. APPOINTMENT, REMOVAL AND RESIGNATION OF PREFERRED GUARANTEE TRUSTEES.

(a) Subject to Section 4.02(b), the Preferred Guarantee Trustee may be appointed or removed without cause at any time by the Guarantor.

(b) The Preferred Guarantee Trustee shall not be removed in accordance with Section 4.02(a) until a Successor Preferred Guarantee Trustee has been appointed and has accepted such appointment by written instrument executed by such Successor Preferred Guarantee Trustee and delivered to the Guarantor.

(c) The Preferred Guarantee Trustee appointed to office shall hold office until a Successor Preferred Guarantee Trustee shall have been appointed or until its removal or resignation. The Preferred Guarantee Trustee may resign from office (without need for

prior or subsequent accounting) by an instrument in writing executed by the Preferred Guarantee Trustee and delivered to the Guarantor, which resignation shall not take effect until a Successor Preferred Guarantee Trustee has been appointed and has accepted such appointment by instrument in writing executed by such Successor Preferred Guarantee Trustee and delivered to the Guarantor and the resigning Preferred Guarantee Trustee.

(d) If no Successor Preferred Guarantee Trustee shall have been appointed and accepted appointment as provided in this Section 4.02 within 60 days after delivery to the Guarantor of an instrument of resignation, the resigning Preferred Guarantee Trustee may petition any court of competent jurisdiction for appointment of a Successor Preferred Guarantee Trustee. Such court may thereupon, after prescribing such notice, if any, as it may deem proper, appoint a Successor Preferred Guarantee Trustee.

(e) No Preferred Guarantee Trustee shall be liable for the acts or omissions to act of any Successor Preferred Guarantee Trustee.

(f) Upon termination of this Preferred Securities Guarantee or removal or resignation of the Preferred Guarantee Trustee pursuant to this Section 4.02, the Guarantor shall pay to the Preferred Guarantee

Trustee all amounts accrued to the date of such termination, removal or resignation.

ARTICLE V

GUARANTEE

.1. GUARANTEE. The Guarantor irrevocably and unconditionally agrees to pay in full to the Holders the Guarantee Payments (without duplication of amounts theretofore paid by Flagstar Trust), as and when due, regardless of any defense, right of set-off or counterclaim that Flagstar Trust may have or assert. The Guarantor's obligation to make a Guarantee Payment may be satisfied by direct payment of the required amounts by the Guarantor to the Holders or by causing Flagstar Trust to pay such amounts to the Holders.

.2. WAIVER OF NOTICE AND DEMAND. The Guarantor hereby waives notice of acceptance of this Preferred Securities Guarantee and of any liability to which it applies or may apply, presentment, demand for payment, any right to require a proceeding first against Flagstar Trust or any other Person before proceeding against the Guarantor, protest, notice of nonpayment, notice of dishonor, notice of redemption and all other notices and demands.

.3. OBLIGATIONS NOT AFFECTED. The obligations, covenants, agreements and duties of the Guarantor under this Preferred Securities Guarantee shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the release or waiver, by operation of law or otherwise, of the Performance or observance by Flagstar Trust of any express or implied agreement, covenant, term or condition relating to the Preferred Securities to be performed or observed by Flagstar Trust;

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(b) the extension of time for the payment by Flagstar Trust of all or any portion of the Distributions, Redemption Price, Liquidation Distribution or any other sums payable under the terms of the Preferred Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Preferred Securities (other than an extension of time for payment of Distributions, Redemption Price, Liquidation Distribution or other sum payable that results from the extension of any interest payment period on the Junior Subordinated Debentures or any extension of the maturity date of the Junior Subordinated Debentures permitted by the Indenture);

(c) any failure, omission, delay or lack of diligence on the part of the Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Preferred Securities, or any action on the part of Flagstar Trust granting indulgence or extension of any kind;

(d) the voluntary or involuntary liquidation, dissolution, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or

readjustment of debt of, or other similar proceedings affecting, Flagstar Trust or any of the assets of Flagstar Trust;

(e) any invalidity of, or defect or deficiency in, the Preferred Securities;

(f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred; or

(g) any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a guarantor, it being the intent of this Section 5.03 that the obligations of the Guarantor hereunder shall be absolute and unconditional under any and all circumstances.

There shall be no obligation of the Holders to give notice to, or obtain consent of, the Guarantor with respect to the happening of any of the foregoing.

.4. RIGHTS OF HOLDERS.

(a) The Holders of a Majority in liquidation amount of the Preferred Securities have the right to direct the time, method and place of conducting of any proceeding for any remedy available to the Preferred Guarantee Trustee in respect of this Preferred Securities Guarantee or exercising any trust or power conferred upon the Preferred Guarantee Trustee under this Preferred Securities Guarantee.

(b) Any Holder of Preferred Securities may institute a legal proceeding directly against the Guarantor to enforce its rights under this Preferred Securities Guarantee, without first instituting a legal proceeding against Flagstar Trust, the Preferred Guarantee Trustee or any other Person.

.5. GUARANTEE OF PAYMENT. This Preferred Securities Guarantee creates a Guarantee of payment and not of collection.

.6. SUBROGATION. The Guarantor shall be subrogated to all (if any) rights of the Holders of Preferred Securities against Flagstar Trust in respect of any amounts paid to such Holders by the Guarantor under this Preferred Securities Guarantee; provided, however, that the Guarantor shall not (except to the extent required by mandatory provisions of law) be entitled to enforce or exercise any right that it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of payment under this Preferred Securities Guarantee, if, at the time of any such payment, any amounts are due and unpaid under this Preferred Securities Guarantee. If any amount shall be paid to the Guarantor in violation of the preceding sentence, the Guarantor agrees to hold such amount in trust for the Holders and to pay over such amount to the Holders.

