

SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT (the “Agreement”) is entered into as of April 29, 2014, by and between (i) the Federal Housing Finance Agency (“FHFA” or “Plaintiff”), as Conservator of the Federal Home Loan Mortgage Corporation (“Freddie Mac”) and the Federal National Mortgage Association (“Fannie Mae,” and, together with Freddie Mac, “the GSEs”), Freddie Mac, and Fannie Mae, on the one hand, and (ii) First Horizon National Corporation, First Tennessee Bank National Association (as successor in interest to First Horizon Home Loan Corporation), FTN Financial Securities Corporation, First Horizon Asset Securities, Inc. (collectively, the “First Horizon Corporate Defendants”), Gerald L. Baker, Peter F. Makowiecki, and Charles G. Burkett (collectively, the “First Horizon Individual Defendants,” and, together with the First Horizon Corporate Defendants, the “First Horizon Defendants”), on the other. The First Horizon Defendants, together with FHFA and the GSEs, are referred to herein as the “Settling Parties,” with each a “Settling Party.”¹

WHEREAS, on September 6, 2008, the Director of FHFA placed Fannie Mae and Freddie Mac into conservatorships pursuant to the Housing and Economic Recovery Act of 2008;

WHEREAS, on or about September 2, 2011, FHFA, in its capacity as Conservator for Fannie Mae and Freddie Mac, commenced an action against the First Horizon Defendants and other entities in the United States District Court for the Southern District of New York, captioned *Federal Housing Finance Agency v. First Horizon National Corporation, et al.*, No. 11 Civ. 6193 (DLC) (the “*First Horizon Action*”);

WHEREAS, on or about June 28, 2012, FHFA served an Amended Complaint in the *First Horizon Action*;

WHEREAS, in consideration of the releases, limitations, and other terms and conditions provided for in this Agreement, the First Horizon Corporate Defendants have determined that they are prepared to pay \$110 million in settlement of all claims asserted, or that could have been asserted (excluding certain categories of claims, including Contract and LIBOR Claims (as defined below)), against the First Horizon Defendants in the *First Horizon Action* and relating to the Covered Securities identified in Exhibit A, and FHFA has determined it is prepared to accept such amount in exchange for such settlements, releases, limitations, and terms and conditions;

WHEREAS, the Settling Parties have now agreed to fully and finally compromise, resolve, dismiss, discharge and settle each and every one of the Released Claims against each and every one of the Released Persons in the *First Horizon Action*, and to dismiss the *First Horizon Action* with prejudice and on the merits;

¹ All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed to them in Paragraph 1 herein.

NOW, THEREFORE, for good and valid consideration, the receipt and sufficiency of which is hereby acknowledged by all Settling Parties hereto, the Settling Parties agree as follows:

1. **Definitions.** As used in this Agreement, the following terms shall have the following meanings:

(a) “Affiliate” means, with respect to any specified Person, any other Person that, at the time of determination, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such specified Person, where “control” means, as to any Person, the power to direct or cause the direction of the management, policies, or practices of such Person, whether through the ownership of voting securities, by contract or otherwise. The terms “controlled by” and “under common control with” have correlative meanings.

(b) “Contract Claim” means any claim under a contract asserted by a party other than a Releasing Plaintiff Person (including, without limitation, any claim under any Pooling and Servicing Agreement, Assignment and Recognition Agreement, or Mortgage Loan Purchase Agreement) where neither FHFA nor the GSEs are signatories, alleging any breach or violation of any representation or warranty as to loans originated, purchased, acquired, transferred, securitized regarding, or collateralizing, the Covered Securities or any other securities, and which could result in an economic benefit to any Releasing Plaintiff Person.

(c) “Covered Securities” means the five securities that are listed in Exhibit A, which list is intended by the Settling Parties to include all securities for which FHFA has brought claims against the First Horizon Defendants in the *First Horizon* Action.

(d) “Effective Date” means the date upon which the Settlement Payment, as defined below, is received by both GSEs, as evidenced by confirmation of the wire transfer pursuant to the written instructions of Plaintiff.

(e) “Execution Date” means the date upon which the last Settling Party signs and executes this Agreement, whether made in multiple counterparts, by facsimile, or .pdf.

(f) “LIBOR Claims” means any claims relating to the London Interbank Offered Rate, whether associated with the Covered Securities or any other securities.

(g) “Non-Settling Defendants” means, collectively, all present or future defendants in the Related Actions that are not Released Defendant Persons.

