Exhibit 2.2  
  
 MEMORANDUM OF UNDERSTANDING  
  
 This Memorandum of Understanding is dated as of January 9, 2004, and is  
entered into by and among Washington Mutual, Inc., a Delaware corporation (the  
"Seller Parent"), Great Western Service Corporation Two, a California  
corporation (the "Seller"), and CitiFinancial Credit Company, a Delaware  
corporation ("Purchaser"), in order to memorialize certain agreements and  
understandings reached among them with respect to the matters referenced herein  
arising in connection with the closing of the transactions contemplated by the  
Stock and Asset Purchase Agreement by and among Seller Parent, Seller and  
Purchaser dated as of November 24, 2003 (the "Purchase Agreement"). All  
capitalized terms used herein but not otherwise defined herein shall have the  
meanings ascribed to them in the Purchase Agreement. All section references made  
herein are references to sections of the Purchase Agreement unless otherwise  
explicitly stated.  
  
 1. Permitted Transactions.  
  
 a. Notwithstanding anything to the contrary in the Purchase  
 Agreement, effective as of 11:59 p.m., December 31, 2003,  
 Seller Parent and Seller caused the following actions to  
 occur, each with the prior written consent of Purchaser:  
  
 i. FG transferred to Washington Mutual Finance, LLC, a  
 Delaware limited liability company ("WMF LLC"), all of  
 FG's right, title and interest in the FG Transferred  
 Assets which relate to FG's consumer finance, insurance,  
 financial services and other businesses in Kentucky and  
 North Carolina.  
  
 ii. FG transferred to Washington Mutual Finance, Inc., an  
 Ohio corporation ("WMF Inc."), all of FG's right, title  
 and interest in the FG Transferred Assets which relate  
 to FG's consumer finance, insurance, financial services  
 and other businesses in Tennessee.  
  
 iii. WMF LLC assumed any and all FG Assumed Liabilities that  
 relate to FG's consumer finance, insurance, financial  
 services and other businesses in Kentucky and North  
 Carolina.  
  
 iv. WMF Inc. assumed any and all FG Assumed Liabilities that  
 relate to FG's consumer finance, insurance, financial  
 services and other businesses in Tennessee.  
  
 b. Notwithstanding anything to the contrary in the Purchase  
 Agreement, effective as of 11:59 p.m., December 18, 2003,  
 Seller Parent and Seller caused the following actions to  
 occur, each with the prior written consent of Purchaser:  
  
 i. FG assigned, transferred and set over to WMF LLC, all of  
 its rights, title, interest and obligations in, to and  
 under all of FG's real property leases which relate to  
 FG's consumer finance, insurance, financial services and  
 other businesses in Kentucky and North Carolina.  
  
  
  
  
  
 ii. FG assigned, transferred and set over to WMF Inc., all  
 of its rights, title, interest and obligations in, to  
 and under all of FG's real property leases which relate  
 to FG's consumer finance, insurance, financial services  
 and other businesses in Tennessee.  
  
 iii. FG assigned, transferred and set over to Washington  
 Mutual Finance of Virginia, LLC, a Delaware limited  
 liability company, all of its rights, title, interest  
 and obligations in, to and under all of FG's real  
 property leases which relate to FG's consumer  
 finance, insurance, financial services and other  
 businesses in Virginia.  
  
 c. Notwithstanding the provisions of clauses (a) and (b) of this  
 Paragraph 1, any FG Transferred Assets not so transferred to a  
 Subject Company and any FG Assumed Liabilities not so assumed  
 by a Subject Company shall constitute "FG Transferred Assets"  
 and "FG Assumed Liabilities" for all purposes under the  
 Purchase Agreement.  
  
 d. Notwithstanding anything to the contrary in the Purchase  
 Agreement, effective as of 12:01 a.m., January 1, 2004, Seller  
 Parent and Seller, with the prior written consent of  
 Purchaser, (i) caused the Company to assign to Seller all of  
 the Company's right, title and interest to the intercompany  
 receivables owed to the Company by the Excluded Subsidiaries  
 such that Seller Parent and Seller shall have the right to  
 collect such receivables directly from the Excluded  
 Subsidiaries and (ii) released the Company from all of its  
 intercompany obligations to Seller Parent and Seller in an  
 amount equal to the intercompany obligations described in  
 clause (i).  
  
 e. Notwithstanding anything to the contrary in the Purchase  
 Agreement, effective on or prior to the date hereof, Seller  
 Parent and Seller, with the prior written consent of  
 Purchaser, caused the Company to transfer to Seller Parent (or  
 any affiliate of Seller Parent) all of the Company's right,  
 title and interest in and to the following domain names and  
 all Company Intellectual Property associated with each such  
 name (provided that Purchaser and the Subject Companies shall,  
 in accordance with Section 6.8 of the Purchase Agreement, have  
 the right to use the following domain names from and after the  
 Closing for the periods contemplated by such Section):  
  
 i. xxx.xxxxxxxxx.xxx;  
  
 ii. xxx.xxxxxxxx.xxx;  
  
 iii. xxx.xxxxxxxxxxxxxx.xxx; and  
  
 iv. xxx.xxxxx-xxxxxxxxx.xxx.  
  