.7. INDEPENDENT OBLIGATIONS. The Guarantor acknowledges that its

obligations hereunder are independent of the obligations of Flagstar Trust with respect to the Preferred Securities, and that the Guarantor shall be liable as principal and as debtor hereunder to make Guarantee Payments pursuant to the terms of this Preferred Securities Guarantee notwithstanding the occurrence of any event referred to in subsections (a) through (g), inclusive, of Section 5.03.

ARTICLE VI

LIMITATION OF TRANSACTIONS; SUBORDINATION

.1. LIMITATION OF TRANSACTIONS. So long as any Preferred Securities remain outstanding, if there shall have occurred and be continuing an Event of Default or an event of default under the Trust Agreement, then (a) the Guarantor shall not declare or pay any dividend or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of its capital stock, (b) the Guarantor shall not make any payment of interest, principal or premium, if any, on or repay, repurchase or redeem any debt securities issued by the Guarantor (including other Junior Subordinated Debentures) which rank pari passu with or junior in interest to the Junior Subordinated Debentures or (c) the Guarantor shall not make any guarantee payments with respect to any guarantee by the guarantor of the debt securities of any subsidiary of the Guarantor if such guarantee ranks pari passu or junior in interest to the Junior Subordinated Debentures (other than (i) dividends or distributions in common stock, (ii) any declaration of a dividend in connection with the implementation of a shareholders' rights plan, or the issuance of stock under any such plan in the future or the redemption or repurchase of any such rights pursuant thereto, (iii) payments under this Preferred Securities Guarantee and (iv) purchases of common stock related to the issuances of common stock or rights under any of the Guarantor's benefit plans for its directors, officers or employees).

.2. RANKING. This Preferred Securities Guarantee will constitute an unsecured obligation of the Guarantor and will rank subordinate and junior in right of payment to all Senior and Subordinated Debt of the Guarantor.

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ARTICLE VII

TERMINATION

.1. TERMINATION. This Preferred Securities Guarantee shall terminate upon (a) full payment of the Redemption Price of all Preferred Securities, (b) upon full payment of the amounts payable in accordance with the Trust Agreement upon liquidation of Flagstar Trust or (c) upon distribution of the Junior Subordinated Debentures to the Holders of the Preferred Securities. Notwithstanding the foregoing, this Preferred Securities Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any Holder of Preferred Securities must restore payment of any sums paid under the Preferred Securities or under this Preferred Securities Guarantee.

ARTICLE VIII

INDEMNIFICATION

.1. EXCULPATION.

(a) No Indemnified Person shall be liable, responsible or accountable in damages or otherwise to the Guarantor or any Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Indemnified Person in good faith in accordance with this Preferred Securities Guarantee and in a manner that such Indemnified Person reasonably believed to be within the scope of the authority conferred on such Indemnified Person by this Preferred Securities Guarantee or by law, except that an Indemnified Person shall be liable for any such loss, damage or claim incurred by reason of such Indemnified Person's negligence or willful misconduct with respect to such acts or omissions.

(b) An Indemnified Person shall be fully protected in relying in good faith upon the records of the Guarantor and upon such information, opinions, reports or statements presented to the Guarantor by any Person as to matters the Indemnified Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Guarantor, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which Distributions to Holders of Preferred Securities might properly be paid.

.2. INDEMNIFICATION. The Guarantor agrees to indemnify each Indemnified Person for, and to hold each Indemnified Person harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses (including reasonable legal fees and expenses) of defending itself against, or investigating, any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The obligation to indemnify as set forth in this Section 8.02 shall survive the termination of this Preferred Securities Guarantee.

ARTICLE IX

MISCELLANEOUS

.1. SUCCESSORS AND ASSIGNS. All guaranties and agreements contained in this Preferred Securities Guarantee shall bind the successors, assigns, receivers, trustees and representatives of the Guarantor and shall inure to the benefit of the Holders of the Preferred Securities then outstanding.

.2. AMENDMENTS. Except with respect to any changes that do not materially adversely affect the rights of Holders (in which case no consent of Holders will be required), this Preferred Securities Guarantee may only be amended with the prior approval of the Holders of at least a Majority in liquidation amount of the Preferred Securities. The provisions of Article VI of

the Trust Agreement with respect to meetings of Holders of the Securities apply to the giving of such approval.

.3. NOTICES. All notices provided for in this Preferred Securities Guarantee shall be in writing, duly signed by the party giving such notice, and shall be delivered, telecopied or mailed by registered or certified mail, as follows:

(a) If given to the Preferred Guarantee Trustee, at the Preferred Guarantee Trustee's mailing address set forth below (or such other address as the Preferred Guarantee Trustee may give notice of to the Holders of the Preferred Securities):

FMB TRUST COMPANY NATIONAL ASSOCIATION
25 South Charles Street
Baltimore, Maryland 21203
Attention: Corporate Trust Administration

(b) If given to the Guarantor, at the Guarantor's mailing address set forth below (or such other address as the Guarantor may give notice of to the Holders of the Preferred Securities):

FLAGSTAR BANCORP, INC..
2600 Telegraph Road
Bloomfield Hills, Michigan 48302
Attention: Chief Executive Officer

(c) If given to any Holder of Preferred Securities, at the address set forth on the books and records of Flagstar Trust.

All such notices shall be deemed to have been given when received in person, telecopied with receipt confirmed, or mailed by first class mail, postage prepaid except that if a notice or other document is refused delivery or cannot be delivered because of a changed address of which no notice was given, such notice or other document shall be deemed to have been delivered on the date of such refusal or inability to deliver.

.4. BENEFIT. This Preferred Securities Guarantee is solely for the benefit of the Holders of the Preferred Securities and, subject to Section 3.01(a), is not separately transferable from the Preferred Securities.

.5. GOVERNING LAW. THIS PREFERRED SECURITIES GUARANTEE, INCLUDING THE IMMUNITIES AND THE STANDARD OF CARE OF THE TRUSTEE, SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE.

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THIS PREFERRED SECURITIES GUARANTEE is executed as of the day and year first above written.

