

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

<p>In re:</p> <p>TAYLOR, BEAN & WHITAKER MORTGAGE CORP., REO SPECIALISTS, LLC, and HOME AMERICA MORTGAGE, INC.,</p> <p>Debtors.</p>	<p>Chapter 11</p> <p>Case No. 3:09-bk-07047-JAF Case No. 3:09-bk-10022-JAF Case No. 3:09-bk-10023-JAF</p> <p><i>Jointly Administered Under Case No. 3:09-bk-07047-JAF</i></p>
<p>In re:</p> <p>TAYLOR, BEAN & WHITAKER MORTGAGE CORP.,</p> <p>Applicable Debtor.</p>	<p>Chapter 11</p> <p>Case No. 3:09-bk-07047-JAF</p>

**DEBTORS' MOTION TO FIX
DEADLINE FOR FILING OBJECTIONS, TO
APPROVE FORM OF NOTICE, AND TO SCHEDULE
HEARING ON MOTION TO APPROVE SETTLEMENT
AGREEMENTS RELATED TO MORTGAGE POOLS HELD
BY 12 SEPARATE MORTGAGE BACKED SECURITIES
TRUSTS WITH RESPECT TO WHICH THE DEBTOR, TAYLOR,
BEAN & WHITAKER MORTGAGE CORP., SERVED AS SERVICER
AND WELLS FARGO BANK, N.A. SERVED AS MASTER SERVICER**

A hearing to consider this motion to fix a deadline for filing objections, to approve form of notice, and to set a hearing has been scheduled for November 19, 2010, at 10:00 a.m. before The Honorable Jerry A. Funk, United States Bankruptcy Judge, in Courtroom 4D, Bryan Simpson United States Courthouse, 300 North Hogan Street, Jacksonville, Florida. At that hearing, the Debtor will request that the Court fix a deadline for filing objections, approve the proposed form of notice, and schedule a hearing on the Motion to Compromise (as described below).

Debtor TAYLOR, BEAN & WHITAKER MORTGAGE CORP. (“**TBW**” or the “**Debtor**”) requests that the Court fix a time for filing objections to Debtor’s motion for approval of settlement agreements related to mortgage pools with respect to which the Debtor served as servicer and Wells Fargo Bank, N.A., served and continues to serve as master servicer and to schedule a hearing on the motion, as follows:

Background of Compromise Motion

1. On August 24, 2009, the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

2. The Official Committee of Unsecured Creditors of Taylor, Bean & Whitaker Mortgage Corp., on behalf of Taylor, Bean & Whitaker Mortgage Corp., on November 17, 2010, filed the *Motion to Approve Settlement Agreements Related to Mortgage Pools Held By 12 Separate Mortgage Backed Securities Trusts With Respect to Which the Debtor, Taylor, Bean & Whitaker Mortgage Corp., Served as Servicer and Wells Fargo Bank, N.A. Served as Master Servicer* (Doc. No. 2157) (the “Compromise Motion”). By the Compromise Motion, the Debtor seeks the Court’s approval of the compromise and the settlements with respect to certain claims and potential causes of action arising out of and relating to (i) certain mortgage loans held by 12 separate trusts (each a “Trust” and collectively, the “Trusts”) established pursuant to mortgage-backed securitization transactions and (ii) the servicing of such mortgage loans (the “Mortgage Loans”) by the Debtor. In connection with each of the Trusts, Wells Fargo Bank, N.A.

(“Wells Fargo”) served and continues to serve as master servicer (the “Master Servicer”) and, as a result of a transfer of the servicing of the Mortgage Loans pursuant to the Stipulation (as defined below), serves as successor servicer with respect to the Mortgage Loans (“Successor Servicer”). The parties to each of the settlement agreements include (a) the Debtor, (b) Wells Fargo in its capacity as the Master Servicer, trust administrator and/or securities administrator, and Successor Servicer, (c) the applicable trustee of each Trust (each a “Trustee” and collectively, the “Trustees”); (d) if applicable, the entities identified in the Compromise Motion that provided insurance to holders of certain certificates issued by some of the Trusts (each an “Insurer” and collectively the “Insurers”); and (e) the Official Committee of Unsecured Creditors of the Debtor (the “Committee,” and, collectively with TBW, Wells Fargo, the Trustees, and the Insurers, the “Parties”).