(h) “Person” means an individual, corporate entity, partnership, association, joint stock company, limited liability company, estate, trust, government entity (or any political subdivision or agency thereof) and any other type of business or legal entity; provided, however, that nothing in this definition or its use in this Agreement shall be construed to bind any governmental agency/entity other than FHFA solely in its capacity as Conservator for Fannie Mae and Freddie Mac, and the GSEs.

(i) “Protective Order” means the First Amended Protective Order filed on January 11, 2013, in the *First Horizon* Action.

(j) “Related Actions” means those actions listed in Exhibit B.

(k) “Released Claims” means, collectively, the Released Plaintiff Claims and the Released Defendant Claims.

(l) “Released Defendant Claims” means any and all claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, interests, debts, expenses, charges, penalties, sanctions, fees, attorneys’ fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues and controversies of any kind, nature and description whatsoever relating to the Covered Securities, (1) whether disclosed or undisclosed, known or unknown, accrued or unaccrued, matured or not matured, perfected or not perfected, choate or inchoate, liquidated or not liquidated, fixed or contingent, ripened or unripened; (2) whether at law or equity, whether based on or arising under state, local, foreign, federal, statutory, regulatory, common or other law or rule and upon any legal theory (including, but not limited to, claims arising under the federal securities laws), no matter how asserted; (3) that previously existed, currently exist, or exist as of the Effective Date; and (4) that were, could have been, or may be asserted by any or all of the Releasing Defendant Persons against any or all of the Released Plaintiff Persons in the *First Horizon* Action, in any federal or state court, or in any other court, tribunal, arbitration, proceeding, administrative agency or other forum in the United States of America or elsewhere; provided, however, that the Released Defendant Claims do not include (1) any LIBOR Claims; (2) any Contract Claims; (3) any claims against any Person other than the Released Plaintiff Persons, including the Non-Settling Defendants; (4) any claims against any governmental entity or agency besides FHFA, solely in its capacity as Conservator of the GSEs, or the GSEs; or (5) any claims to enforce this Agreement.

(m) “Released Defendant Persons” means (i) each of the First Horizon Defendants, along with each of the First Horizon Defendants’ respective past and/or present Affiliates, subsidiaries, parents, general partners, limited partners and any Person in which any First Horizon Defendant has or had a controlling interest, and each such Person’s past and/or present principals, administrators, predecessors, successors, assigns, members, parents, subsidiaries, employees, officers, managers, directors, partners, limited partners, investment bankers, representatives, estates, divisions, financial advisors, estate managers, assigns, insurers and reinsurers, and (ii) Credit Suisse Securities (USA) LLC (“Credit Suisse”), solely in its capacity as an underwriter for the Covered Securities at issue in the *First Horizon* Action; provided, however, that the Released Defendant Persons do not include any Non-Settling Defendant, or any of the respective past and/or present Affiliates, subsidiaries and parents of any Non-Settling Defendant.

(n) “Released Persons” means collectively the Released Plaintiff Persons and the Released Defendant Persons.

(o) “Released Plaintiff Claims” means any and all claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, interests, debts, expenses, charges, penalties, sanctions, fees, attorneys’ fees, actions, potential actions, causes of action, suits,

agreements, judgments, decrees, matters, issues and controversies of any kind, nature and description whatsoever relating to the Covered Securities, (1) whether disclosed or undisclosed, known or unknown, accrued or unaccrued, matured or not matured, perfected or not perfected, choate or inchoate, liquidated or not liquidated, fixed or contingent, ripened or unripened; (2) whether at law or equity, whether based on or arising under state, local, foreign, federal, statutory, regulatory, common or other law or rule and upon any legal theory (including, but not limited to, claims arising under the federal or state securities laws), no matter how asserted; (3) that previously existed, currently exist, or exist as of the Effective Date; and (4) that were, could have been, or may be asserted by any or all of the Releasing Plaintiff Persons against any or all of the Released Defendant Persons in the *First Horizon* Action, in any federal or state court, or in any other court, tribunal, arbitration, proceeding, administrative agency or other forum in the United States of America or elsewhere; provided, however, that the Released Plaintiff Claims do not include (1) any claims against any Person other than the Released Defendant Persons, including the Non-Settling Defendants; (2) any LIBOR Claims; (3) any Contract Claims; (4) any claims of any governmental entity or agency besides FHFA, solely in its capacity as Conservator of the GSEs, or the GSEs; or (5) any claims to enforce this Agreement.