FLAGSTAR BANCORP, INC., as Guarantor

By _____
Thomas J. Hammond, Chairman and Chief
Executive Officer

FMB TRUST COMPANY, NATIONAL
ASSOCIATION, as Preferred Guarantee
Trustee

By _____
Name _____
Title _____

By _____
Name _____
Title _____

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March 26, 1999

Board of Directors
Flagstar Bancorp, Inc.
2600 Telegraph Road
Bloomfield Hills, Michigan 48302-0953

The Administrative Trustee
The Flagstar Trust
2600 Telegraph Road
Bloomfield Hills, Michigan 48302-0953

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

You have requested our opinion as special counsel to Flagstar Bancorp, Inc. (the "Company") and Flagstar Trust (the "Trust") in connection with securities to be offered pursuant to the Registration Statement on Form S-3 to be filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Registration Statement"). The Registration Statement relates to the registration of 2,990,000 preferred securities of the Trust (the "Preferred Securities") in connection with the proposed offer and sale of such Preferred Securities by the Trust.

In rendering this opinion, we understand that the Preferred Securities will be offered and sold in the manner described in the Prospectus, which is a part of the Registration Statement. We have examined such records and documents and made such examination as we have deemed relevant in connection with this opinion.

Based upon the foregoing, it is our opinion that:

1. The Preferred Securities have been, and when issued and sold as contemplated by the Registration Statement, will be, legally issued, fully paid and nonassessable.

2. The Guarantee, when executed and delivered as contemplated by the Registration Statement, and the Junior Subordinated Debentures, when issued and paid for as contemplated by the Registration Statement, will be validly issued obligations of the Company enforceable in accordance with their terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally and subject to general principles of equity.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to this firm in the Prospectus under the heading "Legal Matters."

Very truly yours,

/s/ Kutak Rock

[Letterhead of Morris, James, Hitchens & Williams]

March , 1999

Flagstar Trust
c/o Flagstar Bancorp, Inc.
2600 Telegraph Road
Bloomfield Hills, MI 48302-0953

Re: Flagstar Trust

Ladies and Gentlemen:

We have acted as special Delaware counsel for Flagstar Trust, a Delaware business trust (the "Trust"), in connection with the matters set forth herein. This opinion is being furnished to you at your request.

For purposes of giving the opinions hereinafter set forth, our examination of documents has been limited to the examination of originals or copies furnished to us of the following:

(a) The Trust Agreement of the Trust, dated as of March , 1999, between Flagstar Bancorp, Inc., a Michigan Corporation (the "Company"), and the trustees of the Trust named therein;

(b) The Certificate of Trust of the Trust, as filed in the office of the Secretary of State of the State of Delaware (the "Secretary of State") on March 25, 1999 (the "Certificate");

(c) The Registration Statement (the "Registration Statement") on Form S-3, including a prospectus (the "Prospectus") relating to, among other things, % Cumulative Trust Preferred Securities (Liquidation Amount \$25.00 per Preferred Security) of the Trust representing preferred undivided beneficial interests in the assets

Flagstar Trust
March , 1999

of the Trust (each, a "Preferred Security", and collectively, the "Preferred Securities"), as proposed to be filed by the Company, the Trust and others as set forth therein with the Securities and Exchange Commission on or about March , 1999;

(d) A form of Amended and Restated Trust Agreement, to be entered into among the Company, as Depositor, the trustees of the Trust named therein, and the holders, from time to time, of undivided beneficial interests in the assets of the Trust (the "Agreement"), attached as an exhibit to the Registration Statement; and

(e) A Certificate of Good Standing for the Trust, dated March , 1999, obtained from the Secretary of State.

Unless otherwise defined herein, all capitalized terms used in this opinion letter shall have the respective meanings provided in the Agreement, except that reference herein to any document shall mean such document as in effect on the date hereof.

For the purposes of this opinion letter, we have not reviewed any documents other than the documents listed in paragraphs (a) through (e) above. In particular, we have not reviewed any document (other than the documents listed in paragraphs (a) through (e) above) that is referred to in or incorporated by reference into the documents reviewed by us. We have assumed that there exists no provision in any document that we have not reviewed that is inconsistent with the opinions stated herein. We have conducted no independent factual investigation of our own but rather have relied solely upon the foregoing documents, the statements and information set forth therein and the additional matters recited or assumed herein, all of which we have assumed to be true, complete and accurate in all material respects.

With respect to all documents examined by us, we have assumed (i) the authenticity of all documents submitted to us as authentic originals, (ii) the conformity with the originals of all documents submitted to us as copies or forms, (iii) the genuineness of all signatures, and (iv) such documents submitted to us in final or execution form have not been and will not be altered or amended in any respect material to our opinions as expressed in this letter and conform in all material respects to the final, executed originals of such documents.

For purposes of this opinion letter, we have assumed (i) that the Agreement constitutes the entire agreement among the parties thereto with respect to the creation, operation, and termination of the Trust, and that the Agreement and the Certificate are in full force and effect and have not been amended, (ii) that there are no proceedings, pending or contemplated, for the merger, consolidation, liquidation, dissolution or termination of the Trust, (iii) except to the extent provided in paragraph 1 below, the due creation, due formation or due organization, as the case may be, and valid existence in

Flagstar Trust
March , 1999
Page 3

good standing of each party to the documents examined by us under the laws of the jurisdiction governing its creation, formation or organization, (iv) the legal capacity of each natural person who is a party to the documents examined by us, (v) that each of the parties to the documents examined by us has the power and authority to execute and deliver, and to perform its obligations under, such documents, (vi) that each of the parties to the documents examined by us has duly authorized, executed and delivered such documents, (vii) the receipt by each Person to whom a Preferred Security is to be issued by the Trust (collectively, the "Preferred Securities Holders") of an appropriate certificate for such Preferred Security, and the payment for the Preferred Security acquired by it, in accordance with the Agreement and the Registration Statement, and (viii) that the Preferred Securities are issued to the Preferred Securities Holders in accordance with the Agreement and the Registration Statement. We have not participated in the preparation of the Registration Statement and assume no responsibility for its contents.

