

EXHIBIT A
SETTLEMENT AGREEMENT

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This Settlement Agreement (the "Agreement"), dated as of December 12, 2012, is made by and between Taylor Bean & Whitaker Plan Trust (the "Plan Trust"), the United States Department of Housing and Urban Development ("HUD"), and the Federal Housing Administration ("FHA") (HUD and FHA are collectively referred to herein as "HUD-FHA" and the Plan Trust, HUD and FHA are collectively referred to herein as the "Settling Parties").

RECITALS

A. WHEREAS, on August 24, 2009 (the "Petition Date"), Taylor, Bean & Whitaker Mortgage Corp. ("TBW") filed a voluntary petition for relief under chapter 11 of title 11 of the Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Middle District of Florida, Jacksonville Division, (the "Bankruptcy Court") (the "Chapter 11 Case").

B. WHEREAS, on or about June 14, 2010, HUD-FHA filed a Proof of Claim asserting its right to \$42,122,128.60, including \$17,934,587.93 in unsecured priority debt (the "Proof of Claim").

C. WHEREAS, on August 17, 2011, HUD-FHA filed an Amended Proof of Claim, amending the Proof of Claim asserting its right to unpaid mortgage insurance premiums and late fees, debts relating to insurance over-claims, debts and contingent debts arising from indemnification agreements, and actual and contingent debt relating to violations of FHA-insured loan origination and servicing agreements (the "Amended Proof of Claim").

D. WHEREAS, pursuant to that certain Stipulation (herein so called) filed by HUD-FHA with the Bankruptcy Court on or about February 1, 2012, HUD-FHA stipulated that the Amended Proof of Claim (i) should be reduced by the sum of \$2,784,966.68, (ii) is unsecured except to the extent of any "set off" rights, (iii) supersedes the Proof of Claim and (iv) stating that HUD-FHA has no claims against TBW or the Plan Trust except as set forth in the Amended Proof of Claim (as modified by the Stipulation) and in Claims 3306 and 3307 (the Amended Proof of Claim, as modified by the Stipulation is hereinafter referred to as the "HUD-FHA Proof of Claim").

E. WHEREAS, on July 21, 2011, the Bankruptcy Court entered an Order [ECF 3420 in the Chapter 11 Case] (the "Confirmation Order") confirming the Third Amended and Restated Joint Plan of Liquidation of the Debtors¹ and the Official Committee of Unsecured Creditors (the "Plan").

F. WHEREAS, Neil F. Luria has been appointed as trustee ("Trustee") of the Plan Trust to act on its behalf.

G. WHEREAS, Pursuant to Article 8B of the Plan, post confirmation, the Trustee is responsible for administering, disputing, objecting to, compromising, or otherwise resolving Claims.

¹ Debtors refers to Taylor, Bean & Whitaker Mortgage Corp., Home America Mortgage, Inc., and REO Specialists, LLC.

H. WHEREAS, the Settling Parties have concluded that because of, among other things, the complexity, inherent delay and substantial expense of litigating the issues associated with the HUD-FHA Proof of Claim, the length of time necessary to resolve each of the issues, the complexity and uncertainty involved and the concomitant disruption to Trustee's effort to administer the Plan Trust, it is in their respective best interests to resolve their disputes concerning the HUD-FHA Proof of Claim on the terms set forth in this Agreement. Trustee further believes that the compromise and settlement provided herein is fair and reasonable, and in the best interests of the Plan Trust and its creditors.

I. WHEREAS, the Settling Parties hereto do not intend, and this Agreement does not, settle any aspects of the GNMA Claim (as defined below) as filed by GNMA (as defined below) in the Chapter 11 Case.

NOW, THEREFORE, the Settling Parties, in consideration of the promises, covenants and agreements herein described and for other good and valuable consideration acknowledged by each of them to be satisfactory and adequate, and intending to be legally bound, do hereby mutually agree as follows, subject to Bankruptcy Court approval:

ARTICLE I SETTLEMENT TERMS

Section 1.1. **HUD-FHA Claim.** Upon approval of this Agreement by the Bankruptcy Court, the HUD-FHA shall have an Allowed Class 8 Claim (as that term is defined in the Plan) in the amount of \$18,690,992.09 (the "Allowed Claim"). HUD and FHA shall have no further claim to any assets of the Plan Trust and shall have no right to any further distributions from the assets of the Plan Trust except distributions to which HUD and FHA are entitled under the Plan on the Allowed Claim; provided, however, that nothing herein shall result in HUD-FHA waiving any rights it presently has to exercise rights of set-off against the Allowed Claim. Furthermore, the parties hereto agree that the HUD-FHA Proof of Claim will be modified and amended to be in the form attached hereto as Exhibit A (the "Amended Proof of Claim") and, within ten (10) days of the Effective Date, HUD and FHA shall cause the Amended Proof of Claim to be filed with the Bankruptcy Court.