 f. Notwithstanding anything to the contrary in the Purchase  
 Agreement, effective on or prior to the date hereof, Seller  
 Parent and Seller, with the prior written consent of  
 Purchaser, caused the Company to accept the transfer to it of  
 Seller Parent's  
  
  
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 right, title and interest in and to the following domain names  
 and all Company Intellectual Property associated with each  
 such name:  
  
 i. xxx.xxxxxxxxxxxxxxx.xxx;  
  
 ii. xxx.xxxxxxxxxx.xxx; and  
  
 iii. xxx.xxxxx.xxx.  
  
 2. Closing Date. Unless the Purchase Agreement shall have been  
terminated and the transactions contemplated thereby and hereby abandoned  
pursuant to Section 9.1 of the Purchase Agreement, subject to the provisions of  
Article VIII of the Purchase Agreement, the Closing shall take place on January  
9, 2004; provided, however, that notwithstanding the foregoing, for financial  
accounting purposes only, the Closing shall be deemed to have occurred at 9:00  
a.m., New York City time, on January 1, 2004 (such time and date being referred  
to herein as the "Financial Accounting Closing").  
  
 3. Amendments to Purchase Agreement Regarding Aristar. The fourth  
"WHEREAS" clause of the recitals to the Purchase Agreement is hereby amended and  
restated in its entirety to read:  
  
 "WHEREAS, the Company owns (x) all of the membership interests of  
 Washington Mutual Finance Group, LLC, a Delaware limited liability  
 company ("FG"), and Washington Mutual Finance, Inc. of Mississippi,  
 LLC, a Delaware limited liability company ("Washington Mutual  
 Mississippi") and (y) all of the capital stock of Aristar Management,  
 Inc., a Florida corporation ("Aristar Management" and, together with FG  
 and Washington Mutual Mississippi, the "Excluded Subsidiaries"), and  
 Seller Parent, Seller and Purchaser desire that the membership  
 interests and capital stock of the Excluded Subsidiaries be transferred  
 by the Company to Seller Parent or its designee prior to the sale of  
 the Stock; and".  
  
 4. Amendments to Purchase Agreement Regarding the Closing.  
  
 a. Article I of the Purchase Agreement is hereby amended by  
 inserting the following definition in the appropriate  
 alphabetical place:  
  
 ""FG Transfer Related Debt" means any indebtedness payable to  
 FG in connection with notes made pursuant to (a) the General  
 Conveyance and Assignment Agreement (Kentucky), dated as of  
 December 31, 0000, xxxxxxx XX, Xxxxxxxxxx Mutual Finance, LLC,  
 a Delaware limited liability company ("WMF LLC"), and Seller,  
 (b) the General Conveyance and Assignment Agreement (North  
 Carolina), dated as of December 31, 2003, between FG, WMF LLC  
 and Seller or (c) the General Conveyance and Assignment  
 Agreement (Tennessee), dated as of December 31, 0000, xxxxxxx  
 XX, Xxxxxxxxxx Mutual Finance, Inc., an Ohio corporation ("WMF  
 Inc."), and Seller, each in connection with the transfer of  
 certain assets and liabilities from FG.".  
  
  
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 b. The definition of "Excluded Liability" in Article I of the  
 Purchase Agreement is hereby amended and restated in its  
 entirety to read:  
  
 "Excluded Liability" means any liabilities arising out of or  
 in connection with (i) the Reorganization, (ii) the Company's  
 sale of First Community Industrial Bank and any assets or  
 liabilities sold, assigned or otherwise transferred as part of  
 that transaction, or (iii) the Transition Servicing.  
  
 c. The definition of "Statement of Closing Date Receivables" in  
 Article I of the Purchase Agreement is hereby amended and  
 restated in its entirety to read:  
  
 "Statement of Closing Date Receivables" means the statement of  
 Closing Date Receivables as of 9:00 a.m. (New York City time),  
 January 1, 2004 after giving effect to the transactions  
 contemplated by Section 6.7(e), to be prepared and delivered  
 pursuant to Section 2.4, as finally determined in accordance  
 with Section 2.4(b).".  
  
 d. Section 2.2 of the Purchase Agreement is hereby amended and  
 restated in its entirety to read:  
  
 "2.2 Closing; Payment of Purchase Price; Assumption of FG  
 Assumed Liabilities. (a) On the terms and subject to the  
 conditions of this Agreement and against delivery of the  
 certificates evidencing the Stock as provided in Section  
 2.1(a) and the instruments of conveyance and assignment for  
 the FG Transferred Assets as provided in Section 2.1(b),  
 Purchaser shall:  
  