3. The Compromise Motion sets forth the background and rationale for the settlement that has been reached with respect to each of the Trusts. With respect to each Trust, the Parties have memorialized the terms of their compromise in a settlement agreement among the Parties (each a “Settlement Agreement” and collectively, the “Settlement Agreements”) which are subject to this Court’s approval. A true and correct copy of the respective Settlement Agreement for each of the Trusts is attached to and incorporated in the Compromise Motion.

Request to Fix Objection Time and to Schedule Hearing

4. Reaching agreement on the compromise that led to the Settlement

Agreements has resulted in the resolution of numerous claims and issues significant to the Debtor's Chapter 11 case. The Settlement Agreements are an important part of the case and integral to confirmation of the Debtor's Amended Plan of Liquidation.

5. A final hearing to consider approval of the Debtor's Amended Disclosure Statement is scheduled for November 19, 2010, at 10:00 a.m. At that hearing, the Debtor will request that the Court approve the Amended Disclosure Statement, fix times with respect to confirmation, and proceed to a hearing on confirmation of the Plan on January 19, 2011, at 9:30 a.m. (the "Confirmation Hearing") scheduled pursuant to the Court's *Order Approving: (I) Procedures for the Solicitation and Tabulation of Votes to Accept or Reject the Plan and Limited Waiver of Local Rule 3018-1; (ii) Related Notice and Objection Procedures; (III) Procedures to Determine Holders of Claims in TBW Class 9; and (IV) Waiver of Local Rule 3071-1(b)* entered on November 10, 2010 (Doc. No. 2137).

6. The Debtor respectfully requests that the Court schedule a hearing to consider approval of the Compromise Motion concurrent with the January 19, 2011, Confirmation Hearing.

7. The Debtor further requests that the Court fix December 17, 2010, as the deadline for filing objections to the Compromise Motion and the Settlement Agreements.

8. The Debtor respectfully submits that the proposed deadline for filing objections will provide creditors and parties in interest an adequate opportunity to consider and, if appropriate, prepare and file written objections to the Compromise Motion and the Settlement Agreements. The Court has an established procedure for

approving compromises on 21 days' negative notice. *See* L.B.R. 2002-4. The Debtor is not asking the Court to implement the negative-notice procedure. Instead, the Debtor is proposing a schedule that will provide creditors and parties in interest with (a) approximately 28 days within which to object to the Compromise Motion and Settlement Agreements, (b) a hearing that will provide the opportunity to fully consider the Compromise Motion and Settlement Agreements and any written objections, and (c) approximately 60 days' notice of that hearing.

Prayer for Relief

WHEREFORE, the Debtor respectfully request that the Court—

- (A) grant this Motion;
- (B) fixing December 17, 2010, as the deadline for filing objections to the Compromise Motion and the Settlement Agreements;
- (C) schedule the Motion to Compromise for hearing on January 19, 2011, at 9:30 a.m.; and
- (D) grant such other and further relief as is just and proper.

DATED: November 17, 2010.

Respectfully submitted,

/s/ Russell M. Blain

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SPECIAL COUNSEL TO DEBTORS

Exhibit "A"—Form of Notice of Compromise, of Hearing, and of Deadline to Object

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

<p>In re:</p> <p>TAYLOR, BEAN & WHITAKER MORTGAGE CORP., REO SPECIALISTS, LLC, and HOME AMERICA MORTGAGE, INC.,</p> <p>Debtors.</p>	<p>Chapter 11</p> <p>Case No. 3:09-bk-07047-JAF Case No. 3:09-bk-10022-JAF Case No. 3:09-bk-10023-JAF</p> <p><i>Jointly Administered Under Case No. 3:09-bk-07047-JAF</i></p>
<p>In re:</p> <p>TAYLOR, BEAN & WHITAKER MORTGAGE CORP.,</p> <p>Applicable Debtor.</p>	<p>Chapter 11</p> <p>Case No. 3:09-bk-07047-JAF</p>

**NOTICE OF HEARING ON AND OF DEADLINE FIXED FOR
FILING OBJECTIONS TO MOTION TO APPROVE SETTLEMENT
AGREEMENTS RELATED TO MORTGAGE POOLS HELD
BY 12 SEPARATE MORTGAGE BACKED SECURITIES
TRUSTS WITH RESPECT TO WHICH THE DEBTOR, TAYLOR,
BEAN & WHITAKER MORTGAGE CORP., SERVED AS SERVICER
AND WELLS FARGO BANK, N.A. SERVED AS MASTER SERVICER**

A hearing to consider the Motion to Compromise (defined and described below) will be held on January 19, 2011, at 9:30 a.m. before The Honorable Jerry A. Funk, United States Bankruptcy Judge, in Courtroom 13A, Bryan Simpson United States Courthouse, 300 North Hogan Street, Jacksonville, Florida. To be considered by the Court at that hearing, any objection must be in writing and must be filed with the Court on or before, and served on counsel listed at the end of the Notice so as to be received by, the close of business on December 17, 2010.

