

FLAGSTAR BANCORP INC  
Form S-4/A  
November 10, 2016

As filed with the Securities and Exchange Commission on November 10, 20  
Registration No. 333-214030

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

Amendment No. 1 to  
FORM S-4

REGISTRATION STATEMENT UNDER  
THE SECURITIES ACT OF 1933  
Commission File Number: 001-16577

(Exact name of registrant as specified in its charter).

Michigan 38-3150651  
(State or other jurisdiction of (I.R.S. Employer  
Incorporation or organization) Identification No.)

6035  
(Primary Standard Industrial Classification)

5151 Corporate Drive  
Troy, Michigan 48098  
(248) 312-2000  
(Address, including zip code, and telephone number, including area code, of principal executive offices)

James K. Cioli  
Executive Vice President and Chief Financial Officer  
Flagstar Bancorp, Inc.  
5151 Corporate Drive  
Troy, Michigan 48098  
(248) 312-2000  
(Name, address, including zip code and telephone number, including area code, of agent for service)

Approximate date of commencement of proposed sale to the public: As soon as practicable following the effectiveness of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, 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, 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(d) 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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if smaller reporting company) Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)   
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

The Registrant hereby amend 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 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, DATED NOVEMBER 10, 2016

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 is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS  
FLAGSTAR BANCORP, INC.  
(as Issuer)

Offer to Exchange

\$250,000,000 aggregate principal amount

6.125% Senior Notes due 2021, which have been registered under Securities Act of 1933

For any and all outstanding unregistered  
6.125% Senior Notes due 2021

This exchange offer will expire at 5p.m., Eastern time, on December 15, 2016, unless extended

We are offering to exchange \$250,000,000 aggregate principal amount of our 6.125% senior notes due 2021, which have been registered under the Securities Act of 1933, as amended, or the "Securities Act," and referred to in this prospectus as the "New Notes," for all \$250,000,000 aggregate principal amount of outstanding unregistered 6.125% senior notes due 2021 that were issued on July 11, 2016, which are referred to in this prospectus as the "Old Notes." We refer to the Old Notes and the New Notes collectively as "notes."

Subject to the terms of this exchange offer, we will exchange the New Notes for all Old Notes that are validly tendered and not withdrawn prior to the expiration of this exchange offer.

The New Notes will be identical in all material respects to the Old Notes, except that the New Notes will be registered under the Securities Act and will not be subject to transfer restrictions or registration rights. The Old Notes were issued in reliance upon an available exemption from the registration requirements of the Securities Act.

The New Notes will mature on July 15, 2021. Interest on the notes will be payable on January 15 and July 15 and will accrue from July 11, 2016. The first interest payment date will be January 15, 2017.

The exchange of Old Notes for New Notes pursuant to this exchange offer generally should not be a taxable event for U.S. federal income tax purposes. See "Material United States Federal Income Tax Considerations."

- There is no public market for the New Notes. We have not applied, and do not intend to apply, for listing of the New Notes on any national securities exchange or automated quotation system.

- We will not receive any proceeds from this exchange offer.

- We may redeem some or all of the notes at any time at the applicable redemption price described under "Description of Notes—Optional Redemption by Us."

- The notes will be unsecured and will rank equally and ratably with our unsecured senior indebtedness.

The notes will be effectively subordinated to our indebtedness, to the extent of the value of the collateral securing such indebtedness, and will be structurally subordinated to the indebtedness and other liabilities and preferred equity of our subsidiaries.

Investing in the notes involves risks. See "Risk Factors" on page 16, included herein, for a discussion of certain risks that you should consider in connection with this prospectus before tendering your Old Notes in this exchange offer.

Neither the Securities and Exchange Commission, or the "SEC," nor any state securities commission has approved or disapproved of the New Notes or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Each broker-dealer that receives New Notes for its own account pursuant to this exchange offer must acknowledge that it will deliver a prospectus in connection with any sale of such New Notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with sales of New Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such sale until the earlier of 180 days from the date the Registration Statement becomes effective or the date on which each such broker-dealer is no longer required to deliver a prospectus in connection with market-making or other trading activities. See "Plan of Distribution."

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The notes are not savings accounts, deposits or other obligations of Flagstar Bank, FSB and are not insured or guaranteed by the Federal Deposit Insurance Corporation or by any other governmental agency or instrumentality.

