

TABLE OF CONTENTS

COMPANY PROFILE...1

LETTER TO THE STOCKHOLDERS...3

FINANCIAL HIGHLIGHTS...5

GROWTH & EXPANSION...7

COMMUNITY BANKING...9

COMMUNITY LENDING...11

MORTGAGE BANKING...13

LOAN SERVICING...14

DIRECTORS & SENIOR OFFICERS...15

C O M P A N Y P R O F I L E

FLAGSTAR BANCORP (NASDAQ: FLGS) IS THE HOLDING COMPANY FOR FLAGSTAR BANK, FSB, A FEDERALLY CHARTERED STOCK SAVINGS BANK. SINCE BEING FOUNDED IN 1987 FLAGSTAR HAS EXPERIENCED EXCEPTIONAL GROWTH, AND TODAY IS THE LARGEST INDEPENDENT SAVINGS INSTITUTION HEADQUARTERED IN MICHIGAN. THE BANK IS ALSO ONE OF THE NATION’S LEADING MORTGAGE LENDERS. ALTHOUGH FLAGSTAR CONTINUOUSLY EXPANDS INTO NEW MARKETS, THE BANK REMAINS STRONGLY COMMITTED TO ALL OUR LOCAL COMMUNITIES.

OUR COMMUNITY BANKING CENTERS IN MICHIGAN AND INDIANA AND OUR WEB-BASED BANKING SERVE THE GENERAL PUBLIC. WE ATTRACT RETAIL CUSTOMER DEPOSITS THROUGH THESE CHANNELS IN ADDITION TO ACQUIRING FUNDS FROM THE WHOLESALE DEPOSIT MARKET. WE USE THESE FUNDS TO INVEST IN LOANS THAT WE ORIGINATE AND ACQUIRE NATIONALLY.

WE ARE ONE OF THE NATION’S LARGEST MORTGAGE LENDERS; WE ALSO MANAGE A LARGE VOLUME OF MORTGAGES AS A LOAN SERVICER. OUR MORTGAGE BUSINESS IS SUPPORTED BY OFFICES FROM COAST TO COAST. IN ADDITION, WE PROVIDE WAREHOUSE LINES OF CREDIT NATIONALLY AND ORIGINATE CONSUMER AND COMMERCIAL LOANS IN MICHIGAN AND INDIANA.

COMMUNITY BANK	MORTGAGE LENDER	MORTGAGE SERVICER
FLAGSTAR IS A GROWTH-ORIENTED COMMUNITY BANK WITH MORE THAN 50 BANKING CENTERS IN MICHIGAN AND INDIANA.	FLAGSTAR IS ONE OF THE NATION’S LARGEST RESIDENTIAL MORTGAGE ORIGINATORS.	FLAGSTAR SERVICES OVER 110,000 MORTGAGE LOANS FOR HOMEOWNERS ACROSS THE COUNTRY.



LETTER TO THE STOCKHOLDERS

FLAGSTAR
BANK





THOMAS J. HAMMOND
CHAIRMAN OF THE BOARD
CHIEF EXECUTIVE OFFICER



MARK T. HAMMOND
VICE CHAIRMAN OF THE BOARD
PRESIDENT

THE YEAR 2000 WAS AN EVENTFUL ONE FOR FLAGSTAR BANCORP. WE SURPASSED A NUMBER OF MILESTONES, POSTED SOME WONDERFUL ACCOMPLISHMENTS, AND WEATHERED A CHALLENGING INTEREST RATE ENVIRONMENT.

- IN FEBRUARY FLAGSTAR SIGNED AN AGREEMENT WITH WAL-MART STORES, INC., TO OPEN BANKING CENTERS IN WAL-MART STORES IN MICHIGAN AND INDIANA.
- IN APRIL WE EXCEEDED \$5 BILLION IN ASSETS, AND WE ENDED THE YEAR WITH \$5.8 BILLION IN ASSETS—A 35% INCREASE OVER 1999.
- IN MAY WE SURPASSED 100,000 BANKING ACCOUNT CUSTOMERS, IN ADDITION TO OUR OVER-110,000 MORTGAGE CUSTOMERS.
- IN JUNE FLAGSTAR OPENED ITS FIRST BANKING CENTER IN INDIANA, WITH SIX MORE FOLLOWING BY THE END OF THE YEAR.
- IN JULY FLAGSTAR BANCORP WAS RATED THE MOST PROFITABLE PUBLICLY TRADED MID-SIZED THRIFT IN THE COUNTRY BY THE BANKING INDUSTRY PERIODICAL U.S. BANKER.
- IN SEPTEMBER FLAGSTAR OPENED ITS 50TH BANKING CENTER. WE ENDED THE YEAR WITH 52, AN INCREASE OF 17, OR 49%, OVER 1999.
- IN OCTOBER WE MOVED INTO OUR NEW 383,000-SQUARE-FOOT NATIONAL HEADQUARTERS BUILDING IN TROY, MICHIGAN, CONSOLIDATING OPERATIONS THAT PREVIOUSLY HAD BEEN LOCATED IN THREE BUILDINGS.
- IN NOVEMBER WE CELEBRATED HAVING OVER 2,000 EMPLOYEES AS MEMBERS OF THE FLAGSTAR TEAM.
- BY THE END OF DECEMBER 2000 WE POSTED \$1.9 BILLION IN RETAIL DEPOSITS, AN EXCEPTIONAL GROWTH OF 46% OVER 1999.