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. The Official Committee of Unsecured Creditors of Taylor, Bean & Whitaker Mortgage Corp., on behalf of Taylor, Bean & Whitaker Mortgage Corp., as Debtor and as Debtor in Possession (“TBW” or “Debtor”), pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure, has filed its *Motion to Approve Settlement Agreements Related to Mortgage Pools Held by 12 Separate Mortgage Backed Securities Trusts with Respect to Which the Debtor, Taylor, Bean & Whitaker Mortgage Corp., Served as Servicer and Wells Fargo Bank, N.A. Served as Master Servicer* (Doc. No. 2157) (the “Compromise Motion”), as to certain claims and potential causes of action arising out of and relating to (i) certain mortgage loans held by 12 separate trusts (each a “Trust” and collectively, the “Trusts”) which were established pursuant to mortgage backed securitization transactions and (ii) the servicing of such mortgage loans (the “Mortgage Loans”) by the Debtor.

2. Each of the Trusts was established pursuant to the respective agreements identified on Exhibit A attached to and incorporated in the Compromise Motion (referenced in this Notice as “Compromise Motion Exhibit A”) (each a “Pooling Agreement” and collectively, the “Pooling Agreements”) and the servicing of the Mortgage Loans by the Debtor was performed pursuant to the servicing agreements identified on Compromise Motion Exhibit A (each a “Servicing Agreement” and collectively, the “Servicing Agreements”).

3. In connection with each of the Trusts, Wells Fargo Bank, N.A. (“Wells Fargo”) served and continues to serve as master servicer (“Master Servicer”) and, as a result of a transfer of the servicing of the Mortgage Loans pursuant to the Stipulation (as defined below), serves as successor servicer with respect to the Mortgage Loans (“Successor Servicer”). The parties to each of the Settlement Agreements include (a) the Debtor, (b) Wells Fargo in its capacity as the Master Servicer, trust administrator and/or securities administrator, and Successor Servicer, (c) the applicable trustee of each Trust (each a “Trustee” and collectively, the “Trustees”); (d) if applicable, the entities identified on Compromise Motion Exhibit A which provided insurance to holders of certain certificates issued by some of the Trusts (each an “Insurer” and collectively the “Insurers”); and (e) the Official Committee of Unsecured Creditors of the Debtor (the “Committee” and collectively with TBW, Wells Fargo, the Trustees, and the Insurers, the “Parties”).

4. The Debtor’s final reconciliation report was filed with the Court on July 1, 2010 (Doc. No. 1644) (the “Reconciliation”), which identifies ownership of custodial funds that had been on deposit at Colonial Bank, N.A. (“Colonial Bank”) and that were on deposit at Regions Bank (“Regions”). Included in the Reconciliation is a determination of the custodial funds which represent payments made with respect to Mortgage Loans owned by the Trusts.

The 12 Trusts

5. Until shortly after the Petition Date, TBW acted as the servicer for each of the 12 Trusts identified on Compromise Motion Exhibit A. The Mortgage Loans relating to each of the Trusts are held by the respective Trustee for the benefit of the respective certificateholders of the applicable securities issued by each of the Trusts.

6. As servicer, TBW was primarily responsible for the day-to-day management of the Mortgage Loans and performed the following obligations: (i) collecting borrower payments, including property taxes and insurance premiums; (ii) establishing and maintaining required custodial and escrow

accounts into which borrower payments were deposited; (iii) advancing certain funds, such as principal and interest payments, as necessary, when borrower payments were delinquent; (iv) identifying and taking action with respect to delinquent and defaulted loans; (v) remitting funds collected on the Mortgage Loans to the Master Servicer; and (vi) collecting and providing information and documents regarding the Mortgage Loans to the Master Servicer.

7. As Master Servicer, Wells Fargo was responsible for monitoring, overseeing, and enforcing TBW's obligations to service the Mortgage Loans in accordance with the terms of the applicable Servicing Agreements and Pooling Agreements.