There is currently no market for the notes. We do not intend to list the notes on any securities exchange or automated quotation system.

The date of this prospectus is November\_\_\_\_, 2016.

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FLAGSTAR BANCORP, INC.

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You should rely only on the information contained in this prospectus. We and the initial purchasers have not authorized anyone to provide you with any other information. If you receive any other information, you should not rely on it.

You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus. Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this prospectus.

We are not making an offer to exchange and issue the New Notes in any jurisdiction where the offer or exchange is not permitted.

## CERTAIN DEFINED TERMS

In this offering memorandum, unless otherwise specified or the context otherwise requires, the terms "we," "us," "our," the "Company" and "Flagstar" refer to Flagstar Bancorp, Inc. and our consolidated subsidiaries. We also refer to our wholly owned subsidiary, Flagstar Bank, FSB, and Flagstar Capital Markets Corporation, its wholly-owned subsidiary, as the "Bank." References to "initial purchasers" refer to the firms listed on the cover page of this prospectus.

## WHERE YOU CAN FIND MORE INFORMATION

We filed a registration statement on Form S-4, of which this prospectus is a part, with the SEC to register the New Notes under the Securities Act. This prospectus does not contain all of the information included in that registration statement. For further information about us and the New Notes offered by this prospectus, you should refer to the registration statement and its exhibits. You can access the registration statement by any of the means described in the following paragraph.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You can review and obtain copies of the registration statement, these reports and other information on the SEC's Internet site at <http://www.sec.gov>. You may also read and copy any materials we file with the SEC at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the Public Reference Room.

We also make our periodic reports as well as other information filed with or furnished to the SEC available, free of charge, through our website, at [www.flagstar.com](http://www.flagstar.com), as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. The information on or that can be accessed through our website is not part of this prospectus.

We have agreed that if at any time after the completion of this exchange offer the Company is no longer subject to the reporting requirements of the Exchange Act, the Company will nevertheless continue filing the reports and other information referred to in the preceding paragraph with the SEC for so long as any of the notes remain outstanding and the SEC will accept such filings.



## FORWARD-LOOKING STATEMENTS

This prospectus includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward looking statements." This prospectus includes forward-looking statements in addition to historical information. These forward-looking statements are included throughout this prospectus, including in the sections entitled "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and relate to matters such as our industry, business strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. We use the words "anticipate," "assume," "believe," "budget," "continue," "could," "estimate," "expect," "future," "intend," "may," "plan," "potential," "predict," "project," "will" and similar terms and phrases to identify forward-looking statements in this prospectus.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in the "Risk Factors" section of this prospectus. Those factors should not be construed as exhaustive and should be read with the other cautionary statements in this prospectus.

Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this prospectus. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements that we make in this prospectus speak only as of the date of those statements, and we undertake no obligation to update those statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments, except as required by United States federal securities laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

## NON-GAAP FINANCIAL MEASURES

In addition to results presented in accordance with GAAP, this prospectus includes non-GAAP financial measures such as the adjusted capitalization table. We believe these non-GAAP financial measures provide additional information that is useful to investors in helping to understand the underlying performance and trends of Flagstar.

Non-GAAP financial measures have inherent limitations, which are not required to be uniformly applied and are not audited. Readers should be aware of these limitations and should be cautious with respect to the use of such measures. To mitigate these limitations, there are practices in place to ensure that these measures are calculated using the appropriate GAAP or regulatory components in their entirety and to ensure that our performance is properly reflected to facilitate consistent period-to-period comparisons. Although we believe the non-GAAP financial measures disclosed in this prospectus enhance investors' understanding of our business and performance, these non-GAAP measures should not be considered in isolation, or as a substitute for those financial measures prepared in accordance with GAAP.

Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as the reconciliation to the comparable GAAP financial measure, can be found in this prospectus. Additional discussion of the use of non-GAAP measures can also be found in periodic Flagstar reports filed with the U.S. Securities and Exchange Commission. These documents can all be found on the Company's website at [flagstar.com](http://flagstar.com).