WE RECORDED DILUTED NET EARNINGS PER COMMON SHARES OF \$2.35 FOR 2000, A DECREASE OF 14.5% FROM 1999. DESPITE MARKET CONDITIONS, WE HAVE CONTINUED TO MAINTAIN STRONG PROFITABILITY, AND WE ARE PLEASED TO REPORT FOR 2000 A RETURN ON AVERAGE EQUITY OF 15.5%.

OVERALL 2000 WAS AN EXCELLENT YEAR; HOWEVER, THE INTEREST RATE ENVIRONMENT DID PROVIDE SOME CHALLENGES. THE RELATIVELY HIGHER RATES CAUSED A DECREASE IN OUR MORTGAGE PRODUCTION AND AN INCREASE IN PRICE COMPETITION, AFFECTING MARGINS IN MORTGAGE ORIGINATIONS AND LIMITING MORTGAGE BANKING INCOME.

THE 2001 RATE ENVIRONMENT LOOKS TO BE MORE FAVORABLE FOR FLAGSTAR. WE ANTICIPATE SUBSTANTIALLY HIGHER MORTGAGE PRODUCTION AND IMPROVED MARGINS, RESULTING IN ENHANCED MORTGAGE BANKING INCOME. WE ALSO ANTICIPATE INCREASED INTEREST SPREADS AND IMPROVED BANKING MARGINS, RESULTING IN ENHANCED INTEREST INCOME.

WE ARE ALSO PLEASED TO REPORT THAT OUR STOCKHOLDERS HAD A SUCCESSFUL YEAR. THE BOARD OF DIRECTORS AUTHORIZED DIVIDENDS AFTER EACH QUARTER. OUR STOCK'S YEAR-END PRICE OF \$25.00 WAS UP 45% FOR 2000, AND UP 92% FROM THE INITIAL PUBLIC OFFERING IN MAY 1997. WE ALSO REPURCHASED AN ADDITIONAL ONE MILLION SHARES OF OUR COMMON STOCK IN 2000. THESE SHARES WERE ACQUIRED AT AN AVERAGE PRICE OF \$12.99 PER SHARE. STOCKHOLDERS' EQUITY GREW FROM \$185.7 MILLION ON DECEMBER 31, 1999, TO \$196.8 MILLION ON DECEMBER 31, 2000.

WE WANT TO EXTEND OUR APPRECIATION TO OUR STOCKHOLDERS FOR THE CONFIDENCE YOU HAVE PLACED IN US. WE WILL CONTINUE TO CARRY OUT OUR GROWTH-ORIENTED BUSINESS PLAN DURING 2001, WHILE MAINTAINING OUR FOCUS ON PROFITABILITY, EXEMPLARY CUSTOMER SERVICE AND CREATION OF VALUE FOR OUR STOCKHOLDERS.

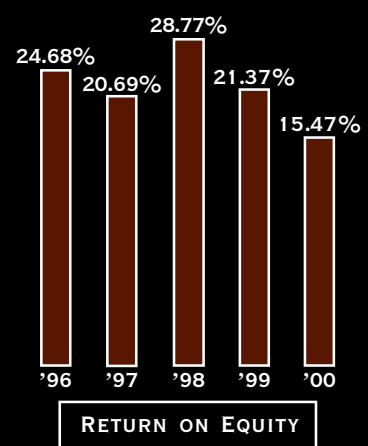
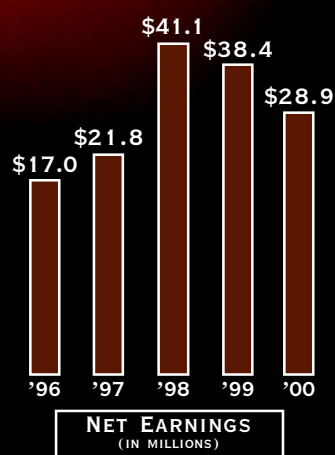
Thomas J. Hammond

Chairman of the Board
Chief Executive Officer

Mark T. Hammond

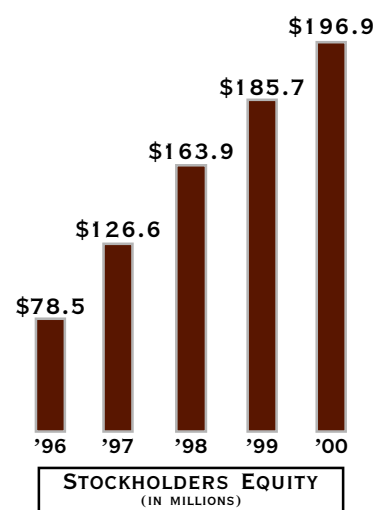
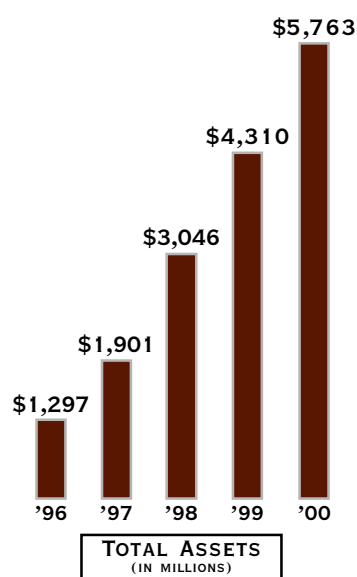
Vice Chairman of the Board
President

