

MATLIN DAVID J
 Form 4
 July 02, 2009

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 MATLIN DAVID J

2. Issuer Name and Ticker or Trading Symbol
 FLAGSTAR BANCORP INC [FBC]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 C/O MP (THRIFT) GLOBAL ADVISORS III LLC, 520 MADISON AVENUE
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 06/30/2009

Director 10% Owner
 Officer (give title below) Other (specify below)

NEW YORK, NY 10022-4213

(City) (State) (Zip)

4. If Amendment, Date Original Filed (Month/Day/Year)

6. Individual or Joint/Group Filing (Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number of Derivative	6. Date Exercisable and Expiration Date	7. Title and Amount of Underlying Security
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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)	(Instr. 3 and 4)		
			Code V	(A)	(D)	Date Exercisable	Expiration Date	Title
Trust Preferred Securities (the ?Capital Securities?)	(1)	06/30/2009	P	50,000	04/01/2010(2)	09/15/2039(3)	Common Stock	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MATLIN DAVID J C/O MP (THRIFT) GLOBAL ADVISORS III LLC 520 MADISON AVENUE NEW YORK, NY 10022-4213	X			

Signatures

/s/ David J. Matlin 06/30/2009

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- The Capital Securities have an aggregate liquidation preference of \$50 million, a dividend rate of 10%, and are convertible into common stock, in whole or in part, on April 1, 2010, at a conversion price equal to 90% of the volume-weighted average price per share during the period from February 1, 2009 to April 1, 2010, subject to a minimum of \$0.80 and a maximum of \$2.00. Since the conversion price is not yet fixed, the number of shares of common stock that could result from a conversion of the Capital Securities, assuming they are converted in whole, ranges from a minimum of 25,000,000 shares to a maximum of 62,500,000 shares. The amount set out in Item #7 of this Table II above uses the \$0.80 conversion price.
- The Capital Securities are convertible, in whole or in part, on April 1, 2010. Such conversion right lapses if it is not exercised on April 1, 2010.
- The Capital Securities mature on September 15, 2039 but may be redeemed at any time after January 30, 2011 by Flagstar Bancorp, Inc. (the "Issuer").
- MP Thrift Investments L.P. ("MP Thrift") is the direct owner of 50,000 shares of the Capital Securities. MP Thrift is a limited partnership organized under the laws of Delaware formed for the purpose of acquiring the preferred stock of the Issuer. MPGOP III Thrift AV-I L.P. ("MPGOP") is a Delaware limited partnership and MPGOP (Cayman) III Thrift AV-I L.P. ("MPGOP Cayman") is a Cayman Islands exempted limited partnership (together, the "New Fund"), holding 100 percent of the membership interests in MP Thrift. MPGOP has a 77.05% interest in MP Thrift and MPGOP Cayman has a 22.95% interest in MP Thrift. MP (Thrift) Global Partners III LLC ("MP LLC")

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is a limited liability company organized under the laws of Delaware.

- (5) The principal business of MP LLC is to serve as general partner of each of MPGOP, MPGOP Cayman, MP Thrift, MP (Thrift) Global Opportunities Partners (Special) III LP ("MPGOPS") and MP (Thrift) Global Opportunities Investments III LP ("MPGOI"). MP (Thrift) Asset Management LLC ("MPAM") is a limited liability company organized under the laws of Delaware. MPAM is the managing member of MP LLC. MP (Thrift) LLC ("MPT") is a limited liability company organized under the laws of Delaware. MPT is the managing member of MPAM. MPGOPS is a limited partnership organized under the laws of Delaware. MPGOPS is the holder of a 100% limited partnership interest in MPGOI. MPGOI is a limited partnership organized under the laws of Delaware. MPGOI is the holder of a 1% limited partnership interest in the New Fund. Along with MPT, MPAM, MP LLC, and MPGOPS, MPGOI comprises the Associates Fund.

- (6) David J. Matlin and Mark R. Patterson are each a 50% managing member of MPT. David J. Matlin's principal occupation is acting as Chief Executive Officer of MatlinPatterson Global Advisers LLC ("Matlin Advisers") and Mark R. Patterson's principal occupation is acting as Chairman of Matlin Advisers. Matlin Advisers is a limited liability company organized under the laws of Delaware. The principal business of Matlin Advisers is to serve as investment adviser to the funds. Matlin Advisers also serves as investment adviser to the New Fund. David J. Matlin and Mark R. Patterson are both citizens of the United States of America. David J. Matlin may be deemed to have shared voting and investment control (together with Mark R. Patterson) over the shares of the Issuer held by MP LLC. Mr. Matlin also has an indirect pecuniary interest in the New Fund.

- (7) David J. Matlin's exact pecuniary interest therein is not readily determinable because it is subject to several variables, including without limitation, the internal rates of return of the funds overall and with respect to their indirect investment in the Issuer. David J. Matlin disclaims beneficial ownership of any of the reported securities except to the extent of his pecuniary interest therein.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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