 (i) pay, at the Closing on the Closing Date, by wire  
 transfer of immediately available funds to the account of  
 Seller and to such other accounts as, in each case, Seller  
 shall designate in writing to Purchaser not less than one  
 Business Day prior to the Closing Date, an amount equal to (A)  
 $1,244,250,000 (the "Purchase Price") less (B) the aggregate  
 amount of the principal of the FG Transfer Related Debt  
 (provided that a portion of the Purchase Price may be deferred  
 pursuant to Section 3.1 until the Insurance Subsidiary  
 Purchase) less (C) $570,000 (the "FG Transferred Assets  
 Purchase Price");  
  
 (ii) pay, at the Closing on the Closing Date, by wire  
 transfer of immediately available funds to the account of FG,  
 as Seller shall designate in writing to Purchaser not less  
 than one Business Day prior to the Closing Date, an amount  
 equal to the FG Transferred Asset Purchase Price;  
  
 (iii) on and as of the opening of business on the  
 Closing Date, expressly assume and agree to thereafter  
 perform, pay and discharge when due, the FG Assumed  
 Liabilities and the Employee Assumed Liabilities; and  
  
 (iv) deliver to FG such fully executed acceptances,  
 consents, instruments of assumption and other instruments as  
 shall be reasonably necessary and effective to vest in  
 Purchaser sole responsibility to perform, pay and discharge,  
 when due, the FG Assumed Liabilities and the Employee Assumed  
 Liabilities.  
  
  
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 (b) On the Closing Date, immediately following the  
 consummation of the transactions described in Sections 2.1 and  
 2.2(a), Purchaser shall cause:  
  
 (i) WMF Inc. and WMF LLC to pay, by wire transfer of  
 immediately available funds to the account of FG and to such  
 other accounts as, in each case, Seller shall designate in  
 writing to Purchaser not less than one Business Day prior to  
 the Closing Date, the aggregate amount of the principal of the  
 FG Transfer Related Debt;  
  
 (ii) each Subject Company to pay, by wire transfer of  
 immediately available funds to the account of Seller Parent  
 and to such other accounts as, in each case, Seller Parent  
 shall designate in writing to Purchaser not less than one  
 Business Day prior to the Closing Date, an amount equal to  
 $154,756,673 (the "Estimated Intercompany Balance", which  
 constitutes an estimated aggregate amount of the principal of,  
 accrued and unpaid interest on and any premium in respect of,  
 all indebtedness of the Subject Companies and/or Purchaser, on  
 the one hand, to Seller Parent and/or its affiliates (for the  
 avoidance of doubt, other than the Subject Companies), on the  
 other hand, under the borrowing arrangements described in  
 Section 1(b) of the Seller Disclosure Schedule; and  
  
 (iii) each Subject Company to pay, by wire transfer of  
 immediately available funds to the account or accounts as  
 Seller Parent shall designate in writing to Purchaser not less  
 than one Business Day prior to the Closing Date, the aggregate  
 amount of the principal of, accrued and unpaid interest on and  
 any premium in respect of, all indebtedness of the Subject  
 Companies that is due and payable on or before the Closing  
 Date under the instruments identified in any of clauses (i),  
 (ii) and (iii) of the definition of Company Specified Debt.  
  
 (c) On the Closing Date, Seller shall deliver to Purchaser a  
 statement describing, as of the Closing, the actual aggregate  
 amount (the "Actual Intercompany Balance") of the principal  
 of, accrued and unpaid interest on and any premium in respect  
 of, all indebtedness of the Subject Companies and/or  
 Purchaser, on the one hand, to Seller Parent and/or its  
 affiliates (for the avoidance of doubt, other than the Subject  
 Companies), on the other hand, under the borrowing  
 arrangements described in Section 1(b) of the Seller  
 Disclosure Schedule. If the Actual Intercompany Balance  
 exceeds the Estimated Intercompany Balance, then Purchaser, on  
 the first Business Day immediately following the Closing Date  
 (unless the Actual Intercompany Balance is reasonably disputed  
 by Purchaser, in which case Purchaser shall take the actions  
 required by this sentence within one Business Day of the  
 parties resolving such dispute), shall cause each Subject  
 Company to pay, by wire transfer of immediately available  
 funds to the account of Seller Parent and to such other  
 accounts as, in each case, Seller Parent shall designate in  
 writing to Purchaser on such date, an amount equal to such  
 excess. If, on the other hand, the Estimated Intercompany  
 Balance exceeds the Actual Intercompany Balance, then Seller,  
 on the first Business Day immediately following the Closing  
 Date, shall pay, by wire transfer of immediately available  
 funds to the account of the Company and to such other accounts  
 as, in each case,  
  
  
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 the Company shall designate in writing to Purchaser on such  
 date, an amount equal to such excess.  
  