8. Each of the Servicing Agreements for the Trusts lists certain events of default applicable to TBW as servicer, one of which is the failure of TBW to maintain its status as an approved Federal Home Loan Mortgage Corporation ("Freddie Mac") mortgage loan originator/servicer.

9. On or about August 4, 2009, Freddie Mac and U.S. Department of Housing and Urban Development ("HUD") notified TBW that its eligibility as an approved Freddie Mac mortgage loan originator/servicer was terminated for cause, effective immediately. On or about August 5, 2009, Colonial Bank froze all of TBW's accounts, which included the custodial accounts established by TBW for the securitizations (the "Colonial Bank Freeze"). On or about August 14, 2009, Colonial Bank was closed and the FDIC was appointed receiver. The FDIC transferred the custodial accounts subject of the Colonial Bank Freeze to BB&T, with TBW and the parties for whom the custodial accounts were established having no access to them.

10. On August 18, 2009, because of the inability to access its custodial accounts, TBW was unable to make the remittance required to be made on that date to Wells Fargo. In response thereto, on August 13 and 20, 2009, Wells Fargo sent notices to TBW which allegedly terminated TBW as servicer under the Servicing Agreements and requiring TBW to transfer servicing to a successor servicer.

11. Shortly after the Petition Date, on August 27, 2009, Wells Fargo filed its Motion for Relief from the Automatic Stay and to Prohibit Use of Certain Funds (the "Relief Motion") (Doc. No. 58). TBW filed its response to the Relief Motion on September 10, 2009 (Doc. No. 191).

12. On October 7, 2009, the Debtor and Wells Fargo entered into a stipulation (the "Stipulation") relating to the Trusts, whereby TBW transferred ongoing servicing of the Mortgage Loans to Wells Fargo as Successor Servicer. Pursuant to the Stipulation, the parties thereto preserved certain rights with respect to (i) the alleged termination of the Servicing Agreements; (ii) claims for reimbursement of certain advances and fees alleged by TBW to be outstanding; and (iii) claims for damages alleged by the Master Servicer to be owed by TBW under the Servicing Agreements.

13. The Stipulation was approved by the Court by an order entered on October 15, 2009 (Doc. No. 456). Consequently, Wells Fargo currently acts as Successor Servicer of the Mortgage Loans for the benefit of the Trusts.

The Disputed Claims

14. TBW has asserted that it has the right to receive from each of the Trusts certain amounts on account of (i) advances made by TBW to the respective Trusts in order to cover principal and interest payments not timely remitted by borrowers; (ii) advances made by TBW to the Trusts in order to cover

tax and insurance payments not timely remitted by borrowers; (iii) amounts paid by TBW for foreclosure costs, property inspection, bankruptcy or other legal actions, appraisals, property preservation, maintenance and/or repairs, and closing costs; and (iv) amounts paid by TBW for costs and expenses relating to real estate owned property (the foregoing are collectively referred to as the “Servicing Advances”).

15. TBW has also asserted that it has the right to receive from each of the Trusts certain amounts representing (i) unpaid servicing fees and (ii) additional servicing compensation (the foregoing are collectively referred to as the “Servicing Fees”).

16. In addition, TBW has asserted that it has the right to receive interest on the Servicing Advances and Servicing Fees from the date the servicing was transferred from TBW to Wells Fargo pursuant to the Stipulation, with interest continuing to accrue until the Servicing Advances and Servicing Fees are paid to TBW (the interest, Servicing Advances, and Servicing Fees are collectively referred to as the “TBW Claim”). Attached to and incorporated in the Compromise Motion as Exhibit B (“Compromise Motion Exhibit B”) is a summary of the specific amount of the TBW Claim attributable to each of the Trusts pursuant to the terms of the Settlement Agreements in the row labeled “TBW Claim,” as well as the financial details of the terms of the settlement, discussed below.

17. Wells Fargo, the Trustees, and (where applicable) the Insurers each filed timely proofs of claim (each a “POC”) with respect to each of the Trusts and each of the related Servicing Agreements and Pooling Agreements in the Debtor’s bankruptcy case asserting alleged damages (each a “Damage Claim” and collectively the “Damage Claims”) on account of the alleged failure to perform under and breach of the respective Pooling Agreements and Servicing Agreements.