## PROSPECTUS SUMMARY

The following is a brief summary of our business and certain other information contained elsewhere in this exchange offer, but it is not complete and does not contain all of the information that you should consider before making your investment decision. You should carefully read this prospectus and the information incorporated by reference herein completely, including the consolidated financial statements included herein and the related notes and the "Risk Factors" and "Forward Looking Statements" included elsewhere in this prospectus, before deciding whether to participate in the exchange offer. For a more detailed description of the notes, see the section entitled "Description of the Senior Notes." In this prospectus, unless the context requires otherwise, where we say "we," "us," or "our," we usually mean Flagstar Bancorp, Inc. However, in some cases, a reference to "we," "us," or "our" will include our wholly-owned subsidiary Flagstar Bank, FSB (the "Bank"). All capitalized terms used in this section and not otherwise defined in this prospectus have the meanings given to them in the section entitled, "Description of the Notes."

### Our Business

Effective January 1, 2016, we reorganized our reportable segments to align with our new management reporting structure and to align with our long-term strategy. Prior period segment financial information has been recast to conform to 2016 presentation. Prior to the reorganization, representation and warranty reserves were reported in the Mortgage Servicing segment and the MSR asset and associated costs were reported in the Other segment. As a result of this change, representation and warranty reserves, as well as the MSR asset and associated costs are now reported in the Mortgage Originations segment.

We are a Michigan-based savings and loan holding company founded in 1993. Our business is primarily conducted through our principal subsidiary, the Bank, a federally chartered stock savings bank founded in 1987. At September 30, 2016, based on our assets, we are one of the largest banks headquartered in Michigan, providing commercial, small business, and consumer banking services. We have three major operating segments: Community Banking, Mortgage Originations and Mortgage Servicing. Through these lines of business, we emphasize the delivery of a complete set of mortgage and banking products and services and are distinguished by local delivery, customer service and product pricing. Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "FBC." We are considered a controlled company for NYSE purposes, because MP Thrift Investments, L.P. ("MP Thrift") held approximately 62.9 percent of our common stock as of September 30, 2016.

Our Community Banking segment provides deposits and fee based services to consumer, business, and mortgage lending customers through our Branch Banking, Business Banking, Commercial Banking, Government Banking, Warehouse Lending and Held-for-Investment Portfolio groups. We maintain a portfolio of commercial and industrial, commercial real estate and builder finance loans with our commercial customers and we originate or purchase residential mortgage loans through referrals from our branches, consumer direct call center and our website, flagstar.com. At September 30, 2016, we operated 99 branches in Michigan. We leverage the customer relationships we have gained throughout our branch network to cross-sell products to existing customers and increase our customer base. In 2016 we also began to offer new MSR lending and equipment finance lease products.

Through our Mortgage Origination segment, we originate or purchase residential mortgage loans throughout the country and sell them into securitization pools, primarily to Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Government National Mortgage Association ("Ginnie Mae") (collectively, the "Agencies") or as whole loans. In addition, we originate or purchase residential first mortgage loans and other consumer loans, and commercial loans to our held-for-investment loan portfolios. Our revenues include net interest income, income from banking services we provide to customers, and noninterest income

from sales of residential first mortgage loans to the Agencies, and the servicing of loans for others. The combination of our retail, broker and correspondent channels gives us broad access to customers across diverse geographies to originate, fulfill, sell and service our residential mortgage loan products.

The majority of our total loan originations during the nine months ended September 30, 2016 represented mortgage loans that were collateralized by residential first mortgages on single-family residences and were eligible for sale to the Agencies. At September 30, 2016, we originated or purchased residential mortgage loans in all 50 states, the U.S. Virgin Islands, and the District of Columbia through relationships with 556 mortgage brokers and 729 correspondents. At September 30, 2016, we also operated 31 retail locations located in 21 states, which primarily originate one-to-four family residential mortgage loans as part of our Mortgage Originations segment. In addition, we originate other consumer and commercial loans through our Community Banking segment. We continue to expand existing business lines, such as our distributed retail and direct-to-consumer mortgage origination businesses.

Our Mortgage Servicing segment services and subservices mortgage loans for others on a fee for service basis and may also collect ancillary fees, such as late fees and earn income through the use of noninterest bearing escrows. Revenue on our subserviced loans is earned on a contractual fee basis, with the fees varying based on the status of the underlying loans.

## Risk Factors

Investing in the notes involves substantial risks. We face risks in operating our business, including risks that may prevent us from achieving our business objectives or that may adversely affect our business, financial condition and operating results. Before you invest in the notes, you should carefully consider all of the information in this prospectus, including matters set forth in the section entitled "Risk Factors" beginning on page 16.