ARTICLE II RELEASES

Section 2.1. **Release of HUD and FHA.** Upon the Effective Date and subject to Section 2.3 below, the Plan Trust, TBW, its subsidiaries and affiliates, and its predecessors (excluding Ocala Funding, LLC), successors and assigns, and any other person or entity that claims or might claim through, on behalf of, or for the benefit of any of the foregoing, whether directly or derivatively (the "**Plan Trust Releasors**") irrevocably and unconditionally, fully, finally, and forever waive, release, acquit and discharge HUD and FHA and their respective subsidiaries, affiliates, directors, officers, employees, conservator, receiver, liquidator, trustee, professionals and the predecessors, successors and assigns of any of these (collectively, the "**Releasees**") from any and all claims, demands, rights, liabilities, or causes of action of any and every kind, character or nature whatsoever, in law or in equity, known or unknown, whether asserted or unasserted ("**Claims**"), which the Plan Trust Releasors, or any of them, have or may have or claim to have, now or in the future, against any of the Investor Releasees that have been

asserted or could be asserted with respect to the HUD-FHA Proof of Claim or the types of claims raised in the HUD-FHA Proof of Claim (collectively, the "Released Claims").

Section 2.2. Release of Plan Trust. Upon the Effective Date and subject to Section 2.3 below, and without in any way limiting the releases, exculpations and injunctions contained in the Confirmation Order, except for HUD and FHA's right to distributions under the Plan as provided in Section 1.1 above, HUD and FHA and their respective subsidiaries and affiliates, their predecessors, successors and assigns, and any other person or entity that claims or might claim through, on behalf of or for the benefit of any of the foregoing, whether directly or derivatively (the "HUD Releasers"), irrevocably and unconditionally, fully, finally, and forever waive, release, acquit and discharge Trustee, the Plan Trust, TBW, the Plan Trust Advisory Committee established pursuant to the Plan Trust and each of their respective current directors, current officers, current employees, professionals that have represented any of the Trustee, the Plan Trust, the Plan Trust Advisory Committee (and its members) and/or TBW since the Petition Date, and the subsidiaries and affiliates identified on Exhibit B attached hereto (collectively, the "Plan Trust Releasees") from any and all Claims which the HUD Releasers, or any of them have or may have or claim to have, now or in the future, against any Plan Trust Releasees that have been asserted, could have been or could be asserted with respect to or in connection with the HUD-FHA Proof of Claim and/or any and all Claims for unpaid mortgage premiums, insurance claims and payments losses arising out of indemnification or similar agreements, any claims related to violations of FHA insured loan origination, underwriting requirements and/or servicing requirements (the "Estate Released Claims").

Section 2.3. Retained Claims and Defenses. Notwithstanding anything contained in this Agreement to the contrary, (i) Sections 2.1 and 2.2 are not intended to release, nor shall they have the effect of releasing, any of the Settling Parties from the performance of their obligations in accordance with this Agreement or any other rights, claims or defenses expressly reserved in this Agreement; and (ii) nothing herein shall act as a release (a) by Ocala Funding, LLC, or a release of Ocala Funding, LLC for any purposes whatsoever, (b) of the interests of Government National Mortgage Association ("GNMA"), in any claim filed by GNMA in the Chapter 11 Case (a "GNMA Claim") or (c) of the claims brought by the United States Department of Justice on behalf of the United States Department of Housing and Urban Development in the certain litigation known as U.S. ex rel. Comfort Friddle and Stephanie Kennedy v. Taylor, Bean and Whitaker Mortgage Corp., et al., Civil Action No. 1:06-cv-3023-JEC, USDC ND GA and Claim No. 3307 in the TBW case 09-07047, for \$178,912,539.09, and Claim No. 3306 in Home America Mortgage case, 09-10023 for \$131,081,676.72. Furthermore, notwithstanding anything herein to the contrary, without conceding the existence or merits thereof which are expressly denied, the following are specifically excluded from the scope and terms of this Agreement as to any entity or person, (i) any civil, criminal or administrative liability arising under Title 26 of the United States Code (the Internal Revenue Code), (ii) any criminal liability, or (iii) any claim of any agency of the United States of America other than HUD and FHA.