18. The applicable parties assert that their respective Damage Claims set forth in their respective POC’s, among other things, can be recouped from amounts due TBW arising from the TBW Claim.

The Settlement

19. The Parties with respect to each of the Trusts have concluded that because of the complexity and inherent expense of litigating the issues associated with the TBW Claim, the Damage Claim, and each POC, the length of time necessary to resolve the issues presented therein, coupled with the concomitant disruption to the Debtor’s effort to generate distributions for the benefit of its creditors, that it is in their respective best interests to resolve their disputes through a compromise. The Parties with respect to each of the Trusts have memorialized the terms of their compromise in a settlement agreement among such parties (each a “Settlement Agreement” and collectively, the “Settlement Agreements”) which is subject to the Bankruptcy Court’s approval. A true and correct copy of the respective Settlement Agreement for each of the Trusts is attached to and incorporated in the Compromise Motion as Exhibit C-1 through Exhibit C-12, respectively.

20. Collectively, the Settlement Agreements provide for the recognition of the TBW Claim in the amount of \$101,350,000 and the offsetting agreed upon Damage Claims in the amount of \$10,150,060 (the “Recouped Amount”), and the terms and conditions upon which the Debtor may be paid up to

\$90,748,236 for the TBW Claim, which amount is net of the Recouped Amount and certain Trust-specific issues.¹

21. Funds available to pay that portion of the TBW Claims comprising the Servicing Fees include funds on deposit in the custodial accounts at Regions (the “Regions Funds”). Funds available to pay that portion of the TBW Claims comprising the Servicing Advances and for Wells Fargo, the Trustees and the Insurers to recoup the offsetting Damage Claims consist of funds (“Eligible Funds”) which are from sources designated in the Servicing Agreements as the permissible sources of reimbursement of servicing advances. As of September 30, 2010, the Eligible Funds totaled \$76,554,196 and will increase thereafter as new funds are received from those sources.

22. The monetary terms and conditions of the Settlement Agreements considered in the aggregate include (a) the transfer to Wells Fargo, for the benefit of itself, the Trusts and its certificateholders (the “Certificate Holders”), and the Insurers, as applicable, of \$96,334,684 from funds totaling \$101,766,141 held in custodial accounts for the Trusts at Regions and in the accounts which remain the subject of the Colonial Bank Freeze, (b) TBW’s retention of the remaining \$5,431,457 of those funds in satisfaction of that portion of the TBW Claim attributable to the Servicing Fees, thereby reducing the TBW Claim from \$101,350,000 to \$95,918,603; (c) the payment of the Recouped Amount of \$10,150,060 from the Eligible Funds, thereby further reducing the TBW Claim to \$85,768,543; and (d) the payment of the remaining amount of the TBW Claim from Eligible Funds on hand at the Effective Date, and for each Trust where the Eligible Funds on hand at the Effective Date are less than the remaining amount of the TBW Claim, from Eligible Funds collected after the Effective Date. As of September 30, 2010, the amount of Eligible Funds on hand was \$76,554,196. If the Effective Date had occurred immediately following September 30, 2010, the remaining balance of the TBW Claim would have been \$9,214,347, to be collected from Eligible Funds that become available for application after September 30, 2010.

23. **Each Settlement Agreement provides for releases and injunctions. Under one set of releases, the parties granting the release are the Debtor, the Debtor’s estate, the Committee, and all of the Debtor’s creditors, as well as their respective subsidiaries and affiliates and any predecessors, successors, and assigns. The released claims include (i) claims relating to Servicing Advances and Servicing Fees owed to the Debtor under the Servicing Agreements, (ii) the Debtor’s failure to perform any of its undertakings, obligations, covenants, representations, warranties, and agreements under the Servicing Agreement, or to third parties, (iii) any preference or fraudulent transfer or other claims arising by virtue of the avoiding powers held by the Debtor or any of its creditors under applicable federal or state law, (iv) any obligations or transfers made to or from the Trusts, or (v) any claim that was asserted or could have been asserted in the Debtor’s Chapter 11 case with respect to the Trusts. Under the second set of releases, the same parties released under the first set of releases are released by the Certificate Holders. The released claims, as specified below, include those based on the negotiation of the Settlement Agreements and the compromises set forth therein. Each Settlement Agreement also provides for the release by Wells Fargo, the Trustee, the Insurer, if any, the Certificate Holders, of the Debtor, the Committee and related parties. The released claims include any pre- or post-petition claims related to the specific Trust, Pooling Agreement, and Servicing Agreement. The Settlement Agreements provide that no party**