The opinions in this letter are limited to the laws of the State of Delaware (excluding the securities laws of the State of Delaware), and we have not considered and express no opinion on the laws of any other jurisdiction, including the federal laws of the United States of America and rules and regulations relating thereto.

Based upon the foregoing, and subject to the assumptions, qualifications, limitations and exceptions set forth herein, we are of the opinion that:

1. The Trust has been duly formed and is validly existing in good standing as a business trust under the Delaware Business Trust Act (12 Del. C. Section 3801, et seq).

2. The Preferred Securities will represent valid and, subject to the qualifications set forth in paragraph 3 below, fully paid and nonassessable undivided beneficial interests in the assets of the Trust.

3. The Preferred Securities Holders, as beneficial owners of the Trust, will be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of the State of Delaware. We note that the Preferred Securities Holders may be obligated to make payments as provided in the Agreement.

We consent to the filing of this opinion letter with the Securities and Exchange Commission as an exhibit to the Registration Statement. In addition, we hereby consent to the use of our name under the heading "Legal Matters" in the Prospectus. In giving the foregoing consents, we do not thereby admit that we

come within the category of Persons whose consent is required under Section 7 of the Securities Act of 1933, as

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Flagstar Trust
March , 1999
Page 4

amended, or the rules and regulations of the Securities and Exchange Commission thereunder. Except as stated above, without our prior written consent, this opinion letter may not be furnished or quoted to, or relied upon by, any other Person for any purpose.

Very truly yours,

RLS:fg

March 26, 1999

Flagstar Bancorp, Inc.
2600 Telegraph Road
Bloomfield Hills, MI 48302-0953

Flagstar Trust
c/o Flagstar Bancorp, Inc.
2600 Telegraph Road
Bloomfield Hills, MI 48302-0953

Re: Preferred Securities of Flagstar Trust

Ladies and Gentlemen:

We have acted as special tax counsel for Flagstar Bancorp, Inc. (the "Company"), a Michigan corporation, and Flagstar Trust (the "Trust"), a statutory business trust organized under the Business Trust Act of the State of Delaware (12 Del. Code Ann., tit. 12, Section 3801, et seq.), in connection with the sale, pursuant to an underwriting agreement (the "Underwriting Agreement") to be entered into among the Company, the Trust, and the underwriters (the "Underwriters") named therein, of trust preferred securities (the "Preferred Securities") (liquidation amount \$25 per Preferred Security), which will represent undivided beneficial interests in the assets of the Trust.

The Preferred Securities will be guaranteed by the Company with respect to distributions and payments upon liquidation, redemption, and otherwise pursuant to the guarantee agreement (the "Guarantee Agreement"), to be entered into, between the Company and FMB Bank, as trustee (the "Guarantee Trustee"), for the benefit of the holders of the Preferred Securities.

In connection with the issuance of the Preferred Securities, the Trust will also issue common securities (the "Common Securities") (liquidation amount \$25 per Common Security), which will represent undivided beneficial interests in the assets of the Trust.

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Flagstar Bancorp, Inc.
Flagstar Trust

The proceeds from the sale of the Preferred Securities and the Common Securities are to be used by the Trust to purchase junior subordinated debentures (the "Junior Subordinated Debentures"), to be issued by the Company. The Preferred Securities and the Common Securities are to be issued pursuant to the Amended and Restated Trust Agreement (the "Trust Agreement"), to be entered into among the Company, as depositor, First Omni Bank, National Association (Delaware), as Delaware trustee (the "Delaware Trustee"), FMB Bank, as property trustee (the "Property Trustee"), and the administrative trustees (the "Administrative Trustees") named therein. The Junior Subordinated Debentures are to be issued pursuant to an indenture (the "Indenture"), to be entered into, between the Company and FMB Bank, as indenture trustee.

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of (i) the preliminary Prospectus dated March 26, 1999; (ii) the Certificate of Trust filed with the Secretary of State of the State of Delaware as of March 25, 1999, by the Administrative Trustees, and the Delaware Trustee; (iii) the form of the Trust Agreement including the designation of the terms of the Preferred Securities; (iv) the form of the Preferred Securities and a specimen certificate thereof; (v) the form of the Guarantee Agreement; (vi) the form of the Indenture; (vii) the form of Junior Subordinated Debentures and a specimen certificate thereof; (viii) the form of Common Securities and a specimen certificate thereof; and (ix) the form of the Underwriting Agreement. We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such records of the Company and the Trust and such agreements, certificates of public officials, certificates of officers, trustees or other representatives of the Company, the Trust and others, as applicable, and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies, and the authenticity of the originals of such latter documents. In making our examination of documents executed, or to be executed by parties other than the Company or the Trust, we have assumed that such parties had, or will have, the power, corporate or other, to enter into and perform all obligations thereunder, and we have also assumed the due authorization by all requisite action, corporate or other, and execution and delivery by such parties of such documents and that such documents constitute, or will constitute, valid and binding obligations of such parties. As to any facts material to the opinions expressed herein which were not independently established or verified, we have relied upon oral or written statements and representations of officers, trustees and other representatives of the Company, the Trust, and others.

Flagstar Bancorp, Inc.

Flagstar Trust

March 26, 1999

Page 3 of 5

In rendering our opinion, we have participated in the preparation of the preliminary Prospectus. Our opinion is conditioned on, among other things, the initial and continuing accuracy of the facts, information, covenants, representations, and assumptions set forth in the documents referred to above and the statements and representations made by the Company and the Trust. In rendering our opinion, we have considered the provisions of the Internal Revenue Code of 1986, as amended, Treasury regulations (proposed, temporary, and final) promulgated thereunder, judicial decisions, and Internal Revenue Service rulings all as of the date hereof, and all of which are subject to change, which changes may be retroactively applied. A change in the authorities upon which our opinion is based could affect our conclusions. There can be no assurance, moreover, that any of the opinions expressed herein will be accepted by the Internal Revenue Service or, if challenged, by a court.