 (d) It is the intent of the parties that, for purposes of  
 computing "ADSP" and "AGUB" (as those terms are defined in the  
 Treasury Regulations promulgated under Section 338 of the  
 Code), the FG Transfer Related Debt and the other indebtedness  
 of the Subject Companies described in (and paid pursuant to)  
 Section 2.2(b) shall be treated as outstanding at the  
 beginning of the date immediately following the Closing Date  
 in accordance with the "next day rule" set forth in Treasury  
 Regulation Section 1.338-1(d) and, unless otherwise required  
 by Applicable Law as a result of a change in such law after  
 the date hereof or the publication after the date hereof of  
 any judicial or administrative authority interpreting current  
 law that is contrary to such treatment, the parties shall  
 report the transactions contemplated hereby in a manner  
 consistent with such intent."  
  
 5. Amendments to Purchase Agreement Regarding Reorganization.  
  
 a. Article I of the Purchase Agreement is hereby amended by  
 inserting the following definition in the appropriate  
 alphabetical place:  
  
 ""Tax Sharing Agreement" means the Tax Sharing Agreement dated  
 as of August 31, 1999 among Seller Parent, the Subject  
 Companies and others.".  
  
 b. Section 6.7 of the Purchase Agreement is hereby amended and  
 restated in its entirety to read:  
  
 "6.7 Reorganization. At or prior to the Closing, Seller and  
 Seller Parent shall take, or shall cause the Company or its  
 Subsidiaries to take, each of the following actions (collectively,  
 the "Reorganization"):  
  
 (a) The Company (or its applicable Subsidiaries) shall,  
 effective as of 12:01 a.m., New York City time, on January 1,  
 2004, dividend and transfer to Seller (or its designee) all of  
 the outstanding shares of capital stock of the Excluded  
 Subsidiaries then owned by the Company (or its applicable  
 Subsidiaries).  
  
 (b) [Reserved]  
  
 (c) [Reserved]  
  
 (d) Seller shall cause the Company Credit Agreement to  
 be terminated or, at Seller's sole discretion, amended to  
 provide that no Subject Company shall have any rights or  
 obligations with respect thereto, effective as of the Closing.  
  
 (e) Prior to the Closing, Seller Parent and Seller shall  
 cause the Subject Companies and FG (with respect to the FG  
 Transferred Assets only) to run through the Lexis-Nexis Xxxxx  
 Database (the "Xxxxx Database"), as of January 1, 2004, all of  
 their respective Receivables related to a personal loan  
  
  
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 (unless a Subject Company or FG has a security interest with  
 respect to such loan in the obligor's automobile) or a sales  
 finance loan, on which payments to be made by the obligor  
 under such loans are thirty days or more past due  
 (collectively, the "Past Due Receivables"). Seller Parent and  
 Seller shall cause the Subject Companies and FG (with respect  
 to the FG Transferred Assets only) to charge-off, as of  
 January 1, 2004 and prior to the Financial Accounting Closing,  
 each such Past Due Receivable if the obligor under such Past  
 Due Receivable is identified as bankrupt in the Xxxxx Database  
 (such charged-off Past Due Receivables being collectively  
 referred to herein as the "Charged-Off Receivables").  
  
 (f) Prior to the Closing, Seller shall cause the  
 provision for loan losses with respect to the Company and the  
 FG Transferred Assets to be equal to $147,728,620 in the  
 aggregate..  
  
 (g) Seller shall cause (i) all accrued but unused  
 vacation time to which any employee of the Subject Companies  
 and any employee of FG in the FG Transferred Business is  
 entitled pursuant to the Vacation Policy, (ii) the Variable  
 Plan Payments, (iii) all other bonus, incentive and  
 performance compensation payments or awards under the Benefit  
 Plans with respect to employees of the Subject Companies and  
 employees of FG in the FG Transferred Business and (iv) all  
 operational liabilities of the Subject Companies and the FG  
 Transferred Business to be fully accrued on the Company's  
 books and records as of January 1, 2004 and prior to the  
 Financial Accounting Closing (provided that the reserves for  
 payroll taxes in respect of bonuses shall not exceed  
 $300,000)."  
  
 6. Amendments to Purchase Agreement Regarding Employment Arrangements.  
  
 a. The definition of "Affected Employees" in Article I of the  
 Purchase Agreement is hereby amended and restated in its  
 entirety to read:  
  
 ""Affected Employees" means the FG Employees and those former  
 employees of any of the Subject Companies whose employment was  
 transferred to Aristar Management pursuant to Section 7.2(a)  
 (other than employees who are on long-term disability leave)."  
  
 b. Clause (i) of the definition of "Excluded Litigation" in  
 Article I of the Purchase Agreement is hereby amended and  
 restated in its entirety to read:  
  
 "(i) in which the Excluded Subsidiaries are named as  
 defendants, except to the extent arising out of or related to  
 the FG Transferred Assets, FG Transferred Business, FG Assumed  
 Liabilities or Employee Assumed Liabilities".  
  