(p) “Released Plaintiff Persons” means each of: FHFA, solely in its capacity as Conservator of the GSEs; the GSEs; and each and all of the GSEs’ respective past and/or present principals, Affiliates, subsidiaries, parents, general partners, limited partners and any Person in which FHFA or the GSEs have or had a controlling interest, and each such Person’s past and/or present administrators, predecessors, successors, assigns, members, parents, subsidiaries, employees, principals, officers, managers, directors, partners, limited partners, investment bankers, representatives, estates, divisions, financial advisors, assigns, insurers and reinsurers. “Released Plaintiff Person” does not include any governmental entity or agency besides FHFA, solely in its capacity as Conservator of the GSEs.

(q) “Releasing Defendant Persons” means each of the First Horizon Defendants and each and all of their respective successors in interest, predecessors, representatives, trustees, executors, administrators, agents, heirs, estates, assigns and transferees, immediate and remote, and any other Person who has the right, ability, standing or capacity to assert, prosecute or maintain on their behalf any of the Released Defendant Claims, whether in whole or in part. For the avoidance of doubt, “Releasing Defendant Persons” shall not include any of the First Horizon Defendants’ outside counsel.

(r) “Releasing Persons” means, collectively, the Releasing Plaintiff Persons and the Releasing Defendant Persons.

(s) “Releasing Plaintiff Persons” means each of FHFA, solely in its capacity as Conservator of the GSEs; the GSEs; and each and all of FHFA and the GSEs’ respective successors in interest, predecessors, representatives, trustees, executors, administrators, agents, heirs, estates, assigns and transferees, immediate and remote, and any other Person who has the right, ability, standing or capacity to assert, prosecute or maintain on their behalf any of the Released Plaintiff Claims, whether in whole or in part; provided, however, that nothing in this definition or its use in this Agreement shall be construed to bind or constitute a release by any governmental agency/entity other than FHFA solely in its capacity as Conservator of Fannie Mae

and Freddie Mac. For the avoidance of doubt, “Releasing Plaintiff Persons” shall not include any of FHFA’s or the GSEs’ outside counsel.

(t) “Servicing Claims” means claims concerning the servicing of loans originated, purchased, acquired, transferred, securitized regarding, or collateralizing, the Covered Securities. For the avoidance of doubt, “Servicing Claims” shall not include claims concerning the origination of such loans.

2. Settlement Payment.

(a) In consideration for the Releasing Plaintiff Persons’ execution of this Agreement and the release of claims as set forth below, the First Horizon Corporate Defendants on behalf of the First Horizon Defendants shall make a one-time, lump sum payment of one hundred ten million dollars (\$110,000,000) (the “Settlement Payment”), payable to Freddie Mac and Fannie Mae, in accordance with FHFA’s written instructions. The First Horizon Corporate Defendants shall make the Settlement Payment on behalf of the First Horizon Defendants, or cause it to be made, within fifteen (15) business days of the Execution Date.

(b) Receipt of the Settlement Payment by Freddie Mac and Fannie Mae shall constitute a full and valid discharge of the payment obligation pursuant to this Agreement.

3. Full Consideration. The Settling Parties agree that, apart from the Settlement Payment and the releases provided in Paragraphs 6 and 8 below, Plaintiff and the Releasing Plaintiff Persons are not entitled to any other payments or consideration from any of the Released Defendant Persons in respect of the Released Claims.

4. No Admission of Liability. This Agreement does not constitute an admission by any of the First Horizon Defendants of any liability or wrongdoing whatsoever, including, but not limited to, any liability or wrongdoing with respect to any of the allegations that were or could have been raised in the *First Horizon* Action. To the contrary, the First Horizon Defendants vigorously deny the allegations in the *First Horizon* Action. This Agreement also does not constitute an admission by FHFA or the GSEs that they would not have been able to successfully prosecute their claims, and in fact FHFA and the GSEs firmly believe in the merit of each of their allegations in the *First Horizon* Action. The Parties agree that this Agreement is the result of a compromise within the provisions of the Federal Rules of Evidence and any similar statutes or rules, and shall not be used or admitted in any proceeding for any purpose including, but not limited to, as evidence of liability or wrongdoing by any First Horizon Defendant, nor shall it be used for impeachment purposes, to refresh recollection, or any other evidentiary purpose; provided, however, that this paragraph shall not apply to any claims to enforce this Agreement.

5. Additional Conditions:

(a) No later than one business day from the Execution Date, the Settling Parties shall jointly file a motion to stay proceedings in the *First Horizon* Action in the form attached hereto as Exhibit C-1.

(b) No later than one business day from the Execution Date, all discovery in the *First Horizon* Action between the Settling Parties shall cease. For the avoidance of doubt, nothing in this Agreement will affect discovery, including any third-party discovery, in the Related Actions.

