

UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
COMPTROLLER OF THE CURRENCY

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<b>In the Matter of:</b>	)	
	)	
	)	
First Horizon Home Loan Corporation	)	
Irving, Texas,	)	
An operating subsidiary of	)	AA-EC-07-16
	)	
First Tennessee Bank, N.A.,	)	
Memphis, Tennessee	)	
	)	

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**STIPULATION AND CONSENT ORDER FOR CIVIL MONEY PENALTY**

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”), through his National Bank Examiners, has supervisory authority over First Horizon Home Loan Corporation, Irving, Texas (“First Horizon”), an operating subsidiary of First Tennessee Bank, N.A., Memphis, Tennessee (“Bank”);

WHEREAS, the Comptroller intends to initiate a civil money penalty action against First Horizon pursuant to section 102(f) of The Flood Disaster Protection Act, as amended, (“Flood Act”) 42 U.S.C. § 4012a(f), based on First Horizon’s pattern and practice of violations of the Flood Act and 12 C.F.R. § 22.7 (relating to “Loans in Areas Having Special Flood Hazards”) due to its failure to timely force place flood insurance in connection with approximately 4,500 mortgages identified by First Horizon as of August 2005;

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to the above matter, First Horizon, without admitting or denying any wrongdoing, desires to enter into this Stipulation and Consent Order (“Order”); and

NOW THEREFORE, in consideration of the above premises, it is stipulated by and between the Comptroller, through his duly authorized representative, and the Bank that:

ARTICLE I

JURISDICTION

(1) The Bank is a national banking association, chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.* Accordingly, the Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2) and is a “regulated lending institution” as that term is defined in 42 U.S.C. § 4003(a)(10).

(2) First Horizon is an operating subsidiary of the Bank and, as such, is subject to regulation and supervision by the Comptroller. *See* 12 C.F.R. § 5.34(e)(3).

(3) Pursuant to 42 U.S.C. §§ 4003(a)(5) and 4012a(f), the Comptroller is “the appropriate Federal entity for lending regulation” to maintain an enforcement proceeding against First Horizon for Flood Act violations.

ARTICLE II

ORDER FOR A CIVIL MONEY PENALTY

First Horizon hereby consents and It Is Ordered that:

(1) First Horizon shall pay a civil money penalty in the amount of one hundred twenty five thousand dollars (\$125,000), upon execution of this Order.

(2) First Horizon shall make payment in full by check made payable to the National Flood Insurance Program and shall deliver the payment to: National Flood Insurance Program, Federal Emergency Management Agency, 7700 Hubble Drive, Lanham, Maryland 20706.

(3) The Bank shall submit a copy of the check to the Director, Enforcement & Compliance Division, 250 E Street, S.W., Washington, D.C. 20219.

(4) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. §§ 1818(h) and (i) (as amended) and 42 U.S.C. § 4012a.

### ARTICLE III

#### WAIVERS

(1) By executing this Order, First Horizon waives:

- (a) the right to the issuance of a Notice pursuant to 12 U.S.C. § 1818(i) and 42 U.S.C. § 4012a(f)(4) and recognizes that the letter dated November 8, 2006, from Grace E. Dailey, Deputy Comptroller for Large Bank Supervision, constitutes a valid substitute notice;
- (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. §§ 1818(i), 12 C.F.R. Part 19, and 42 U.S.C. § 4012a(f)(4);
- (c) all rights to seek judicial review of the Order; and
- (d) any and all rights to challenge or contest the validity of the Order.

(2) First Horizon declares that no separate promise or inducement of any kind has been made by the Comptroller, or by her agents or employees, to cause or induce First Horizon to agree to consent to the issuance of this Order and/or to execute this Order.

(3) It is hereby agreed that the provisions of this Order constitute a settlement of the civil money penalty proceeding contemplated by the Comptroller on the basis of First Horizon's violations of the Flood Act and regulation as described in the second WHEREAS clause hereof. However, the specific violations described herein may be used by the OCC in future enforcement

actions to establish continuation of a pattern or practice of misconduct in the event that First Horizon's violations continue or reoccur.

(4) It is further agreed that the provisions of this Order shall not be construed as an adjudication on the merits and, except as set forth above in paragraph (3), shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action affecting First Horizon if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

(5) First Horizon understands that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order, and that nothing herein constitutes, nor shall First Horizon contend that it constitutes, a waiver of any right, power, or authority of any other representative of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

IT IS SO ORDERED, this 20th day of April, 2007.

/S/

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Grace E. Dailey  
Deputy Comptroller  
Large Bank Supervision

IN TESTIMONY WHEREOF, the undersigned, as representative of the duly elected and acting Board of Directors of First Horizon, has hereunto set his hand on behalf of the First Horizon.

/S/

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President and CEO

Peter F. Makowiecki  
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Date

April 9, 2007  
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