 c. The definition of "Pre-Closing FG Employee Related  
 Liabilities" in Article I of the Purchase Agreement is hereby  
 amended and restated in its entirety to read:  
  
 ""Pre-Closing FG Employee Related Liabilities" means all  
 liabilities relating to (i) individuals who are, immediately  
 prior to the Closing Date, former employees of  
  
  
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 FG, other than former employees of FG who become Affected  
 Employees or (ii) employees of FG who do not become FG  
 Employees (including employees of FG, if any, who are on  
 long-term disability leave as of the Closing)."  
  
 d. Article I of the Purchase Agreement is hereby amended in part  
 by inserting the following definitions in the appropriate  
 alphabetical place:  
  
 ""Employee Assumed Liabilities" means, subject to the terms  
 and conditions of the Employee Lease, any and all liabilities  
 and obligations of any kind or nature, whether such  
 liabilities or obligations are known or unknown, disclosed or  
 undisclosed, matured or unmatured, accrued, absolute,  
 contingent or otherwise, that (i) relate to the employment by  
 Aristar Management of the Affected Employees or (ii) arise  
 after the Closing Date and relate to the employment, failure  
 to employ or termination of employment of the Affected  
 Employees.  
  
 "Employee Lease" shall mean the Employee Lease, dated as of  
 January 8, 2004, by and among Seller, Seller Parent, Aristar  
 Management, Purchaser and CitiFinancial Inc.  
  
 "Lease Period" shall have the meaning set forth in the  
 Employee Lease."  
  
 e. The definition of "FG Employees" in Article I of the Purchase  
 Agreement is hereby amended and restated in its entirety to  
 read:  
  
 ""FG Employees" means all employees who were employed by or on  
 behalf of FG in connection with the FG Transferred Business  
 immediately prior to January 1, 2004 (other than those  
 employees who are on long-term disability leave), (i) whose  
 employment was transferred to Aristar Management pursuant to  
 Section 7.2(a) and (ii) who remain employed by Aristar  
 Management as of the Closing Date."  
  
 f. Section 3.1(a), Section 5.6, Section 8.1(a) and Section  
 11.2(a) of the Purchase Agreement are hereby amended in part  
 by inserting the phrase "and the Employee Assumed Liabilities"  
 after the phrase "FG Assumed Liabilities".  
  
 g. Section 4.19 and Section 6.3(e) of the Purchase Agreement are  
 hereby amended in part by inserting the phrase "or an Employee  
 Assumed Liability" after the phrase "FG Assumed Liability".  
  
 h. The first sentence of Section 7.1(a) of the Purchase Agreement  
 is hereby amended and restated in its entirety to read:  
  
 "Except as otherwise provided in this Article VII, for the  
 twelve-month period following the Closing Date, Purchaser  
 shall provide, or shall cause to be provided, to each Affected  
 Employee (i) salary or wages, as applicable, at least equal to  
 those provided to such Affected Employee immediately prior to  
 the Closing Date and (ii) employee benefits that are no less  
 favorable in the aggregate than the employee benefits provided  
 by Purchaser to its similarly situated employees."  
  
  
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 i. Section 7.1(b), Section 7.1(c), Section 7.6 and Section 7.8 of  
 the Purchase Agreement are hereby amended in part to change  
 the references to "Closing Date" to "last day of the Lease  
 Period".  
  
 j. Section 7.2 of the Purchase Agreement is hereby amended and  
 restated in its entirety to read:  
  
 "7.2 Transfer of Employment. (a) Seller and its affiliates  
 have taken all such actions as may be necessary to cause all  
 employees who were employed by or on behalf of FG in  
 connection with the FG Transferred Business immediately prior  
 to January 1, 2004 and all employees of the Subject Companies  
 (in each case other than those employees who are on long-term  
 disability leave) to become employees of Aristar Management  
 effective January 1, 2004. Notwithstanding the foregoing, if  
 any employee described in the preceding sentence goes on  
 long-term disability during the Lease Period, Seller shall be  
 responsible for all long-term disability benefits with respect  
 to such employee during and after the Lease Period.  
  
 (b) As of the last day of the Lease Period, the Affected  
 Employees (excluding Affected Employees on long-term  
 disability leave) who remain employed by Aristar Management as  
 of such date shall become employees of Purchaser or an  
 affiliate thereof designated by Purchaser."  
  
 k. Section 7.4 of the Purchase Agreement is hereby amended in  
 part to change the reference to "Transition Services  
 Agreement" to "Employee Lease".  
  
 l. The initial clause of Section 11.1(b) of the Purchase  
 Agreement is hereby amended and restated in its entirety to  
 read:  
  
 "Except with respect to any claims or liabilities under the  
 Employee Lease, notwithstanding anything to the contrary  
 contained in this Section 11.1, the Indemnified Purchaser  
 Entities shall be entitled to indemnification pursuant to  
 Section 11.1(a) with respect to any claim for indemnification  
 pursuant to Section 11.1(a)(i):".  
  
 m. The initial clause of Section 11.2(b) of the Purchase  
 Agreement is hereby amended and restated in its entirety to  
 read:  
  
 "Except with respect to any claims or liabilities under the  
 Employee Lease, notwithstanding anything to the contrary  
 contained in this Section 11.2, the Indemnified Seller  
 Entities shall be entitled to indemnification pursuant to  
 Section 11.2(a) with respect to any claim for indemnification  
 pursuant to Section 11.2(a)(i):".  
  