## The Exchange Offer

On July 11, 2016, we issued, in a private offering, Old Notes of \$250 million in aggregate principal amount of 6.125% Senior Notes due 2021 and entered into a registration rights agreement in which we agreed, among other things, to deliver this prospectus and to complete an exchange offer for the Old Notes.

The summary below describes the principal terms of the exchange offer. Some of the terms and conditions described below are subject to important limitations and exceptions. You should carefully review the "Description of Notes" section of this prospectus, which contains a more detailed description of the terms and conditions of the notes. For purposes of the summary below, the terms "we," "our," "us," and "Flagstar" refer only to Flagstar Bancorp, Inc. and not to any of its subsidiaries.

## Issuer Flagstar Bancorp, Inc.

**Old Notes** \$250 million aggregate principal amount of 6.125% Senior Notes due 2021 that are not registered under the Securities Act and are subject to certain transfer restrictions and registration rights and additional interest upon failure by us to fulfill our obligations under the registration rights agreement. On November 15, 2016, we are initiating an offer to exchange these Old Notes for a like principal amount of notes, which we refer to as the "New Notes," that have been registered under the Securities Act. The Old Notes are identical in all material respects to the terms of the New Notes, except that the New Notes are registered under the Securities Act and generally are not subject to transfer restrictions, registration rights or additional interest penalties.

**New Notes** 6.125% Senior Notes due July 15, 2021. The terms of the New Notes are identical in all material respects to the terms of the Old Notes, except that the New Notes are registered under the Securities Act and generally are not subject to transfer restrictions, registration rights or additional interest penalties.

**Exchange Offer** We are offering to exchange \$1,000 principal amount of our New Notes due 2021, for each \$1,000 principal amount of our Old Notes due July 15, 2021. Currently, there is \$250 million in aggregate principal amount of Old Notes outstanding. Old Notes may be exchanged only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. New Notes will be issued only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. Subject to the terms of this exchange offer, we will exchange New Notes for all of the Old Notes that are validly tendered and not withdrawn prior to the expiration of this exchange offer. In order to exchange an Old Note, you must follow the required procedures and we must accept the Old Note for exchange. We will issue New Notes in exchange for corresponding Old Notes in this exchange offer, if consummated, promptly upon the expiration of this

exchange offer.

Expiration Date This exchange offer will expire at 5 p.m., Eastern time, on December 15, 2016, unless we extend it. We may extend the expiration date for any reason. We do not currently intend to extend the expiration date.

**Sale of New Notes** Based on interpretive letters of the SEC staff to third parties, we believe that you may offer for sale, sell and otherwise transfer the New Notes issued pursuant to the exchange offer without compliance with the registration and prospectus delivery provisions of the Securities Act if you:

• acquire the New Notes in the ordinary course of your and any beneficial owner's business

• are not participating, do not intend to participate and have no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the New Notes issued in the exchange offer

• are not an "affiliate" of ours, as defined in Rule 405 under the Securities Act and

• are not a broker-dealer that acquired the Old Notes from us or in market-making transactions or other trading activities.

By tendering your notes as described in "The Exchange Offer," you will be making representations to this effect. If you fail to satisfy any of these conditions, you cannot rely on the position of the SEC set forth in the interpretive letters referred to above and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a sale of the new notes.

If you are a broker-dealer that acquired Old Notes as a result of market-making or other trading activities, you must comply with the prospectus delivery requirements of the Securities Act in connection with sales of the New Notes, as described in this summary under "Restrictions on Sales by Broker-Dealers" below. If you are an affiliate of ours and hold Old Notes, you must comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable to you.

As noted above, we base our belief on interpretations by the SEC staff in no-action letters issued to other issuers in exchange offers like ours. We cannot guarantee that the SEC would make a similar decision about our exchange offer. If our belief is wrong, you could incur liability under the Securities Act. We will not protect you against any loss incurred as a result of this liability under the Securities Act.

**Restrictions on Sales by Broker-Dealers** If you are a broker-dealer that has received New Notes for your own account in exchange for Old Notes that were acquired as a result of market-making or other trading activities, you must acknowledge that you will deliver a prospectus meeting the requirements of the Securities Act in connection with any sale of the New Notes. A broker-dealer may use this prospectus for sales of New Notes for a period ending on the earlier of 180 days from the date the Registration Statement becomes effective or the date on which each such broker-dealer is no longer required to deliver a prospectus in connection with market-making or other trading activities.