(c) No later than one business day from the Execution Date, the First Horizon Defendants (i) shall withdraw from any joint defense agreement applicable to the *First Horizon* Action or any of the Related Actions; (ii) shall cease all efforts to assist Non-Settling Defendants or any third-party with regard to the *First Horizon* Action or any of the Related Actions, except as required by law or under order of a court of competent jurisdiction; and (iii) thereafter shall not file or join in any motion, letter, or appeal with respect to the *First Horizon* or any of the Related Actions, except as required by order of a court of competent jurisdiction.

(d) No later than one business day from the Effective Date, the Settling Parties in the *First Horizon* Action and Credit Suisse shall jointly file a stipulation of voluntary dismissal with prejudice of the *First Horizon* Action pursuant to Fed. R. Civ. P. 41(a)(1)(A)(ii), in the form attached hereto as Exhibit C-2.

6. Release by the Releasing Plaintiff Persons. In exchange for the Settlement Payment and the release provided by the Releasing Defendant Persons, each and every one of the Releasing Plaintiff Persons on behalf of itself and its assignees shall upon the Effective Date: (a) have and be deemed by operation of law to have completely, fully, finally and forever dismissed, released, relinquished and discharged with prejudice each and every one of the Released Defendant Persons from any and all of the Released Plaintiff Claims; (b) forever be barred and enjoined from filing, commencing, intervening in, instituting, maintaining, prosecuting, or seeking relief (including, but not limited to, filing an application or motion for preliminary or permanent injunctive relief) in any other lawsuit, arbitration or other proceeding in any jurisdiction that asserts any of the Released Plaintiff Claims against any or all of the Released Defendant Persons; and (c) have and be deemed to have covenanted not to sue any of the Released Defendant Persons with respect to any of the Released Plaintiff Claims.

7. Covenants by the Releasing Plaintiff Persons. Effective upon the Execution Date, FHFA, as Conservator for the GSEs, and the GSEs, on behalf of themselves and all of the Releasing Plaintiff Persons, hereby covenant and agree that:

(a) No Releasing Plaintiff Person shall commence, assert, file, initiate, maintain, or prosecute any Released Plaintiff Claim, including (but not limited to) by way of third-party claim, cross-claim or counterclaim or by right of representation or subrogation, against any of the Released Defendant Persons.

(b) No Releasing Plaintiff Person shall participate in bringing or pursuing any Released Plaintiff Claim against any Released Defendant Person; provided, however, that, subject to the terms of the Protective Order, a Releasing Plaintiff Person shall not be precluded from assisting other government agencies in investigating or pursuing any claims against any Released Defendant Person.

(c) FHFA will not (i) seek to enforce any existing subpoena concerning the Covered Securities based on its status as Conservator, or (ii) issue any new subpoena concerning the Covered Securities based on its status as Conservator (except with respect to subpoenas issued to address actual or potential Servicing Claims arising from the Covered Securities), other than, with respect to (i) and (ii) of this subsection, as necessary to pursue claims against Persons other than the Released Defendant Persons.

8. Release by the Releasing Defendant Persons. In exchange for the release provided by the Releasing Plaintiff Persons and the dismissal with prejudice of the *First Horizon* Action, each and every one of the Releasing Defendant Persons on behalf of itself and its assignees shall upon the Effective Date: (a) have and be deemed by operation of law to have completely, fully, finally and forever dismissed, relinquished, released and discharged with prejudice each and every one of the Released Plaintiff Persons from any and all of the Released Defendant Claims; (b) forever be barred and enjoined from filing, commencing, intervening in, participating in, instituting, maintaining, prosecuting, or seeking relief (including, but not limited to, filing an application or motion for preliminary or permanent injunctive relief) in any other lawsuit, arbitration or other proceeding in any jurisdiction that asserts any of the Released Defendant Claims against any or all of the Released Plaintiff Persons; and (c) have and be deemed to have covenanted not to sue any of the Released Plaintiff Persons with respect to any of the Released Defendant Claims.

9. Release of Claims. Each of the Settling Parties acknowledges that it has been advised by its attorneys concerning, and is familiar with, California Civil Code Section 1542 and expressly waives any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to the provisions of the California Civil Code Section 1542, including that provision itself, which reads as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

The Parties acknowledge that inclusion of the provisions of this Section to this Agreement was a material and separately bargained for element of this Agreement. Each Settling Party agrees that California law is not applicable to this Agreement, and neither consents to the jurisdiction of a California court nor the application of California law to adjudicate any disputes under this Agreement. Rather, and as reflected in Paragraph 18 below, the Settling Parties have agreed that this Agreement is governed by and shall be construed in accordance with the laws of the State of New York without regard to conflicts of law principles.