 7. Texas LP Restructuring.  
  
 a. Pursuant to Section 10.7(d) of the Purchase Agreement, Seller  
 Parent and Seller have caused (or shall cause) the following  
 actions to occur (such actions described  
  
  
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 in clauses (i) through (v) below, and only such actions,  
 constitute the "Restructuring" for purposes of the amendment  
 of Section 10.7(d) of the Purchase Agreement set forth below  
 in Paragraph 7(b) of this Memorandum of Understanding):  
  
 i. Each of Washington Mutual Finance of Texas, LLC  
 ("WMFT"), Washington Mutual Finance Asset Holdings, LLC  
 ("WMFAH") and Texas LP has obtained a valid Employer  
 Identification Number ("EIN") for U.S. federal income  
 tax purposes and provided a copy of its EIN to  
 Purchaser.  
  
 ii. Each of WMFT and WMFAH has duly and validly filed a  
 valid IRS Form 8832 (Entity Classification Election) and  
 elected to be treated, effective as of January 1, 2004,  
 as an "association taxable as a corporation" for U.S.  
 federal income tax purposes.  
  
 iii. WMFT and WMFAH are both (or will both be) included on  
 the Section 338 Schedule delivered to Purchaser pursuant  
 to Section 10.7(a) of the Purchase Agreement.  
  
 iv. Seller Parent and Seller shall, at Purchaser's request  
 in accordance with Section 10.7(a) of the Purchase  
 Agreement, join Purchaser in making an election under  
 Code Section 338(h)(10) in connection with the  
 acquisition by Purchaser of both WMFT and WMFAH.  
  
 v. On or before the date required under Code Section 6031  
 (determined without regard to extensions) (such date,  
 the "Due Date"), Texas LP shall file an IRS Form 1065  
 (Partnership Return) for its taxable year beginning on  
 January 1, 2004 and ending on the Closing Date (the  
 "Short Taxable Year"), and shall make a Code Section 754  
 election in a written statement (the "Section 754  
 Election Statement") filed with Texas LP's Form 1065 for  
 such period. The Section 754 Election Statement shall  
 (A) set forth the name and address of the partnership,  
 (B) be signed by one of the partners and (C) contain a  
 declaration that the partnership elects under Code  
 Section 754 to apply the provisions of Code Section  
 734(b) and Code Section 743(b). Seller Parent and Seller  
 shall provide Purchaser with a copy of Texas LP's IRS  
 Form 1065 (including the Section 754 Election Statement)  
 for the Short Taxable Year at least forty-five (45) days  
 prior to the Due Date (and prior to the filing of such  
 form) and shall reflect thereon any good faith comments  
 that are submitted by Purchaser in writing at least ten  
 (10) days before the Due Date.  
  
 Purchaser acknowledges that the foregoing actions shall  
 constitute full satisfaction of Seller's and Seller Parent's  
 obligations under Section 10.7(d) of the Purchase Agreement.  
  
  
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 b. The first sentence of Section 10.7(d) of the Purchase  
 Agreement is hereby amended and restated in its entirety to  
 read:  
  
 "In the case of Washington Mutual Finance, LP (TX) ("Texas  
 LP"), Seller and Seller Parent shall, at the expense of Seller  
 and Seller Parent, take all steps reasonably necessary, at  
 Purchaser's direction (and to the extent that such steps in  
 and of themselves will not delay the Closing), to restructure  
 the acquisition by Purchaser of Texas LP (or its assets) so as  
 to provide Purchaser with a fair market value basis in the  
 assets of Texas LP for Texas income or franchise tax purposes  
 (the "Restructuring"); provided, however, that, so long as  
 Seller and Seller Parent carry out the steps of the  
 Restructuring, Seller and Seller Parent shall not have any  
 obligation to indemnify Purchaser for any incremental Taxes or  
 loss of Tax benefits relating to the basis in the assets of  
 Texas LP for state and local income or franchise tax  
 purposes."  
  