FINANCIAL HIGHLIGHTS



	AT OR FOR THE YEAR ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996*
	(IN THOUSANDS, EXCEPT SHARE DATA)				
NET EARNINGS	\$28,934	\$38,421	\$41,063	\$21,772	\$17,023
EARNINGS PER SHARE — BASIC	\$2.38	\$2.83	\$3.00	\$1.70	\$1.51
EARNINGS PER SHARE — DILUTED	\$2.35	\$2.75	\$2.90	\$1.68	\$1.51
TOTAL ASSETS	\$5,763,224	\$4,310,039	\$3,046,445	\$1,901,084	\$1,297,226
RETAIL DEPOSITS	\$1,870,731	\$1,293,183	\$835,097	\$509,106	\$411,841
STOCKHOLDERS' EQUITY	\$196,830	\$185,714	\$163,852	\$126,617	\$78,468
MORTGAGE LOAN ORIGINATIONS	\$9,865,152	\$14,550,258	\$18,852,885	\$7,873,099	\$6,791,665
MORTGAGE LOANS SERVICED FOR OTHERS	\$6,644,482	\$9,519,926	\$11,472,211	\$6,412,797	\$4,801,581
RETURN ON ASSETS	0.56%	1.05%	1.45%	1.29%	1.53%
RETURN ON EQUITY	15.47%	21.37%	28.77%	20.69%	24.68%

* 1996 EARNINGS REFLECT THE ONETIME SAIF ASSESSMENT OF \$3.4 MILLION (\$2.2 MILLION AFTER-TAX) PAID IN SEPTEMBER 1996. WITHOUT THIS ASSESSMENT, EARNINGS WOULD HAVE BEEN \$19.2 MILLION, RETURN ON AVERAGE EQUITY 27.87%, AND RETURN ON AVERAGE ASSETS 1.73%.



GROWTH & EXPANSION

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ATM

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Telephone
Banking
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at the ATM. Funds are available
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FLAG★STAR BANK

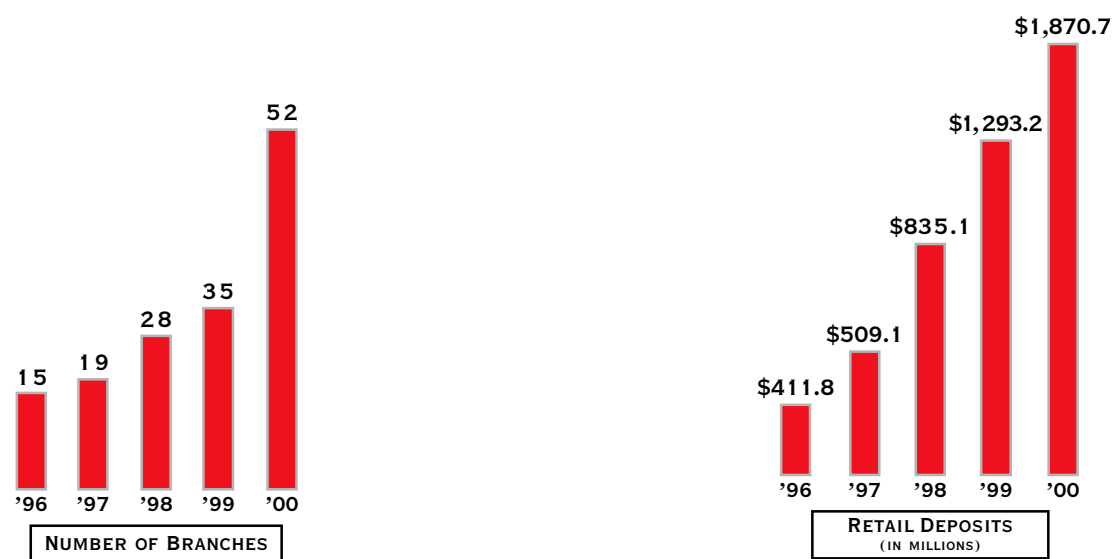
THROUGHOUT THE YEAR 2000, FLAGSTAR BANK OPENED 17 NEW OFFICES, EIGHT OF WHICH ARE LOCATED IN WAL-MART STORES. THE NEW OFFICES INCREASED OUR TOTAL NUMBER OF BANKING CENTERS BY 49%. THESE OPENINGS, COUPLED WITH STRONG MARKETING EFFORTS AT EXISTING BANKING CENTERS, RESULTED IN RETAIL DEPOSIT BALANCES GROWING A PHENOMENAL 46% IN 2000.