Based solely upon the foregoing, we are of the opinion that under current United States federal income tax law:

(1) The Trust should be classified as a grantor trust and not as an association taxable as a corporation. Accordingly, each holder of Preferred Securities will generally be treated as the owner of an undivided interest in the Junior Subordinated Debentures.

(2) The Junior Subordinated Debentures should be classified as indebtedness of the Company.

(3) Assuming that the likelihood of the exercise by the Company of the election to defer the payment of interest on the Junior Subordinated Debentures is remote, the Junior Subordinated Debentures will not be deemed to be issued with original issue discount. Accordingly, stated interest payments on the Junior Subordinated Debentures will be includible in a holder's income at the time those payments are paid or accrued in accordance with a holder's regular method of accounting. A determination as to the remoteness of a contingency under United States federal income tax law is inherently a factual determination, and thus, no opinion is expressed herein regarding the remoteness of the likelihood of the exercise of the Company's election to defer the payment of interest on the Junior Subordinated Debentures.

(4) If the Company exercises its option to defer the payment of stated interest, (i) solely for purposes of the original issue

discount rules, the Junior Subordinated Debentures would be treated as being "reissued," (ii) the amount of interest income includible in the taxable income of a holder of the Junior Subordinated Debentures would be determined on the basis of a constant yield method over the remaining term of the Junior Subordinated Debentures, (iii) the actual receipt of future payments of stated interest on the Junior Subordinated Debentures would no longer be separately reported as

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Flagstar Bancorp, Inc.

Flagstar Trust

March 26, 1999

Page 4 of 5

taxable income, (iv) any original issue discount included in income would increase the holder's adjusted tax basis in the Preferred Securities or the Junior Subordinated Debentures, as the may be, and (v) the holder's actual receipt of interest payments would reduce the holder's adjusted tax basis.

(5) Because payments on the Preferred Securities will be treated as interest income for United States federal income tax purposes, corporate holders of Preferred Securities will not be entitled to claim a dividends received deduction.

(6) If the Company exercises its right to liquidate the Trust and cause the Junior Subordinated Debentures to be distributed to holders on a basis proportionate to a holder's ownership in the Preferred Securities, such a distribution will be treated as a nontaxable event to a holder, provided that the Trust is classified, for United States federal income tax purposes, as a grantor trust and not an association taxable as a corporation at the time of the liquidation. In such event, a holder will have an adjusted tax basis in the Junior Subordinated Debentures received in the liquidation of the Trust equal to such holder's adjusted tax basis in the Preferred Securities surrendered and the holding period of the Junior Subordinated Debentures will include the period during which the holder held the Preferred Securities.

(7) If the Trust is characterized, for United States federal income tax purposes, as an association taxable as a corporation at the time of the liquidation of the Trust, the distribution of Junior Subordinated Debentures would be taxable to holders.

(8) Upon the sale or redemption for cash of Preferred Securities, a holder will recognize gain or loss in an amount equal to the difference between (i) the holder's adjusted tax basis in the Preferred Securities and (ii) the amount realized in the sale, except

for any amount received for accrued but unpaid interest not previously included in income.

(9) The gain or loss on the sale or redemption for cash of Preferred Securities will be long term capital gain or loss if a holder held the Securities as capital assets for United States federal income tax purposes for more than one year, provided that the holder will be required to include in ordinary income any portion of the amount realized in the sale that is attributable to (i) accrued but unpaid interest to the extent not previously included in income and (ii) any amount of original issue discount that has accrued on a holder's proportionate share of the underlying Junior Subordinated Debentures during the taxable year through the date of disposition.

(10) Capital losses generally cannot be applied to offset ordinary income.

(11) Payments made to non-U.S. Holders (as defined in the preliminary Prospectus) will generally not be subject to withholding of United States federal income tax if (A) the beneficial owner of the Preferred Securities does not actually or constructively own 10% or more of the total combined voting power of all classes of the stock of the Company entitled to vote and (B) either (i) the beneficial owner of the Preferred Securities certifies to the Trust or its agent, under penalties of perjury, that it is not a United States person and provides his name and address or (ii) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business ("Financial Institution"), and holds the Preferred Securities in that capacity, certifies to the Trust or its agent, under penalties of perjury, that such statement has been received from the beneficial owner by it or by a Financial Institution between it and the beneficial owner and furnishes the Trust or its agent with a copy of the statement.

Except as set forth above, we express no opinion to any party as to the tax consequences, whether United States federal, state, local or foreign, of the issuance of the Junior Subordinated Debentures, the Preferred Securities, the

Common Securities, or any transactions related to or contemplated by such issuance. In connection with the sale of the Preferred Securities pursuant to the Registration Statement of the Company dated March 26, 1999, as filed with the Securities and Exchange Commission on March 26, 1999 (the "Registration Statement"), we are furnishing this opinion to you solely for your benefit. This opinion is not to be used, circulated, quoted, or otherwise referred to for any other purpose without our written permission.

The opinions expressed herein are subject to, and conditioned upon, reconfirmation and delivery of these opinions at the time of the closing of the offering of Preferred Securities. This opinion is expressed as of the date hereof, and we disclaim any undertaking to advise you of changes of the facts stated or assumed herein or any subsequent changes in applicable law.

We consent to the filing of this opinion as Exhibit 8.1 to the Registration Statement and to the reference to Kutak Rock therein under the caption "Legal Matters." In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules or regulations of the Securities and Exchange Commission promulgated thereunder.

Very truly yours,
/s/ Kutak Rock

FLAGSTAR BANCORP, INC.