 8. Tax Sharing Agreement. Section 10.3(d) of the Purchase Agreement is  
hereby amended and restated in its entirety to read:  
  
 "(i) Notwithstanding anything in any other agreement to the  
 contrary, all liabilities and obligations between the Seller Parent  
 or any members of the Seller Parent's Group on the one hand, and the  
 Subject Companies on the other hand, under any Tax allocation, Tax  
 sharing, Tax reimbursement and similar agreements and arrangements  
 in effect prior to the Closing Date shall cease and terminate as of  
 the Closing Date and will no longer be enforceable; provided,  
 however, that Purchaser shall have the right to review the  
 calculation of all payments made by the Subject Companies after the  
 date of this Agreement to Seller and its affiliates (other than the  
 Subject Companies) pursuant to the Tax Sharing Agreement, and may  
 dispute the calculation of any such payments, but only on the basis  
 that they were not arrived at in a manner consistent with the Tax  
 Sharing Agreement or were arrived at based on mathematical or  
 clerical error; provided, further, that the Purchaser shall have  
 notified Seller in writing of each disputed item, specifying the  
 estimated amount thereof in dispute and setting forth, in reasonable  
 detail, the basis for such dispute, within 15 Business Days of  
 Purchaser's delivery of the Statement of Closing Date Receivables to  
 Seller pursuant to Section 2.4. In the event of such a dispute,  
 Seller and Purchaser shall attempt to reconcile their differences,  
 and any resolution by them as to any disputed amounts shall be  
 final, binding and conclusive on the parties hereto. If Seller and  
 Purchaser are unable to reach a resolution with such effect within  
 10 Business Days after the receipt by Seller of Purchaser's written  
 notice of dispute, Seller and Purchaser shall submit the items  
 remaining in dispute for resolution to the Independent Accounting  
 Firm, which shall, within 15 Business Days after such submission,  
 determine and report to Seller and Purchaser upon such remaining  
 disputed items, only on the basis of whether or not they were  
 arrived at in a manner consistent with the Tax Sharing Agreement or  
 whether or not they were arrived at based on mathematical or  
 clerical error and such report shall be final, binding and  
 conclusive on Seller and Purchaser. The fees and disbursements of  
 the Independent Accounting Firm shall be shared equally by Seller  
 and Purchaser.  
  
  
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 (ii) If, based on either the (i) the resolution of all disputes,  
 pursuant to Section 10.3(d), by Seller and Purchaser or (ii) the  
 resolution of all disputes, pursuant to Section 10.3(d), by the  
 Independent Accounting Firm, the disputed payments under the Tax  
 Sharing Agreement are determined to have been made in error, then  
 Purchaser shall, and Seller shall cause the Subject Companies to,  
 reconcile the differences by making a payment in cash by wire transfer  
 of immediately available federal funds to such bank account(s) as shall  
 be designated in writing by Purchaser within one (1) Business Day of  
 such resolution. Any payments required to be made pursuant to this  
 Section 10.3(d)(ii) shall bear interest from the Closing through the  
 date of payment at the prime lending rate prevailing during such period  
 as published in The Wall Street Journal.".  
  
 9. Apportionment of Taxes. The first sentence of Section 10.2 of the  
Purchase Agreement is hereby amended and restated in its entirety to read:  
  
 "In order to apportion any Taxes relating to any taxable year  
 that includes the Interim Period, the parties hereto shall, to  
 the extent permitted by Applicable Law, treat for all purposes  
 the Closing Date as the last day of the taxable year of the  
 Subject Companies, and such Interim Period shall be treated as  
 a short taxable year and a Pre-Closing Period for purposes of  
 this Agreement; provided, however, that the parties shall  
 allocate the items of the Subject Companies for the month in  
 which the Closing Date occurs in accordance with the  
 provisions set forth in Treasury Regulation Section  
 1.1502-76(b)(2)(iii)."  
  
 10. Insurance Subsidiary Closing. Immediately prior to the Closing,  
Seller Parent and Seller shall cause the Company to distribute to Seller its  
entire equity interest in the Insurance Subsidiaries and the Purchase Price  
payable by Purchaser on the Closing Date shall be reduced, pursuant to Section  
3.1 of the Purchase Agreement, in an amount equal to $109,460,815. Subject to  
the terms and conditions set forth in the Purchase Agreement, upon receipt of  
the Insurance Regulatory Approvals, the parties shall take all actions  
contemplated by Section 3.1 of the Purchase Agreement to consummate the sale and  
delivery of the capital stock of the Insurance Subsidiaries to Purchaser or its  
designee(s) (provided, however, that in no event shall such delivery to  
Purchaser's designee(s) release Purchaser from its obligations under the  
Purchase Agreement).  
  
 11. Seller Disclosure Schedule.  
  
 a. Section 4.4(b) of the Seller Disclosure Schedule is hereby  
 amended by deleting Item 1 therein and renumbering Item 2 as  
 Item 1.  
  
 b. Section 4.16(a) of the Seller Disclosure Schedule is hereby  
 amended and replaced in its entirety by Schedule 4.16(a)  
 delivered to Purchaser by Seller on the date hereof.  
  