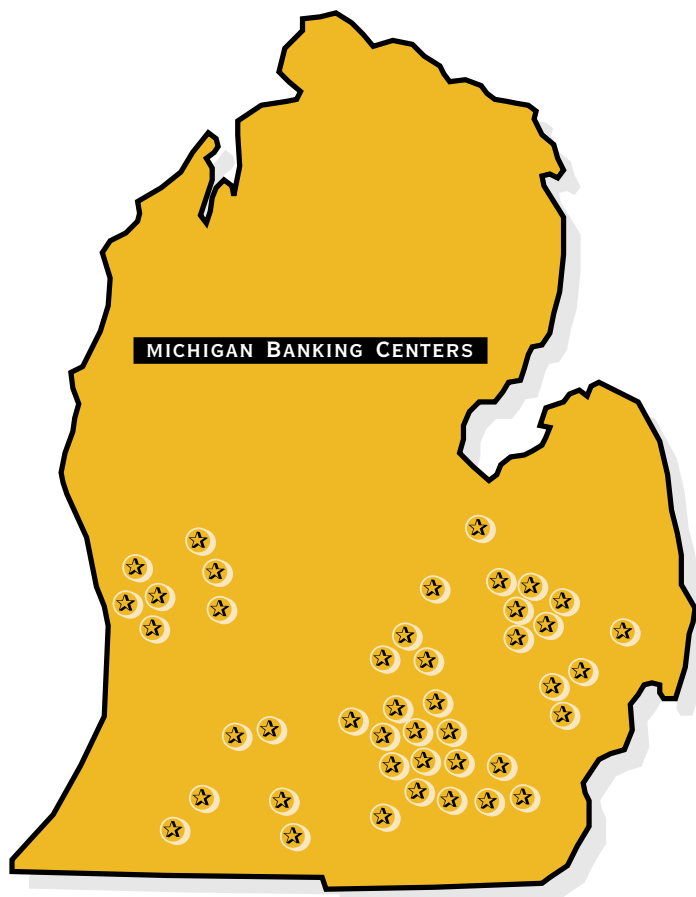
LAST YEAR WE BEGAN AN AMBITIOUS COMMUNITY BANKING EXPANSION WITHIN WAL-MART STORES, INC. WE ENTERED A SERIES OF LONG-TERM LEASES TO OPEN FLAGSTAR INSTORE BANKING CENTERS AS TENANTS IN 26 MICHIGAN AND 16 INDIANA WAL-MART STORES. THE SELECTED LOCATIONS ARE EITHER NEW WAL-MART STORES SCHEDULED TO OPEN THROUGH MID-2002 OR STORES THAT WILL BE RENOVATED IN THE SAME TIME-FRAME.

WAL-MART STORES, INC., THE WORLD'S LARGEST RETAILER, HAS ENJOYED GREAT SUCCESS IN THE MICHIGAN AND INDIANA MARKETS. THE INSTORE BANKING CENTERS ALLOW FLAGSTAR TO SUBSTANTIALLY EXPAND OUR CUSTOMER BASE INTO THE HIGH-VISIBILITY AND HIGH-TRAFFIC WAL-MART LOCATIONS, AS WELL AS TO ENTER INTO THE STATE OF INDIANA.

THE INSTORE BANKING CENTERS ARE HIGHLY INNOVATIVE. EACH OFFERS A 24-HOUR AUTOMATED SERVICE CENTER THAT INCLUDES AN AUTOMATED TELLER MACHINE AND A DEDICATED TELEPHONE CONNECTION TO OUR 24 VOICESM TELEPHONE BANKING CENTER, FOR QUICK TRANSACTIONS. THEY ALSO INCLUDE FLAGSTAR LEARNING CENTERS, WHICH ARE SPECIAL KIOSKS EQUIPPED WITH A TOUCH ME AUTOMATED INTERACTIVE SYSTEM. CUSTOMERS CAN ACCESS FINANCIAL DATA, CAREER OPPORTUNITIES AT FLAGSTAR, AND FLAGSTAR PRODUCT INFORMATION, AS WELL AS OPEN ACCOUNTS AND EVEN APPLY FOR LOANS. IN ADDITION, THE INSTORE BANKING CENTERS ARE STAFFED BY FINANCIAL SERVICE REPRESENTATIVES INSTEAD OF TELLERS. WORKING DIRECTLY WITH CUSTOMERS AT DESKS RATHER THAN BEHIND TELLER WINDOWS, THESE REPRESENTATIVES DELIVER PERSONAL SERVICE FOR A VARIETY OF BANKING NEEDS.

IN 2000 WE OPENED ONE INSTORE BANKING CENTER IN MICHIGAN AND SEVEN IN INDIANA WAL-MART STORES. IN 2001 WE ANTICIPATE OPENING TWELVE IN MICHIGAN AND FIVE IN INDIANA. IN 2002 WE INTEND TO OPEN AN ADDITIONAL 13 IN MICHIGAN AND FOUR IN INDIANA.