COMPARISON OF RATIO OF EARNINGS TO FIXED CHARGES
(IN THOUSANDS)<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,				
	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Earnings:					
Pre-tax earnings from operations	\$ 67,013	\$ 35,037	\$27,322	\$24,895	\$25,449
Fixed charges	137,187	80,033	45,967	41,443	14,486
Earnings as adjusted (A)	\$204,200	\$115,070	\$73,289	\$66,338	\$39,935
Fixed charges:					
Interest expense (B)	\$137,187	\$ 80,033	\$45,967	\$41,443	\$14,486
Ratio of earnings to fixed charges (A) divided by (B)	1.49	1.44	1.59	1.60	2.76

</TABLE>

ACCOUNTANT'S CONSENT

We have issued our report dated February 12, 1999 accompanying the consolidated financial statements of Flagstar Bancorp, Inc. appearing in the Company's Annual Report on Form 10-K for the year ended December 31, 1998, which are incorporated by reference in this Registration Statement. We consent to the incorporation by reference in the Registration Statement of the aforementioned report and to the use of our name as it appears under the caption "Experts."

Detroit, Michigan
March 25, 1999

CONSENT OF ALBERT J. GLADNER, ESQ.

I hereby consent to the reference to the undersigned under the heading "Legal Matters" as set forth in the Prospectus that is contained in the Registration Statement on Form S-3 filed by Flagstar Bancorp, Inc. and Flagstar Trust with the Securities and Exchange Commission.

/s/ Albert Gladner

Albert J. Gladner, Esq.

March 25, 1999

Registration No. 333-_____

Form T-1 Statement of Eligibility
of FMB Bank to act as trustee
under the Subordinated Indenture

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1
STATEMENT OF ELIGIBILITY UNDER THE TRUST
INDENTURE ACT OF 1939 OF A CORPORATION
DESIGNATED TO ACT AS TRUSTEE

FMB BANK
(Exact name of trustee as specified in its charter)

MARYLAND
(State or other jurisdiction
of incorporation or formation)

52-0312840
(I.R.S. Employer Identification No.)

25 SOUTH CHARLES STREET
BALTIMORE, MARYLAND
(Address of principal
executive offices)

21201
(Zip code)

GREGORY K. THORESON, GENERAL COUNSEL
FMB BANK
25 SOUTH CHARLES STREET
BALTIMORE, MARYLAND 21201
(410) 244-3800
(Name, address and telephone number of agent
for service of process)

FLAGSTAR BANCORP, INC.
(Exact name of obligor as specified in its charter)

MICHIGAN
(State or other jurisdiction
of incorporation or formation)

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

2600 TELEGRAPH ROAD
BLOOMFIELD HILLS, MI
(Address of principal
executive offices)

48302
(Zip code)

_____% Junior Subordinated Debentures
(Title of the indenture securities)

2

ITEM 1. GENERAL INFORMATION.

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Federal Reserve Bank of Richmond, Richmond, Virginia 23261.
Maryland Bank Commission, Baltimore, Maryland 21202
Federal Deposit Insurance Corporation, Washington, D.C. 20429.

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

(Because responses from the obligor and the underwriters have not yet been received, Item 2 is at the date hereof based upon incomplete information but is believed to be correct and may be considered to be complete unless modified by an amendment to this Form T-1).

ITEM 16. LIST OF EXHIBITS.

List below all exhibits filed as a part of this statement of eligibility.

Exhibit

1 A copy of the articles of incorporation of the trustee as now in effect is incorporated herein by reference to Exhibit 1 to Form T-1 (Exhibit 25 to the Registration Statement on Form S-3,

- 2 A copy of the certificate of authority of the trustee to commence business is incorporated herein by reference to Exhibit T1-2 to Form T-1 (Exhibit 26 to the Registration Statement on Form S-2, Registration No. 2-98697)
- 3 A copy of the authorization of the trustee to exercise corporate trust powers is incorporated herein by reference to Exhibit T1-3 of Amendment No. 1 to Form T-1 (Exhibit 26 to the Registration Statement on Form S-3, Registration No. 33-18373)

3

- 4 A copy of the existing bylaws of the trustee is incorporated herein by reference to Exhibit 4 to Form T-1 (Exhibit 25 to the Registration Statement on Form S-3, Registration No. 333-27305)
- 5 Not applicable
- 6 The consent of the trustee required by Section 321(b) of the Act
- 7 A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority
- 8 Not applicable
- 9 Not applicable

4

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the Trustee, FMB Bank, a corporation organized and existing under the laws of the State of Maryland, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Baltimore and State of Maryland, on March 16, 1999

FMB BANK

By: /s/ Robert D. Brown

Consent of Trustee

Pursuant to the requirements of Section 321(b) of the Trust Indenture Act of 1939, in connection with the issuance by Flagstar Bancorp, Inc., we hereby consent that reports of examination by Federal, state, territorial or district authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

FMB BANK

By: /s/ Robert D. Brown

Robert D. Brown
Vice President

Report of Condition Consolidating Domestic and Foreign Subsidiaries of FMB Bank, Baltimore, Maryland at the close of business on December 31, 1998 published in response to call made by Comptroller of the Currency, under Title 12, United States Code, Section 161, Charter No. 04822, Comptroller of the Currency, Richmond District.