ARTICLE III REPRESENTATIONS AND WARRANTIES

Section 3.1. Representations and Warranties of the Plan Trust. The Plan Trust hereby represents and warrants that: (a) it is duly organized and validly existing under the laws of the jurisdiction of its organization with all requisite power and authority to execute and deliver

this Agreement and to consummate the transactions contemplated hereby; (b) subject to any necessary approval by the Bankruptcy Court, it has full requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement, and the execution, delivery and performance hereof, and the instruments and documents required to be executed by it in connection herewith, (i) have been duly and validly authorized by it and (ii) are not in contravention of its organization documents or any material agreement specifically applicable to it or to which it is a party; and (c) no proceeding, litigation or adversary proceeding before any court, arbitrator or administrative or governmental body is pending against it which would adversely affect its ability to enter into this Agreement or to perform its obligations hereunder.

Section 3.2. **Representations and Warranties of HUD-FHA.** Each of HUD and FHA hereby represents and warrants that: (a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with all requisite power and authority, to execute this Agreement and to consummate the transactions contemplated hereby; (b) it has full requisite power and authority to execute and deliver and to perform its obligations under this Agreement, and the execution, delivery and performance hereof, and the instruments and documents required to be executed by it in connection herewith (i) have been duly and validly authorized by it and (ii) are not in contravention of its organizational documents or any agreements specifically applicable to it; (c) no proceeding, litigation or adversary proceeding before any court, arbitrator or administrative or governmental body is pending against it which would adversely affect its ability to enter into this Agreement or to perform its obligations hereunder; and (d) neither HUD nor FHA has assigned or otherwise transferred any interest in the Estate Released Claims.

Section 3.3. **Representations of the Settling Parties.** Each Settling Party represents and acknowledges that: (a) in executing this Agreement, it does not rely, and has not relied, upon any representation or statement made by any other party or any of such other party's representatives, agents or attorneys, with regard to the subject matter, basis or effect of this Agreement or otherwise, other than as may be stated specifically in this Agreement, (b) in executing this Agreement, it has relied entirely upon its own judgment, beliefs and interest and upon the advice of its counsel and that it has had a reasonable period of time to consider the terms of this Agreement before entering into it, and (c) it has reviewed this Agreement and that it fully understands and voluntarily accepts all of the provisions contained herein. Each Settling Party further represents, acknowledges and agrees that this Agreement was the product of negotiations among the Parties and that any rule of construction as to ambiguities being resolved against the drafting party shall not apply in the interpretation of this Agreement.

ARTICLE IV COVENANTS

Section 4.1. **Covenants of the Plan Trust.** The Plan Trust hereby covenants and agrees that it shall take all actions reasonably necessary to obtain approval of this Agreement by the Bankruptcy Court, and in furtherance of the preceding, it agrees that within ten (10) business days after the execution and delivery of this Agreement by the Settling Parties it shall file a motion seeking an order from the Bankruptcy Court approving the terms and provisions hereof and the Plan Trust's entry into and carrying out of this Agreement.

ARTICLE V
EFFECT OF DISAPPROVAL, CANCELLATION OR TERMINATION

Section 5.1. **Effective Date.** This Agreement shall become effective on the first date on which each of the following has occurred ("**Effective Date**"):

- (a) **Execution.** This Agreement has been fully executed; and
- (b) **Bankruptcy Court Approval.** This Agreement has been approved by an order of the Bankruptcy Court which has become a final order not subject to appeal.

Section 5.2. **Termination Date.** If the Effective Date has not occurred by March 31, 2013, unless such date is extended by a writing signed by all Settling Parties (the "**Termination Date**"), then this Agreement shall become null and void, subject to and in accordance with Section 5.3 below, and the Settling Parties shall be returned to the status *quo ante* as if this Agreement had never been executed.