¹ For three of the Trusts TBW has also agreed to make payments to Wells Fargo in order to resolve trust specific issues relating to net funded loans and the liquidation of REO property known as the Medford condo, which reduces the \$91,200,000 by a total of \$451,764, for a net amount of \$90,748,236.

thereto releases any claims against any initial purchasers or depositors (which purchased, securitized, sold and/or assigned mortgage loans pursuant to the respective Pooling Agreement), as applicable. Likewise the initial purchasers or depositors, which are not parties to the Settlement Agreements, do not release any claims. In addition, each party releasing claims is enjoined from prosecuting the released claims against all released parties.

24. Each of the Settlement Agreements is substantially similar to the others and each provides for the following² with respect to each Trust and the related Pooling Agreement and Servicing Agreement:

- (a) agreement as to the amount of Servicing Advances which have not been reimbursed to the Debtor (the “Allowed Servicing Advances Claim”). See line titled “TBW Advances Allowed” of Compromise Motion Exhibit B which sets forth the amount of the Allowed Servicing Advances Claim relating to each Trust;
- (b) agreement as to the amount of unpaid Servicing Fees (the “Allowed Servicing Fees Claim”). See line titled “TBW Fees Allowed” of Compromise Motion Exhibit B which sets forth the amount of the Allowed Servicing Fees Claim relating to each Trust;
- (c) agreement as to the Recouped Amount, due and owing to Wells Fargo, the applicable Trustee and the Insurer, if any. See line titled “Damage Claims Capped/Recouped Amt” of Compromise Motion Exhibit B for the Recouped Amount relating to each Trust;
- (d) agreement as to the amount of funds attributable to the applicable Trust as reflected in the Reconciliation, that is either held by the Debtor in the accounts at Regions or which exists in the accounts that were the subject of the Colonial Bank Freeze (the “Colonial Funds”). See line titled “Regions Funds” of Compromise Motion Exhibit B which sets forth the amount of Regions Funds relating to each Trust, and the line titled “Colonial Funds (to WF by Eff. Date)” of Compromise Motion Exhibit B which sets forth the amount of the Colonial Funds relating to each Trust;
- (e) agreement that (i) Wells Fargo, as Successor Servicer, has liquidated certain assets resulting in the Eligible Funds (sometimes referred to as “EF” on Compromise Motion Exhibit B), (ii) as of September 30, 2010, there exists a designated amount of Eligible Funds with respect to each Trust, and (iii) that Wells Fargo will continue the liquidation of the eligible assets to increase the amount of Eligible Funds. See line titled “Eligible Funds (EF) (on Hand as of 9/30)” of Compromise Motion Exhibit B which sets forth the amount of Eligible Funds existing as of September 30, 2010, with respect to each Trust;

² In the event of any conflict between the summary contained in the Compromise Motion and this Notice on the one hand and the Settlement Agreements on the other, the Settlement Agreements will control.

- (f) agreement that a condition to the effectiveness of the Settlement Agreement is that the Colonial Funds (see line “Colonial Funds (to WF by Eff. Date)”) will be released to Wells Fargo for the benefit of the Trusts;
- (g) agreement that upon the effective date of the Settlement Agreement (the “Effective Date”), which date is conditioned, among other things, upon confirmation of the Debtor’s and the Committee’s proposed joint Plan of Liquidation (the “Plan”) on or before April 30, 2011, the following shall occur:
 - (i) that the Regions Funds will, on the Effective Date, be disbursed to Wells Fargo net of the applicable Allowed Servicing Fees Claim, which amounts shall be retained by the Debtor. See line titled “Balance of Regions Funds (to WF on Eff. Date)” of Compromise Motion Exhibit B which sets forth the balance of Regions Funds to be distributed to Wells Fargo on Effective Date;
 - (ii) that Wells Fargo shall receive from the Eligible Funds the Recouped Amount and what Wells Fargo shall distribute to the applicable Trustee and the Insurer, if any, from the Recouped Amount. See lines designated “Total Distribution to WF” and “Total Distribution to Tees/Insurers,” respectively, on Compromise Motion Exhibit B;
 - (iii) that the balance of the then existing Eligible Funds will be paid to TBW to the extent of the Allowed Servicing Advance Claims (after recoupment). As of September 30, 2010, the amount of Eligible Funds available to pay the Allowed Servicing Advance Claim is as set forth in Compromise Motion Exhibit B as “Amount to TBW (as of 9/30)”;
 - (iv) the POC’s of Wells Fargo, the applicable Trustee and the Insurer, if any, will be disallowed.
- (h) following the Effective Date, Wells Fargo will pay, from subsequently collected Eligible Funds the remaining unpaid balance of the Allowed Servicing Advances Claim until such claim is paid in full;
- (i) on the Effective Date, the Debtor, the Debtor’s estate, and the Debtor’s creditors agree to release any and all claims and causes of action against Wells Fargo, the Trustees, the Insurers, the past, present, and future Certificate Holders, and each of the Trusts that relate to or arise (i) in connection with TBW’s right to receive fees or reimbursement of advances made while acting as servicer, (ii) out of TBW’s failure to perform any undertaking, obligations, covenants, representations, warranties, and agreements under the Servicing Agreements or Pooling Agreements, or to third parties, (iii) under any avoidance power under the Bankruptcy Code or similar federal or state laws, (iv) under any other federal or state laws related to obligations in connection with the Trusts; and/or (v) were