10. Covenants by the Releasing Defendant Persons. Effective upon the Execution Date, the First Horizon Defendants, on behalf of themselves and all of the Releasing Defendant Persons, hereby covenant and agree that:

(a) No Releasing Defendant Person shall commence, assert, file, initiate, maintain, or prosecute any Released Defendant Claim, including (but not limited to) by way of third-party claim, cross-claim or counterclaim or by right of representation or subrogation, against any of the Released Plaintiff Persons.

(b) No Releasing Defendant Person shall participate in bringing or pursuing any Released Defendant Claim against any Released Plaintiff Person.

(c) No Releasing Defendant Person shall interfere with FHFA's prosecution of any claims FHFA has asserted or may assert in the Related Actions.

(d) Nothing in this Agreement shall prevent FHFA or the GSEs from seeking third-party discovery from any Released Defendant Person in any action or proceeding. For the avoidance of doubt, nothing in this Agreement shall relieve any Released Defendant Person from any obligation or requirement under Rule 45 of the Federal Rules of Civil Procedure, including with respect to the Related Actions. Nothing in this Agreement shall require any Person to retain documents of any nature that it would not retain in the ordinary course of its business.

11. The obligations and benefits conferred in the Protective Order, governing confidentiality of information and documents entered in the *First Horizon* Action, shall remain in effect after the Effective Date.

12. Representations and Warranties. Each Settling Party represents and warrants that:

(a) It has the full legal authority, right, and capacity to enter into this Agreement on its behalf and to bind the Settling Party to perform its obligations hereunder, including any third-party authorization necessary to release the claims being released hereunder. This Agreement has been duly and validly executed and delivered by such Settling Party and, assuming due authorization, execution and delivery by the other Settling Party, constitutes a legal, valid and binding obligation of such Settling Party, enforceable against such Settling Party in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies;

(b) The execution and delivery of this Agreement, the performance by such Settling Party of its obligations hereunder and the consummation of the transactions contemplated hereby, will not: (i) result in the violation by such Settling Party of any statute, law, rule, regulation or ordinance or any judgment, decree, order, writ, permit, or license of any governmental or regulatory authority applicable to such Settling Party; or (ii) require such Settling Party to obtain any consent, approval or action of, make any filing with or give any notice to any person, which action has not already been undertaken and accomplished by such Settling Party;

(c) It has not assigned, subrogated, pledged, loaned, hypothecated, conveyed, or otherwise transferred, voluntarily or involuntarily, to any other person or entity, the Released Claims, or any interest in or part or portion thereof, specifically including any rights arising out of the Released Claims; and

(d) It has read and understands this Agreement and it has had the opportunity to consult with its attorneys before signing it.

13. Other than as specifically set forth in this Agreement, nothing herein prohibits, restricts, or limits FHFA or the GSEs from receiving any benefits deriving from, or exercising any rights appurtenant to, the GSEs' ownership of interests in the Covered Securities in the ordinary course, including, without limitation, the right to receive or assign payments from their investments in the Covered Securities or to sell or otherwise dispose of its interests in the Covered Securities.

14. By signing this Agreement, each Settling Party, or its counsel as applicable, represents and warrants that it has full authority to enter into this Agreement and to bind itself, or its client, to this Agreement.

15. This Agreement constitutes the entire agreement to settle and resolve the claims that are the subject of this Agreement among the Settling Parties and overrides and replaces all prior negotiations and terms proposed or discussed, whether in writing or orally, about that subject matter. No modification of this Agreement shall be valid unless it is in writing, references this Agreement, and is signed by all Settling Parties.

16. All parties hereto submit to the personal jurisdiction of the United States District Court for the Southern District of New York, or to the Supreme Court of New York for New York County in the event that federal jurisdiction is lacking, for purposes of implementing and enforcing the settlement embodied in this Agreement. The Settling Parties otherwise expressly reserve their jurisdictional rights to any action, suit or proceeding commenced outside the terms of this Agreement.

17. Each of the Settling Parties hereto agrees to execute and deliver, or to cause to be executed and delivered, all such instruments, and to take all such action as the other Settling Parties may reasonably request in order to effectuate the intent and purposes of, and to carry out the terms of, this Agreement.

18. This Agreement is governed by and shall be construed in accordance with the laws of the State of New York without regard to choice of law or conflicts of law principles.

19. Each Settling Party shall bear its own costs and expenses in the *First Horizon* Action, including any and all legal and expert fees, incurred in connection with this Agreement and the *First Horizon* Action.