 **BANKING CENTERS**

COMMUNITY BANKING

MICHIGAN BANKING CENTERS (BY COUNTY) AS OF DECEMBER 31, 2000		INDIANA BANKING CENTERS (BY COUNTY) AS OF DECEMBER 31, 2000
BRANCH-----2	KENT-----3	ALLEN-----2
CALHOUN-----1	LIVINGSTON-----1	HOWARD-----1
GENESEE-----1	MACOMB-----1	MARION-----4
HILLSDALE-----1	OAKLAND-----5	
INGHAM-----3	OTTAWA-----4	
INTERNET-----1	ST. JOSEPH-----2	
JACKSON-----8	WASHTENAW-----5	
KALAMAZOO-----2	WAYNE-----3	



Direct Deposit

Savings Accounts

Consumer Loans

Checking Accounts

FLAGSTAR BANK

THANKS TO THE WAVE OF FINANCIAL INSTITUTION MERGERS AND TAKEOVERS IN THE LATTER HALF OF THE 1990s, AND TO OUR COMPANY'S OUTSTANDING RECORD OF GROWTH, FLAGSTAR BANK BEGINS THE 21ST CENTURY AS THE LARGEST INDEPENDENT SAVINGS INSTITUTION HEADQUARTERED IN MICHIGAN. FLAGSTAR IS A GROWTH-ORIENTED BANK WITH A FIRM COMMITMENT TO COMMUNITY BANKING, AS OUR ACCOMPLISHMENTS IN 2000 DEMONSTRATE.

WE WILL CONTINUE OUR AGGRESSIVE GROWTH PLAN IN 2001, OPENING EIGHT NEW BANKING CENTERS IN ADDITION TO THE WAL-MART BANKING CENTERS. THE NEW BANKING CENTERS WILL BE LOCATED PRIMARILY IN THE METROPOLITAN DETROIT AREA. TO ENSURE SUCCESS WHEN WE OPEN NEW BANKING CENTERS, WE THOROUGHLY RESEARCH THE DEMOGRAPHICS AND OTHER MARKET CHARACTERISTICS OF EACH COMMUNITY AND SPECIFIC LOCATION WE ARE CONSIDERING. EACH OF THE NEW FACILITIES OPENED IN 2000 WAS A *DE NOVO* OFFICE OPERATING IN A STRATEGICALLY SELECTED LOCATION.

THE MANY RECENT BANK MERGERS AND ACQUISITIONS HAVE LEFT THE METROPOLITAN DETROIT MARKET HUNGRY FOR A STRONG, CONSUMER-FRIENDLY BANK TO SERVE THE COMMUNITY. OUR NEW FULL-SERVICE OFFICES WILL ENABLE US TO REACH OUT TO THE MARKET WITH DEPOSIT AND CONSUMER LENDING PRODUCTS AND SERVICES.

FLAGSTAR DIFFERENTIATES ITSELF FROM ITS REGIONAL MONEY CENTER BANK AND INTERNATIONAL BANK COMPETITORS IN A NUMBER OF WAYS. FIRST, WE OFFER PRIVATE BANKING TO ALL CUSTOMERS. FLAGSTAR CUSTOMER SERVICE REPRESENTATIVES SIT AT DESKS TO CONDUCT BUSINESS WITH CUSTOMERS EYE-TO-EYE, AS OPPOSED TO OTHER BANKS' USE OF TELLERS BEHIND WINDOWS. IN ADDITION, WE OPEN OUR BANKING CENTER OFFICES EARLIER AND CLOSE OUR DRIVE-THROUGH FACILITIES LATER THAN OUR COMPETITORS. FINALLY, WE GENERALLY PROVIDE LOWER FEES AND HIGHER DEPOSIT RATES THAN OUR LARGE-BANK COMPETITORS.

COMMUNITY LENDING



FLAGSTAR HAS TRADITIONALLY BEEN A LEADING LENDER IN ALL THE COMMUNITIES IN OUR RETAIL MARKET. WE ARE COMMITTED TO GROWING OUR LENDING IN ALL OF OUR ESTABLISHED AND DEVELOPING MARKETS, AS WELL AS TO EXPANDING OUR LENDING INTO NEW MARKETS.

MORTGAGE LENDING

SINCE OUR FOUNDING IN 1987 WE HAVE PROVIDED CONSUMERS IN OUR RETAIL MARKET AREA WITH A WIDE VARIETY OF MORTGAGE FINANCING OPTIONS. WE CONTINUE TO BE ONE OF THE LEADING RETAIL MORTGAGE LENDERS IN MICHIGAN, ORIGINATING OVER \$1 BILLION IN HOME MORTGAGE LOANS IN 2000.

ONE IMPORTANT DIFFERENCE BETWEEN FLAGSTAR AND OTHER FINANCIAL INSTITUTIONS IS THE FACT THAT OUR STAFF OF OVER 290 MORTGAGE LOAN OFFICERS IS WILLING AND ABLE TO MEET WITH MORTGAGE APPLICANTS VIRTUALLY ANYWHERE AND ANY TIME. OUR CONVENIENCE IS UNMATCHED. IN ADDITION, OUR COMPETITIVE RATES, WIDE ARRAY OF PRODUCTS AND OUR QUICK-RESPONSE ORIGINATION TECHNOLOGY GIVE CONSUMERS STRONG REASONS TO TURN TO FLAGSTAR FOR HOME MORTGAGES.