asserted or could have been asserted by TBW as debtor-in-possession or the Committee with respect to the Trusts;

- (j) on the Effective Date, the past, present, and future Certificate Holders agree to release Wells Fargo, the Trustees, and the Trusts from any and all claims relating to the negotiations and compromises set forth in the Settlement Agreement;
- (k) on the Effective Date, Wells Fargo, the Trustees, the Insurers, and each of the past, present, and future Certificate Holders agree to release the Debtor, the Debtor's estate, the Debtor's current directors, officers, employees, agents, and professionals, the Committee, and the Committee's professionals from any and all claims, including the Damage Claim, that relate to or arise out of the Trusts, the Servicing Agreements, and/or the Pooling Agreements;
- (l) on the Effective Date, each party releasing claims is also enjoined from prosecuting such claims against all parties receiving a release with respect to such claims; and
- (m) the Plan shall be amended to provide for the treatment of the claims of the Debtor, Wells Fargo, the Trustees, and the Insurers in accordance with the Settlement Agreement.

25. The release of the POC of the Trustee was, in the case of each Trust, a condition to the Debtor's entering into the Settlement Agreement, and the Trustee has agreed to the release of its POC in each case based on the representation of Wells Fargo that the Settlement Agreement is fair and reasonable.

26. The Debtor has concluded and has asserted in the Compromise Motion that a settlement of the issues resolved by the Settlement Agreements, and on the terms contained therein, is in the best interests of the estate and all of the creditors, is fair and reasonable, and is within the Debtor's sound business judgment.

27. The Settlement Agreements have resulted in the resolution of numerous claims and issues significant to the Debtor's Chapter 11 case. Without such a resolution, the Debtor would be forced to expend significant resources on protracted litigation, thereby diminishing the ultimate distribution to creditors.

Hearing on Compromise Motion

28. By its order entered on November _____, 2010 (the "Scheduling Order"), the Court has scheduled a hearing on the Compromise Motion for **January 19, 2011, at 9:30 a.m.** (the "Compromise Hearing"). At that time, the Court will conduct a hearing on the Compromise Motion and the Settlement Agreements and any timely filed objections and will act upon such matters as the Court in its discretion deems appropriate.

Objection Deadline

29. By the Scheduling Order, the Court also has fixed the deadline for filing objections to the

Compromise Motion and the Settlement Agreements. Pursuant to that order, to be considered at the Compromise Hearing, an objection must be in writing and must be filed with the Court on or before, and must be served upon counsel so as to be received by, the close of business on December 17, 2010. Service upon counsel is to be accomplished by furnishing a copy of the written objection by United States mail, overnight delivery, or electronic mail to all of the counsel listed below:

Counsel to Debtor:	Stichter, Riedel, Blain & Prosser, P.A. Attention: Russell M. Blain, Esquire rblain@srbp.com 110 East Madison Street, Suite 200 Tampa, Florida 33602
Special Counsel to Debtor:	Troutman Sanders LLP Attention: Jeffrey W. Kelley, Esquire jeffrey.kelley@troutmansanders.com Troutman Sanders LLP 5200 Bank of America Plaza 600 Peachtree Street Northeast Atlanta, Georgia 30308-2216
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DATED at Tampa, Florida, this _____ day of November, 2010.

[Form of Notice]

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