20. Notices required by this Agreement shall be communicated by email and any form of overnight mail or in person to:

Philippe Z. Selendy (philippeselendy@quinnemanuel.com)
Manisha M. Sheth (manishasheth@quinnemanuel.com)
Nicholas F. Joseph (nicholasjoseph@quinnemanuel.com)
Jordan A. Goldstein (jordangoldstein@quinnemanuel.com)
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New York, New York 10010

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Fannie Mae, and Freddie Mac*

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1700 New York Avenue, N.W.
Suite 700
Washington, D.C. 20006

Attorneys for the First Horizon Defendants

21. This Agreement is the result of arm's-length negotiation between the Settling Parties, and all Settling Parties, including through their counsel, have contributed substantially and materially to the preparation of this Agreement. No provision of this Agreement shall be interpreted or construed against any Settling Party because that Settling Party or its legal representative drafted that particular provision. Any captions and headings contained in this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

22. Upon the Execution Date, this Agreement is binding upon and shall inure to the benefit of the Settling Parties, their successors, assigns, heirs, executors, legal representatives and administrators.

23. Third Party Beneficiaries. Except to the extent otherwise provided herein with respect to Released Persons, nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever.

24. Non-Waiver.

(a) Any failure by any Settling Party to insist upon the strict performance by any other Settling Party of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions hereof, and such Settling Party, notwithstanding such failure, shall have the right thereafter to insist upon the strict performance of any and all of the provisions of this Agreement to be performed by such other Settling Party.

(b) No waiver, express or implied, by any Settling Party of any breach or default in the performance by another Settling Party of its obligations under this Agreement shall

be deemed or construed to be a waiver of any other breach, whether prior, subsequent or contemporaneous, under this Agreement.

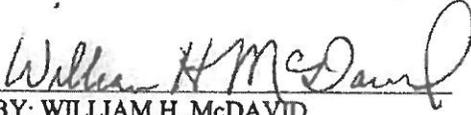
25. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Signatures exchanged by facsimile or .pdf shall be valid and effective as original signatures.

26. All of the exhibits attached to this Agreement are material and integral parts hereof and are hereby incorporated by reference as if fully set forth herein.

27. The Settling Parties and their respective counsel agree to cooperate fully with one another in order to effect the consummation of the settlement of the *First Horizon* Action.

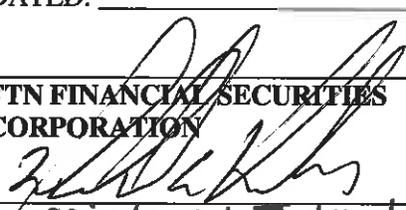
EXECUTION COPY

IN WITNESS WHEREOF, the Settling Parties execute this SETTLEMENT AGREEMENT as of the date first above referenced with the intent to be bound by its terms and conditions.

<p>FEDERAL HOUSING FINANCE AGENCY, AS CONSERVATOR FOR THE FEDERAL NATIONAL MORTGAGE ASSOCIATION AND THE FEDERAL HOME LOAN MORTGAGE CORPORATION</p> <p></p> <p>BY: ALFRED M. POLLARD ITS: GENERAL COUNSEL</p> <p>DATED: <u>4-29-2014</u></p>	<p>FEDERAL HOME LOAN MORTGAGE CORPORATION</p> <p></p> <p>BY: WILLIAM H. McDAVID ITS: EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL</p> <p>DATED: <u>4/29/14</u></p>
<p>FEDERAL NATIONAL MORTGAGE ASSOCIATION</p> <p></p> <p>BY: BRADLEY LERMAN ITS: EXECUTIVE VICE PRESIDENT, GENERAL COUNSEL, AND CORPORATE SECRETARY</p> <p>DATED: <u>4/29/14</u></p>	

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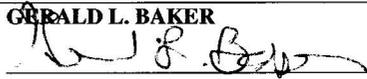
FIRST HORIZON NATIONAL CORPORATION  BY: David T. Popwell ITS: President - Banking DATED: April 29, 2014	FIRST TENNESSEE BANK NATIONAL ASSOCIATION  BY: David T. Popwell ITS: President - Banking DATED: April 29, 2014
FTN FINANCIAL SECURITIES CORPORATION _____ BY: ITS: DATED: _____	FIRST HORIZON ASSET SECURITIES, INC. _____ BY: ITS: DATED: _____
GERALD L. BAKER _____ BY: DATED: _____	PETER F. MAKOWIECKI _____ BY: DATED: _____
CHARLES G. BURKETT _____ BY: DATED: _____	