  
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 12. Transition Services.  
  
 a. Section 6.11 of the Purchase Agreement is hereby amended and  
 restated in its entirety to read:  
  
 "(a) Promptly following the Closing, but in no event later  
 than ten Business Days after the date hereof, Seller Parent  
 shall, and Purchaser shall cause the Company to, negotiate in  
 good faith to agree upon and execute mutually acceptable  
 agreements whereby (i) Purchaser will cause the Company to  
 service the loan and receivables portfolios owned by Seller  
 and/or its affiliates identified on Exhibit A-1 attached  
 hereto and (ii) Seller Parent will cause an affiliate to  
 service the loan and receivables portfolios owned by the  
 Company identified on Exhibit A-2 attached hereto.  
  
 (b) Promptly following the Closing, but in no event later than  
 ten Business Days after the date hereof, Purchaser shall cause  
 the Company to, and Seller Parent shall cause FG and  
 Washington Mutual Mississippi to, negotiate in good faith to  
 agree upon and execute mutually acceptable agreements whereby  
 the Company shall provide FG and Washington Mutual Mississippi  
 continued use of and access to the Company's technology  
 platform, including the "Access" system, as necessary for FG  
 and Washington Mutual Mississippi to service their respective  
 loan and receivables portfolios (provided that Seller Parent  
 will use reasonable efforts to minimize the scope of such  
 services). Until the earlier of (i) the date of execution of  
 such agreements or (ii) January 19, 2004, the Company shall,  
 consistent with past practice, provide collection and recovery  
 services to FG and Washington Mutual Mississippi with respect  
 to their loan and receivables portfolios (such assistance  
 being referred to herein as the "Transition Servicing")  
 (provided that Seller Parent will use reasonable efforts to  
 minimize the scope of such services).  
  
 (c) Promptly following the Closing, but in no event later than  
 ten Business Days after the date hereof, Seller Parent and  
 Purchaser shall negotiate in good faith to agree upon and  
 execute mutually acceptable agreements for the Company to have  
 continued access to third-party vendor services that, prior to  
 the Closing, have traditionally been made available to the  
 Company through contracts to which the Seller is a party,  
 subject to any prohibitions and limitations contained in such  
 contracts and only to the extent that such services are not  
 reasonably available to the Company as a subsidiary of  
 Purchaser. Pending execution of such agreements, Seller agrees  
 to continue to provide such services, as may be requested by  
 the Purchaser, to the Company on terms consistent with past  
 practice, subject to any prohibitions and limitations  
 contained in such contracts.  
  
 (d) After the Closing, Purchaser will cause the Company to  
 provide to Seller Parent the services described in Exhibit B  
 attached hereto for the term set forth in Exhibit B or, if  
 earlier, until such time as Seller Parent notifies Purchaser  
 that it no longer requires such services. In consideration for  
 the performance of such services, Seller Parent shall pay the  
 Company the fee set forth in Exhibit B.".  
  
  
 13  
  
  
  
 b. The Agreement is hereby amended to include the attached  
 Exhibit A and Exhibit B as "Exhibit A" and "Exhibit B"  
 thereto, respectively.  
  
 13. Governing Law. THIS MEMORANDUM OF UNDERSTANDING AND THE RIGHTS AND  
DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN  
ACCORDANCE WITH, THE LAW OF THE STATE OF DELAWARE.  
  
 14. Counterparts. This Memorandum of Understanding may be executed in  
two or more counterparts, each of which shall be deemed an original, and all of  
which together shall constitute one and the same instrument.  
  
 15. Legal Effect. This Memorandum of Understanding constitutes an  
amendment and modification to the Purchase Agreement in accordance with Section  
12.4 thereof and shall be deemed effective as of and from the date of the  
Purchase Agreement. Except as otherwise expressly provided in this Memorandum of  
Understanding, all of the terms, conditions and provisions of the Purchase  
Agreement shall remain the same, the Purchase Agreement, as amended hereby,  
shall continue in full force and effect, and this Memorandum of Understanding  
and the Purchase Agreement shall be read and construed as one instrument.  
  
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 IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of  
Understanding to be executed on their behalf by their respective officers  
hereunto duly authorized all as of the date first written above.  
  
 WASHINGTON MUTUAL, INC.  
  
  
  
 By: /s/ Xxxx Xxxxx  
 ----------------------------------  
 Name: Xxxx Xxxxx  
 Title: Executive Vice President  
  
  
  
 GREAT WESTERN SERVICE CORPORATION TWO  
  
  
  
 By: /s/ Xxx X. Xxxxxxx  
 ----------------------------------  
 Name: Xxx X. Xxxxxxx  
 Title: Executive Vice President  
  
  
  
 CITIFINANCIAL CREDIT COMPANY  
  
  
  
 By: /s/ Xxxxx Xxxxxxxxx  
 ----------------------------------  
 Name: Xxxxx Xxxxxxxxx  
 Title: Executive Vice President  
  
  
  
  
 MOU - Signature Page