CONSUMER LENDING

AS OUR COMMUNITY BANKING OPERATIONS AND RETAIL LENDING MARKETS HAVE GROWN, OUR RETAIL CUSTOMER BASE HAS INCREASED. THIS HAS ENABLED US TO BUILD AND DIVERSIFY OUR LOAN PRODUCT LINE. OUR FINANCING INSTRUMENTS NOW INCLUDE A FULL SPECTRUM OF CONSUMER LOAN PRODUCTS, INCLUDING SECURED LOANS AND PERSONAL LINES OF CREDIT. WE FINANCED OVER \$75 MILLION IN CONSUMER, HOME EQUITY AND SECOND MORTGAGE LOANS IN 2000.

CONSTRUCTION LENDING

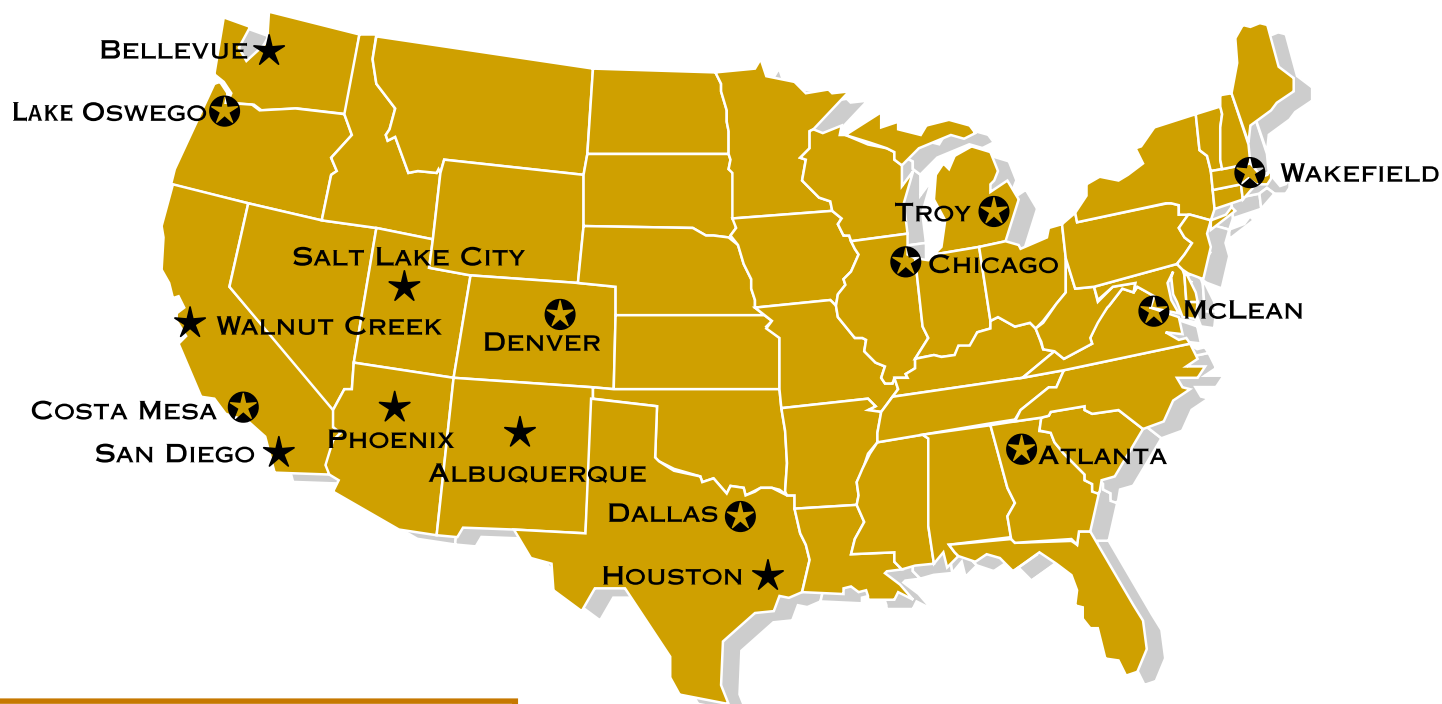
AS A LEADER IN MORTGAGE LENDING, WE HAVE WORKED WITH MANY OF THE HOME BUILDERS IN OUR RETAIL MARKET. DURING 2000 WE PROVIDED OUR CUSTOMERS WITH FINANCING FOR OVER \$78 MILLION IN NEW HOME CONSTRUCTION. OUR LENDING PROGRAMS ARE INDIVIDUALLY TAILORED TO PROVIDE EACH CUSTOMER WITH THE MOST SATISFYING EXPERIENCE POSSIBLE.

COMMERCIAL LENDING

IN ORDER TO SERVICE THE BUSINESS COMMUNITY IN OUR RETAIL MARKET, WE OPENED OUR COMMERCIAL LENDING DEPARTMENT IN LATE 1997. IN 2000 WE LENT OVER \$94 MILLION TO SMALL AND MID-SIZED BUSINESSES IN SOUTHERN MICHIGAN.