CONSOLIDATED REPORT OF CONDITION
(Dollars in Thousands)

<TABLE>

<S> <C>

ASSETS

Cash and balances due from
depository institutions:

Noninterest-bearing balances	
and currency and coin.....	\$ 1,199,940
Interest-bearing balances.....	6,943

Securities:

Held-to-maturity securities.....	-0-
----------------------------------	-----

Available-for-sale securities.....	4,602,042
Federal funds sold and securities purchased under agreements to resell.....	123,418
Loans and lease financing receivables:	
Loans and leases, net of unearned income.....	10,501,474
LESS: Allowance for loan and lease losses.....	154,697
LESS: Allocated transfer risk reserve.....	1,400
Loans and leases, net of unearned income, allowance, and reserve.....	10,345,377
Trading assets.....	118,269
Premises and fixed assets (including capitalized leases).....	188,979
Other real estate owned.....	12,416
Investments in unconsolidated subsidiaries and associated companies.....	58,643
Customers' liability to this bank on acceptances outstanding.....	12,253
Intangible assets.....	91,109
Other assets.....	355,315
 TOTAL ASSETS.....	 17,114,704 =====

</TABLE>

7

<TABLE>

<S> <C>

LIABILITIES

Deposits:

In domestic offices.....	\$11,898,282
Noninterest-bearing.....	3,228,185
Interest-bearing.....	8,610,097
In foreign offices, Edge and Agreement subsidiaries, and IBFs.....	517,687
Noninterest-bearing.....	0
Interest-bearing.....	517,687
Federal funds purchased and securities sold under agreements to repurchase.....	2,223,081
Demand notes issued to the U.S. Treasury.....	56,020
Trading liabilities.....	71,866
Other borrowed money:	
With a remaining maturity of one year or less	-0-
With a remaining maturity of more than one year through three years.....	200,000
With a remaining maturity of more than three years.....	239
Bank's liability on acceptances executed and outstanding.....	12,253

Subordinated notes and debentures.....	219,000
Other liabilities.....	565,161
 TOTAL LIABILITIES.....	 \$15,763,589
 EQUITY CAPITAL	
Perpetual preferred stock and related surplus....	-0-
Common Stock.....	18,448
Surplus.....	765,562
Undivided profits and capital reserves.....	543,808
Net unrealized holding gains (losses)	
on available-for-sale securities.....	23,297
Cumulative foreign currency translation adjustments.....	-0-
 TOTAL EQUITY CAPITAL.....	 \$ 1,351,115
 TOTAL LIABILITIES AND EQUITY CAPITAL.....	 \$17,114,704 =====

</TABLE>

Registration No. 333-_____

Form T-1 Statement of Eligibility
of FMB Bank to act as trustee
under the Flagstar Trust Amended
and Restated Trust Agreement

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1
STATEMENT OF ELIGIBILITY UNDER THE TRUST
INDENTURE ACT OF 1939 OF A CORPORATION
DESIGNATED TO ACT AS TRUSTEE

FMB BANK
(Exact name of trustee as specified in its charter)

MARYLAND
(State or other jurisdiction
of incorporation or formation)

52-0312840
(I.R.S. Employer Identification No.)

25 SOUTH CHARLES STREET
BALTIMORE, MARYLAND
(Address of principal
executive offices)

21201
(Zip code)

GREGORY K. THORESON, GENERAL COUNSEL
FMB BANK
25 SOUTH CHARLES STREET
BALTIMORE, MARYLAND 21201
(410) 244-3800
(Name, address and telephone number of agent
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FLAGSTAR BANCORP, INC.
(Exact name of obligor as specified in its charter)

MICHIGAN
(State or other jurisdiction
of incorporation or formation)

38-3150651
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2600 TELEGRAPH ROAD
BLOOMFIELD HILLS, MI
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48302
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____% Junior Subordinated Debentures
(Title of the indenture securities)

2

ITEM 1. GENERAL INFORMATION.

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

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Maryland Bank Commission, Baltimore, Maryland 21202
Federal Deposit Insurance Corporation, Washington, D.C. 20429.

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

(Because responses from the obligor and the underwriters have not yet been received, Item 2 is at the date hereof based upon incomplete information but is believed to be correct and may be considered to be complete unless modified by an amendment to this Form T-1).

ITEM 16. LIST OF EXHIBITS.

List below all exhibits filed as a part of this statement of eligibility.

Exhibit

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3

4 A copy of the existing bylaws of the trustee is incorporated herein
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5 Not applicable

6 The consent of the trustee required by Section 321(b) of the Act

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pursuant to law or the requirements of its supervising or examining
authority

8 Not applicable

9 Not applicable

4

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the
Trustee, FMB Bank, a corporation organized and existing under the laws of the
State of Maryland, has duly caused this statement of eligibility to be signed on
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Baltimore and State of Maryland, on March 16, 1999

FMB BANK

By: /s/ Robert D. Brown

Robert D. Brown
Vice President

5

EXHIBIT 6

Consent of Trustee

Pursuant to the requirements of Section 321(b) of the Trust Indenture Act of 1939, in connection with the issuance by Flagstar Bancorp, Inc., we hereby consent that reports of examination by Federal, state, territorial or district authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

FMB BANK

By: /s/ Robert D. Brown

Robert D. Brown
Vice President

6

EXHIBIT 7

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(Dollars in Thousands)

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Other borrowed money:	
With a remaining maturity of one year or less	-0-
With a remaining maturity of more than one year through three years.....	200,000
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Bank's liability on acceptances	

executed and outstanding.....	12,253
Subordinated notes and debentures.....	219,000
Other liabilities.....	565,161
 TOTAL LIABILITIES.....	 \$15,763,589
 EQUITY CAPITAL	
Perpetual preferred stock and related surplus....	-0-
Common Stock.....	18,448
Surplus.....	765,562
Undivided profits and capital reserves.....	543,808
Net unrealized holding gains (losses) on available-for-sale securities.....	23,297
Cumulative foreign currency translation adjustments.....	-0-
 TOTAL EQUITY CAPITAL.....	 \$ 1,351,115
 TOTAL LIABILITIES AND EQUITY CAPITAL.....	 \$17,114,704 =====

</TABLE>

Form T-1 Statement of Eligibility
of FMB Bank to act as trustee
under the Preferred Securities
Guarantee Agreement

EXHIBIT 25.3

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1
STATEMENT OF ELIGIBILITY UNDER THE TRUST
INDENTURE ACT OF 1939 OF A CORPORATION
DESIGNATED TO ACT AS TRUSTEE

FMB BANK
(Exact name of trustee as specified in its charter)

MARYLAND
(State or other jurisdiction
of incorporation or formation)

52-0312840
(I.R.S. Employer Identification No.)