Section 5.3. **Effect of Termination.** Unless otherwise ordered by the Bankruptcy Court, in the event that this Agreement shall not become effective on or prior to the Termination Date or this Agreement should terminate, or be cancelled, or otherwise fail to become effective for any reason, then:

- (a) the Settling Parties shall be restored to their respective positions as of the date of this Agreement with all of their respective claims and defenses, preserved as they existed on that date. The Settling Parties shall take such steps and file such documents as are necessary to cause such claims and defenses to be restored; and
- (b) except for the provisions of this Section 5.3, the terms and provisions of this Agreement shall be null and void and shall have no further force or effect with respect to the Settling Parties, and neither the existence nor the terms of this Agreement (nor any negotiations preceding this Agreement nor any acts performed pursuant to, or in furtherance of, this Agreement) shall be used in any action or proceeding for any purpose.

ARTICLE VI
NO ADMISSIONS

Section 6.1. **No Admissions.** The Settling Parties intend this Agreement and the settlement described herein to be in resolution of disputed claims, and this Agreement shall not be deemed an admission by any Settling Party as to the merits of any claim or defense with respect to these claims.

Section 6.2. **Agreement Inadmissible.** Neither this Agreement, nor any act performed or document executed pursuant to or in furtherance of this Agreement, shall be admissible in any proceeding for any purpose, except to seek approval of or to enforce the terms of the Agreement.

**ARTICLE VII
MISCELLANEOUS PROVISIONS**

Section 7.1. **Good Faith.** The Settling Parties agree that the Agreement was negotiated in good faith by the Settling Parties, and reflects a settlement that was reached voluntarily after consultation with each of the Settling Parties' respective competent legal counsel.

Section 7.2. **Amendments.** This Agreement may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties, as the case may be, or their respective successors-in-interest.

Section 7.3. **Authority.** Each person executing this Agreement on behalf of any party hereto hereby warrants that such person has the full authority to do so.

Section 7.4. **Counterparts.** This Agreement may be executed by facsimile and in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. Counsel for the parties to this Agreement shall exchange among themselves original signed counterparts and a complete set of executed counterparts shall be filed with the Bankruptcy Court.

Section 7.5. **Successors.** This Agreement shall be binding upon, and inure to the benefit of, the successors of the parties hereto, including any corporation or other entity into or with which any party merges, consolidates or reorganizes.

Section 7.6. **Jurisdiction.** The Settling Parties agree that the Bankruptcy Court shall retain jurisdiction with respect to implementation and enforcement of the terms of this Agreement, and all parties hereto consent and submit to the jurisdiction of the Bankruptcy Court for purposes of implementing and enforcing the settlement embodied in this Agreement.

Section 7.7. **Further Assurances.** 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.

Section 7.8. **Governing Law.** This Agreement and any exhibits hereto shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the State of Florida, and the rights and obligations of the parties to this Agreement shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of Florida without giving effect to that state's choice of law principles.

Section 7.9. **Entire Agreement.** This Agreement constitutes the entire agreement between the Settling Parties and no representations, warranties or inducements have been made to any party concerning this Agreement other than the representations, warranties and covenants contained and memorialized in this Agreement. It is understood by the Settling Parties that, except for the matters expressly represented herein, the facts or law with respect to which this Agreement is entered into may turn out to be other than or different from the facts now known to each party or believed by such party to be true; each party therefore expressly assumes the risk of

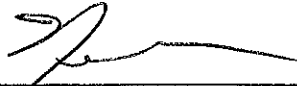
the facts or law turning out to be so different, and agrees that this Agreement shall be in all respects effective and not subject to termination by reason of any such different facts or law.

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[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date set forth above.

**NEIL F. LURIA, as TRUSTEE for THE
TAYLOR BEAN & WHITAKER PLAN
TRUST.**

By: _____
Neil F. Luria, Trustee

**UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT**

By: _____
Its: _____

FEDERAL HOUSING ADMINISTRATION

By: _____
Its: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date set forth above.

NEIL F. LURIA, as TRUSTEE for THE
TAYLOR BEAN & WHITAKER PLAN
TRUST.

By: _____
Neil F. Luria, Trustee

UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

By: Carl J. Golts
Its: Acting Assistant Secretary for Housing -
Federal Housing Commissioner

FEDERAL HOUSING ADMINISTRATION

By: Carl J. Golts
Its: Acting Assistant Secretary for Housing -
Federal Housing Commissioner