FLAGSTAR BANK HAS BEEN A MAJOR FORCE IN THE MORTGAGE MARKET SINCE THE COMPANY'S INCORPORATION IN 1987. WE HAVE GROWN THIS BUSINESS CONSISTENTLY, AND HAVE FORMED BUSINESS RELATIONSHIPS WITH OVER 4000 BANKS, CREDIT UNIONS AND MORTGAGE COMPANIES ACROSS THE UNITED STATES. WE SERVICE THESE RELATIONSHIPS WITH NINE STRATEGICALLY LOCATED REGIONAL OFFICES AND SIX SATELLITE OFFICES, HOUSING A NATIONAL SALES FORCE OF EXCEPTIONAL QUALITY.

MORTGAGE BANKING



- ★ WHOLESALE REGIONAL OFFICES
- ★ SATELLITE OFFICES



First Step Home Mortgages

Home Mortgages

Finance your home!
Congratulations on achieving a dream! This is where we will guide you to the type of mortgage that best suits your needs.

Re-finance your home
Are you looking to lower your monthly payment? Maybe you want to get some cash from your home's equity or pay off your debt? This is where we will guide you to the type of mortgage that best suits your needs.

Get a Second Mortgage
Whether you are borrowing money to invest, make cash for any reason, we have to help guide you to the type of mortgage that best suits your needs.

Get Pre-Qualified for a Home Mortgage
Looking for a home? We can help you get an advantage when making an offer by pre-qualifying for a First Step mortgage! This is where we will guide you to the type of mortgage that best suits your needs.

Continue With Your Application
We've received a mortgage application with an excellent offer! Click on the link above to see a list of your selected applications. You will be asked to sign.

Mortgage Servicing
What is there in your mortgage contract? Maybe you want to check when we received your last payment. This section is for current First Step mortgage customers that want the details on their account.

THE SUCCESS OF OUR HIGHLY RESPECTED NATIONAL MORTGAGE OPERATION IS THE RESULT OF THE DEDICATION BY ALL MEMBERS OF OUR TEAM TO PROVIDE THE HIGHEST LEVEL OF CUSTOMER SERVICE. WE STAY ON THE LEADING EDGE OF TECHNOLOGY, AND OFFER OUR CUSTOMERS AN EXTENSIVE PRODUCT LINE AND VERY COMPETITIVE PRICES. THIS STRATEGIC COMBINATION OF PEOPLE, TECHNOLOGY, PRODUCTS AND PRICE HAS ENABLED US TO COMPETE AGGRESSIVELY AND PURCHASE MORTGAGE LOANS IN ALL 50 STATES.

OUR WHOLESALE MORTGAGE LENDING OPERATION CONSISTS OF BROKER LENDING, CORRESPONDENT ACQUISITIONS, AND WAREHOUSE LENDING PRODUCTION CHANNELS.

WHOLESALE LENDING

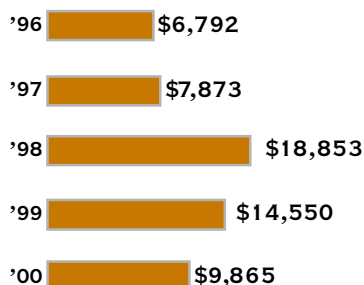
IN 2000 WE CONTINUED OUR LEADERSHIP IN WHOLESALE MORTGAGE LENDING BY PROVIDING NEARLY \$5 BILLION FOR MORTGAGE CLOSINGS TO OUR MORTGAGE BROKER PARTNERS. AT YEAR'S END, FLAGSTAR WAS THE NATION'S 12TH-LARGEST WHOLESALE LENDER ("TOP CONVENTIONAL WHOLESALERS IN 4Q '00," *ORIGINATION NEWS*[®], MARCH 2001).

CORRESPONDENT LENDING

IN 2000 WE PURCHASED NEARLY \$4 BILLION IN MORTGAGES FROM BANKS, CREDIT UNIONS, AND MORTGAGE COMPANIES WITH WHOM WE HAVE BUSINESS RELATIONSHIPS. WE ENDED THE YEAR AS THE 16TH-LARGEST CORRESPONDENT LENDER IN THE NATION ("TOP CONVENTIONAL CORRESPONDENT LENDERS IN 4Q '00," *ORIGINATION NEWS*[®], MARCH 2001).

WAREHOUSE LENDING

AS A WAREHOUSE LENDER, WE LEND MONEY TO MORTGAGE COMPANIES TO FACILITATE CLOSINGS. WE ENTERED THIS BUSINESS IN MICHIGAN IN 1994, AND TOOK IT NATIONAL IN 1996. OUR ABILITY TO PROVIDE THIS SPECIALIZED FINANCING HAS STRENGTHENED OUR RELATIONSHIPS WITH OUR CORRESPONDENT CUSTOMERS. AT YEAR'S END, WE HAD EXTENDED CREDIT TO 119 CUSTOMERS FOR \$259.8 MILLION, OF WHICH \$66.8 MILLION WAS DRAWN AND OUTSTANDING.