FIRST HORIZON NATIONAL CORPORATION _____ BY: ITS: DATED: _____	FIRST TENNESSEE BANK NATIONAL ASSOCIATION _____ BY: ITS: DATED: _____
FTN FINANCIAL SECURITIES CORPORATION  BY: <u>Michael E. Kisber</u> ITS: <u>MSA</u> DATED: <u>April 29, 2014</u>	FIRST HORIZON ASSET SECURITIES, INC. _____ BY: ITS: DATED: _____
GERALD L. BAKER _____ BY: DATED: _____	PETER F. MAKOWIECKI _____ BY: DATED: _____
CHARLES G. BURKETT _____ BY: DATED: _____	

EXECUTION COPY

FIRST HORIZON NATIONAL CORPORATION _____ BY: IFS: DATED: _____	FIRST TENNESSEE BANK NATIONAL ASSOCIATION _____ BY: IFS: DATED: _____
FTN FINANCIAL SECURITIES CORPORATION _____ BY: IFS: DATED: _____	FIRST HORIZON ASSET SECURITIES, INC. <i>Timothy L. Bolman</i> _____ BY: <i>Timothy L. Bolman</i> IFS: <i>PRESIDENT</i> DATED: <i>April 29, 2014</i>
GERALD L. BAKER _____ BY: DATED: _____	PETER F. MAKOWIECKI _____ BY: DATED: _____
CHARLES G. BURKETT _____ BY: DATED: _____	

EXECUTION COPY

FIRST HORIZON NATIONAL CORPORATION _____ BY: ITS: DATED: _____	FIRST TENNESSEE BANK NATIONAL ASSOCIATION _____ BY: ITS: DATED: _____
FTN FINANCIAL SECURITIES CORPORATION _____ BY: ITS: DATED: _____	FIRST HORIZON ASSET SECURITIES, INC. _____ BY: ITS: DATED: _____
GERALD L. BAKER  BY: DATED: <u>4/29/14</u>	PETER F. MAKOWIECKI _____ BY: DATED: _____
CHARLES G. BURKETT _____ BY: DATED: _____	

EXECUTION COPY

FIRST HORIZON NATIONAL CORPORATION _____ BY: ITS: DATED: _____	FIRST TENNESSEE BANK NATIONAL ASSOCIATION _____ BY: ITS: DATED: _____
FTN FINANCIAL SECURITIES CORPORATION _____ BY: ITS: DATED: _____	FIRST HORIZON ASSET SECURITIES, INC. _____ BY: ITS: DATED: _____
GERALD L. BAKER _____ BY: DATED: _____	PETER F. MAKOWIECKI  BY: DATED: <u>April 29, 2014</u>
CHARLES G. BURKETT _____ BY: DATED: _____	

EXECUTION COPY

<p>FIRST HORIZON NATIONAL CORPORATION</p> <p>_____</p> <p>BY: ITS:</p> <p>DATED: _____</p>	<p>FIRST TENNESSEE BANK NATIONAL ASSOCIATION</p> <p>_____</p> <p>BY: ITS:</p> <p>DATED: _____</p>
<p>FTN FINANCIAL SECURITIES CORPORATION</p> <p>_____</p> <p>BY: ITS:</p> <p>DATED: _____</p>	<p>FIRST HORIZON ASSET SECURITIES, INC.</p> <p>_____</p> <p>BY: ITS:</p> <p>DATED: _____</p>
<p>GERALD L. BAKER</p> <p>_____</p> <p>BY:</p> <p>DATED: _____</p>	<p>PETER F. MAKOWIECKI</p> <p>_____</p> <p>BY:</p> <p>DATED: _____</p>
<p>CHARLES G. BURKETT</p> <p></p> <p>BY:</p> <p>DATED: <u>April 29, 2014</u></p>	

THE COVERED SECURITIES

GSE	Securitization Name	CUSIP	Action
FRE	FHAMS 2005-AA9 II-A-1	32051GXE0	<i>First Horizon</i>
FRE	FHAMS 2005-AA10 I-A-1	32051GA54	<i>First Horizon</i>
FRE	FHAMS 2005-AA11 I-A-1	32051GH40	<i>First Horizon</i>
FNM	FHAMS 2005-AA12 II-A-1	32051GQ81	<i>First Horizon</i>
FNM	FHAMS 2006-AA1 I-A-1	32051GV28	<i>First Horizon</i>

THE RELATED ACTIONS

Federal Housing Finance Agency v. Barclays Bank PLC, et al., 11 Civ. 6190 (S.D.N.Y.)

Federal Housing Finance Agency v. Goldman, Sachs & Co., et al., 11 Civ. 6198 (S.D.N.Y.)