**Withdrawal of Tenders** You may withdraw the tender of your Old Notes at any time prior to the expiration date.

**Tax Consequences** The exchange of Old Notes for New Notes in this exchange offer generally should not be a taxable event for U.S. federal income tax purposes. See "Material United States Federal Income Tax Considerations." We do not provide legal or tax advice hereby. You should consult your own tax advisor to determine the U.S. federal, state, local and other tax consequences of an investment in the notes based upon your particular facts and circumstances.





Conditions to the Exchange Offer This exchange offer is subject to customary conditions, which we may assert or waive.  
Offer See "The Exchange Offer."

Procedures for Tendering If you wish to accept this exchange offer and your Old Notes are held by a custodial entity such as a bank, broker, dealer, trust company or other nominee, you must instruct this custodial entity to tender your Old Notes on your behalf pursuant to the procedures of the custodial entity. If your Old Notes are registered in your name, you must complete, sign and date the accompanying letter of transmittal, or a facsimile of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must also mail or otherwise deliver the letter of transmittal, or a facsimile of the letter of transmittal, together with the Old Notes and any other required documents, to the exchange agent at the address set forth on the cover page of the letter of transmittal.

Custodial entities that are participants in The Depository Trust Company, or "DTC," may tender Old Notes through DTC's Automated Tender Offer Program, or "ATOP," which enables a custodial entity and the beneficial owner on whose behalf the custodial entity is acting to electronically agree to be bound by the letter of transmittal. A letter of transmittal need not accompany tenders effected through ATOP. See "The Exchange Offer."

Consequences of Failure to Exchange If you are eligible to participate in the exchange offer and you do not tender your Old Notes, you will not have any further registration or exchange rights (subject to certain very limited exceptions) and your Old Notes will continue to be subject to the existing transfer restrictions after the expiration date. These transfer restrictions and the availability of the New Notes could adversely affect the trading market for your notes.

Use of Proceeds We will not receive any proceeds from the exchange of notes pursuant to the exchange offer. See "Use of Proceeds."

Exchange Agent Wilmington Trust, National Association is the exchange agent for this exchange offer. The address and telephone number of the exchange agent are set forth under "The Exchange Offer." Wilmington Trust, National Association is also the trustee under the indenture governing the notes.

Risk factors See "Risk Factors" included herein for a discussion of factors you should carefully consider before deciding to participate in the exchange offer.

#### The New Notes

The terms of the New Notes are identical in all material respects to the terms of the Old Notes, except that the New Notes generally will not contain terms with respect to transfer restrictions, registration rights or additional interest upon a failure to fulfill certain of our obligations under the registration rights agreement. The New Notes will evidence the same debt as the Old Notes. The New Notes will be governed by the same indenture under which the Old Notes were issued.

The summary below describes the principal terms of the New Notes. You should carefully review the "Description of Notes" section of this prospectus, which contains a more detailed description of the terms and conditions of the New Notes. For purposes of the summary below, the terms "we," "our," "us," and "Flagstar" refer only to Flagstar Bancorp, Inc. and not to any of its subsidiaries.

Issuer Flagstar Bancorp, Inc.

Senior Notes \$250 million aggregate principal amount of 6.125% Senior Notes due 2021 (the "notes")

Interest Rate 6.125% per annum

Maturity Date July 15, 2021

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Interest Payment Dates January 15 and July 15 of each year, beginning on January 15, 2017

No Guarantees The New Notes are not guaranteed by any of our subsidiaries.

Security and Ranking The New Notes will be unsecured and will rank equally and ratably with the unsecured senior indebtedness of Flagstar Bancorp, Inc. The New Notes will be effectively subordinated to Flagstar Bancorp, Inc.'s secured indebtedness, to the extent of the value of the collateral securing such indebtedness, and will be structurally subordinated to the indebtedness and other liabilities and preferred equity of our subsidiaries.

As of September 30, 2016:

• Flagstar Bancorp, Inc. had approximately \$521 million of indebtedness and other liabilities outstanding (none of which were secured);

• Subsidiaries of Flagstar Bancorp, Inc. had approximately \$12.5 billion of indebtedness and other liabilities (including deposits) outstanding;

• Subsidiaries of Flagstar Bancorp, Inc. had no preferred equity outstanding.

The indenture under which the New Notes will be issued does