MORTGAGE LOANS ORIGINATED
(IN THOUSANDS)

LOAN SERVICING



WE HAVE MANAGED AND SERVICED A LARGE PORTFOLIO OF MORTGAGE LOANS SINCE FLAGSTAR BANCORP INCORPORATED. WE ORIGINATE AND PURCHASE SUBSTANTIALLY MORE MORTGAGE LOANS THAN WE ARE ABLE TO INVEST IN. WE THEN PACKAGE THE EXCESS LOANS INTO MORTGAGE-BACKED SECURITIES, WHICH WE IN TURN SELL TO INVESTORS WHILE MAINTAINING THE RIGHT TO SERVICE THE LOANS. AS A MORTGAGE LOAN SERVICER WE COLLECT CUSTOMERS' MORTGAGE PAYMENTS, PROPERTY TAXES, AND HAZARD INSURANCE PREMIUMS MONTHLY. WE THEN DISTRIBUTE THESE MORTGAGE PAYMENTS TO THE INVESTORS AND PAY THE PROPERTY TAXES AND INSURANCE PREMIUMS, ALL FOR A FEE. THE FEE REVENUE ASSOCIATED WITH SERVICING A LOAN ACTS, IN MOST CASES, AS A NATURAL HEDGE AGAINST INTEREST RATE RISK, PROVIDING MORE NET REVENUE IN A RISING INTEREST RATE ENVIRONMENT IN WHICH LOAN ORIGINATION INCOME MAY DECLINE. AT YEAR'S END, OUR MORTGAGE LOAN SERVICING PORTFOLIO TOTALED \$6.6 BILLION.

FLAGSTAR BANCORP, INC.

THOMAS J. HAMMOND	CHAIRMAN OF THE BOARD, CHIEF EXECUTIVE OFFICER
MARK T. HAMMOND	VICE CHAIRMAN OF THE BOARD, PRESIDENT
MICHAEL W. CARRIE	DIRECTOR, EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER
JOAN H. ANDERSON	DIRECTOR, EXECUTIVE VICE PRESIDENT
JOHN R. KERSTEN	DIRECTOR
JAMES D. ISBISTER	DIRECTOR
C. MICHAEL KOJAIA	DIRECTOR
RICHARD S. ELSEA	DIRECTOR
JAMES D. COLEMAN	DIRECTOR
MARY KAY MCGUIRE	SECRETARY, SENIOR VICE PRESIDENT
MARIE A. RALCO	SENIOR VICE PRESIDENT, TREASURER

FLAGSTAR CAPITAL CORPORATION

THOMAS J. HAMMOND	CHAIRMAN OF THE BOARD, CHIEF EXECUTIVE OFFICER
MARK T. HAMMOND	VICE CHAIRMAN OF THE BOARD, PRESIDENT
MICHAEL W. CARRIE	DIRECTOR, EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER, TREASURER
JOAN H. ANDERSON	DIRECTOR, EXECUTIVE VICE PRESIDENT
JACK CHRISTENSON	DIRECTOR
ROBERT W. DEWITT	DIRECTOR
MARY KAY MCGUIRE	DIRECTOR, SECRETARY

FLAGSTAR BANK, FSB

THOMAS J. HAMMOND	CHAIRMAN OF THE BOARD, CHIEF EXECUTIVE OFFICER
MARK T. HAMMOND	VICE CHAIRMAN OF THE BOARD, PRESIDENT
MARY KAY MCGUIRE	DIRECTOR, SECRETARY, SENIOR VICE PRESIDENT
CHARLES BAZZY	DIRECTOR
WILLIAM B. BORTELS	DIRECTOR
HARRY S. ELLMAN	DIRECTOR
RONALD I. NICHOLS, SR.	DIRECTOR
MICHAEL W. CARRIE	EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER
JOAN H. ANDERSON	EXECUTIVE VICE PRESIDENT
KIRSTIN A. HAMMOND	EXECUTIVE VICE PRESIDENT
ROBERT O. RONDEAU, JR.	EXECUTIVE VICE PRESIDENT
MARIE A. RALCO	SENIOR VICE PRESIDENT, TREASURER
ALBERT J. GLADNER	SENIOR VICE PRESIDENT, GENERAL COUNSEL
JEAN R. GARRICK	SENIOR VICE PRESIDENT
KAREN F. SHREVE	SENIOR VICE PRESIDENT
LINDA R. TERRASI	SENIOR VICE PRESIDENT
M. DAVID BOWERS	SENIOR VICE PRESIDENT
WILLIAM M. ROBINSON	SENIOR VICE PRESIDENT
ALESSANDRO P. DINELLO	SENIOR VICE PRESIDENT
CATHERINE L. MCINTEE	SENIOR VICE PRESIDENT
MARK C. STEVENS	SENIOR VICE PRESIDENT

FLAGSTAR TRUST

THOMAS J. HAMMOND	ADMINISTRATIVE TRUSTEE
MARK T. HAMMOND	ADMINISTRATIVE TRUSTEE
MICHAEL W. CARRIE	ADMINISTRATIVE TRUSTEE
JOAN H. ANDERSON	ADMINISTRATIVE TRUSTEE



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