Federal Housing Finance Agency v. HSBC North America Holdings, Inc., et al., 11 Civ. 6189 (S.D.N.Y.)

Federal Housing Finance Agency v. Nomura Holding America, Inc., et al., 11 Civ. 6201 (S.D.N.Y.)

Federal Housing Finance Agency v. Royal Bank of Scotland Group plc, et al., 11 Civ. 1383 (D. Conn.)

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

FEDERAL HOUSING FINANCE AGENCY, AS
CONSERVATOR FOR THE FEDERAL NATIONAL
MORTGAGE ASSOCIATION AND THE FEDERAL
HOME LOAN MORTGAGE CORPORATION,

Plaintiff,

-against-

FIRST HORIZON NATIONAL CORPORATION, *et al.*,

Defendants.

11 Civ. 6193 (DLC)

JOINT MOTION TO STAY PROCEEDINGS

1. On April 29, 2014, Plaintiff Federal Housing Finance Agency, as Conservator of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association (collectively, “Plaintiff”), and Defendants First Horizon National Corporation, First Tennessee Bank National Association (as successor in interest to First Horizon Home Loan Corporation), FTN Financial Securities Corporation, First Horizon Asset Securities, Inc., Gerald L. Baker, Peter F. Makowiecki, and Charles G. Burkett (collectively, the “First Horizon Defendants”) entered into a settlement agreement (the “Agreement”) to resolve claims in the above-captioned Action (the “*First Horizon* Action”).

2. Under the terms of the Agreement, Plaintiff and the First Horizon Defendants (the “Settling Parties”) agreed jointly to move for a stay of the claims against the Defendants in the *First Horizon* Action within one business day of executing the Agreement.

3. In accordance with the terms of the Agreement, the Parties to this Action shall jointly file a stipulation of voluntary dismissal with prejudice of the *First Horizon* Action within one business day of the GSEs' receipt of the Settlement Payment. Presently, the Settling Parties anticipate the Settlement Payment to be made on or before May 20, 2014;

4. The Settling Parties, therefore, request that the Court enter the enclosed proposed order granting the Motion to Stay Proceedings until the *First Horizon* Action has been dismissed.

Dated: April __, 2014
New York, New York

Respectfully submitted,

By: _____
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Attorneys for the First Horizon Defendants

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

FEDERAL HOUSING FINANCE AGENCY, AS
CONSERVATOR FOR THE FEDERAL NATIONAL
MORTGAGE ASSOCIATION AND THE FEDERAL
HOME LOAN MORTGAGE CORPORATION,

Plaintiff,

-against-

FIRST HORIZON NATIONAL CORPORATION, *et al.*,

Defendants.

11 Civ. 6193 (DLC)

[PROPOSED] ORDER GRANTING THE JOINT MOTION TO STAY PROCEEDINGS

The Court, having considered all materials submitted in favor of the ____ __, 2014 Joint Motion to Stay Proceedings, and finding good cause in support thereof,

IT IS HEREBY ORDERED that:

The Motion to Stay Proceedings is GRANTED until ____ __, 2014, and the 11 Civ. 6193 action shall remain stayed pending the joint submission of a stipulation of voluntary dismissal with prejudice, but in no event stayed beyond ____ __, 2014 without further approval by the Court.

Dated: ____ __, 2014
New York, New York

By: _____
The Honorable Denise L. Cote
United States District Court Judge

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

FEDERAL HOUSING FINANCE AGENCY, AS
CONSERVATOR FOR THE FEDERAL NATIONAL
MORTGAGE ASSOCIATION AND THE FEDERAL
HOME LOAN MORTGAGE CORPORATION,

Plaintiff,

-against-

FIRST HORIZON NATIONAL CORPORATION, *et al.*,

Defendants.

11 Civ. 6193 (DLC)

STIPULATION OF VOLUNTARY DISMISSAL WITH PREJUDICE

WHEREAS Plaintiff, Federal Housing Finance Agency, as Conservator of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, and Defendants First Horizon National Corporation, First Tennessee Bank National Association (as successor in interest to First Horizon Home Loan Corporation), FTN Financial Securities Corporation, First Horizon Asset Securities, Inc., Gerald L. Baker, Peter F. Makowiecki, and Charles G. Burkett (collectively, the “First Horizon Defendants”) have reached a settlement disposing of all claims asserted in the above-captioned action (the “Action”);

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and between the Parties, through their undersigned counsel, that, pursuant to Fed. R. Civ. P. 41(a)(1)(A)(ii), this Action shall be, and hereby is, dismissed with prejudice, with each Party to bear its own costs.

Dated: _____, 2014
New York, New York

By: _____
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