25 SOUTH CHARLES STREET
BALTIMORE, MARYLAND
(Address of principal
executive offices)

21201
(Zip code)

GREGORY K. THORESON, GENERAL COUNSEL
FMB BANK
25 SOUTH CHARLES STREET
BALTIMORE, MARYLAND 21201
(410) 244-3800
(Name, address and telephone number of agent
for service of process)

FLAGSTAR BANCORP, INC.
(Exact name of obligor as specified in its charter)

MICHIGAN
(State or other jurisdiction)

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

of incorporation or formation)

2600 TELEGRAPH ROAD
BLOOMFIELD HILLS, MI
(Address of principal
executive offices)

48302
(Zip code)

_____% Junior Subordinated Debentures
(Title of the indenture securities)

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ITEM 1. GENERAL INFORMATION.

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Federal Reserve Bank of Richmond, Richmond, Virginia 23261.
Maryland Bank Commission, Baltimore, Maryland 21202
Federal Deposit Insurance Corporation, Washington, D.C. 20429.

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

(Because responses from the obligor and the underwriters have not yet been received, Item 2 is at the date hereof based upon incomplete information but is believed to be correct and may be considered to be complete unless modified by an amendment to this Form T-1).

ITEM 16. LIST OF EXHIBITS.

List below all exhibits filed as a part of this statement of eligibility.

Exhibit

1 A copy of the articles of incorporation of the trustee as now in

effect is incorporated herein by reference to Exhibit 1 to Form T-1 (Exhibit 25 to the Registration Statement on Form S-3, Registration No. 333-27305)

2 A copy of the certificate of authority of the trustee to commence business is incorporated herein by reference to Exhibit T1-2 to Form T-1 (Exhibit 26 to the Registration Statement on Form S-2, Registration No. 2-98697)

3 A copy of the authorization of the trustee to exercise corporate trust powers is incorporated herein by reference to Exhibit T1-3 of Amendment No. 1 to Form T-1 (Exhibit 26 to the Registration Statement on Form S-3, Registration No. 33-18373)

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4 A copy of the existing bylaws of the trustee is incorporated herein by reference to Exhibit 4 to Form T-1 (Exhibit 25 to the Registration Statement on Form S-3, Registration No. 333-27305)

5 Not applicable

6 The consent of the trustee required by Section 321(b) of the Act

7 A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority

8 Not applicable

9 Not applicable

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SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the Trustee, FMB Bank, a corporation organized and existing under the laws of the State of Maryland, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Baltimore and State of Maryland, on March 16, 1999

FMB BANK

By: /s/ Robert D. Brown

Robert D. Brown
Vice President

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EXHIBIT 6

Consent of Trustee

Pursuant to the requirements of Section 321(b) of the Trust Indenture Act of 1939, in connection with the issuance by Flagstar Bancorp, Inc., we hereby consent that reports of examination by Federal, state, territorial or district authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

FMB BANK

By: /s/ Robert D. Brown

Robert D. Brown
Vice President

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EXHIBIT 7

Report of Condition Consolidating Domestic and Foreign Subsidiaries of FMB Bank, Baltimore, Maryland at the close of business on December 31, 1998 published in response to call made by Comptroller of the Currency, under Title 12, United States Code, Section 161, Charter No. 04822, Comptroller of the Currency, Richmond District.

CONSOLIDATED REPORT OF CONDITION
(Dollars in Thousands)

<TABLE>

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ASSETS

Cash and balances due from
depository institutions:

Noninterest-bearing balances and currency and coin.....	\$ 1,199,940
Interest-bearing balances.....	6,943

Securities:	
Held-to-maturity securities.....	-0-
Available-for-sale securities.....	4,602,042
Federal funds sold and securities purchased under agreements to resell.....	123,418
Loans and lease financing receivables:	
Loans and leases, net of unearned income.....	10,501,474
LESS: Allowance for loan and lease losses.....	154,697
LESS: Allocated transfer risk reserve.....	1,400
Loans and leases, net of unearned income, allowance, and reserve.....	10,345,377
Trading assets.....	118,269
Premises and fixed assets (including capitalized leases).....	188,979
Other real estate owned.....	12,416
Investments in unconsolidated subsidiaries and associated companies.....	58,643
Customers' liability to this bank on acceptances outstanding.....	12,253
Intangible assets.....	91,109
Other assets.....	355,315
 TOTAL ASSETS.....	 17,114,704 =====

</TABLE>

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LIABILITIES

Deposits:

In domestic offices.....	\$11,898,282
Noninterest-bearing.....	3,228,185
Interest-bearing.....	8,610,097
In foreign offices, Edge and Agreement subsidiaries, and IBFs.....	517,687
Noninterest-bearing.....	0
Interest-bearing.....	517,687
Federal funds purchased and securities sold under agreements to repurchase.....	2,223,081
Demand notes issued to the U.S. Treasury.....	56,020
Trading liabilities.....	71,866
Other borrowed money:	
With a remaining maturity of one year or less	-0-
With a remaining maturity of more than one year through three years.....	200,000
With a remaining maturity of more than three years.....	239

Bank's liability on acceptances	
executed and outstanding.....	12,253
Subordinated notes and debentures.....	219,000
Other liabilities.....	565,161
 TOTAL LIABILITIES.....	 \$15,763,589
 EQUITY CAPITAL	
Perpetual preferred stock and related surplus....	-0-
Common Stock.....	18,448
Surplus.....	765,562
Undivided profits and capital reserves.....	543,808
Net unrealized holding gains (losses)	
on available-for-sale securities.....	23,297
Cumulative foreign currency translation	
adjustments.....	-0-
 TOTAL EQUITY CAPITAL.....	 \$ 1,351,115
 TOTAL LIABILITIES AND EQUITY CAPITAL.....	 \$17,114,704
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</TABLE>