

First Horizon agrees to settlement in class action

The judge will determine whether to grant final approval at a fairness hearing set for June 7.

By DAN MARGOLIES
The Kansas City Star

Missouri residents who obtained second mortgages from **First Horizon Home Loan Corp.** may be eligible to receive from \$250 to \$54,162 each as part of a class action settlement.

First Horizon's parent company, Memphis, Tenn.-based **First Horizon National Corp.**, has agreed to pay as much as \$36.3 million to end a seven-year-old lawsuit alleging that it charged loan origination, processing, underwriting and other fees not permitted under Missouri law.

If approved by a Jackson County court, the settlement will cover the claims of more than 4,000 homeowners who obtained second-mortgage loans from First Horizon or **McGuire Mortgage Co.** between Nov. 16, 1994, and April 13, 2005.

First Horizon acquired McGuire, which was based in the Kansas City area, in 1999.

Court documents estimate

that borrowers who received the loans before Jan. 1, 1999, will be eligible for an average amount of \$10,171, with payments ranging from \$339 to \$54,162. Borrowers who received the loans after Jan. 1, 1999, will be eligible for an average amount of \$773, with payments ranging from \$250 to \$4,353.

Jackson County Circuit Judge Vernon Scoville III has given tentative approval to the settlement. Scoville will determine whether to give it final approval after a so-called fairness hearing scheduled for June 7.

First Horizon has denied wrongdoing, but it said it settled to avoid the expense and uncertainty of litigation. In documents filed with the Securities and Exchange Commission last month, it said it expected to record a \$21 million charge in the third quarter to reflect the settlement.

The suit was filed by two couples, Missouri residents Roger and Eugenia Jones and

WHO'S COVERED

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David and Holly McLean. Scoville later allowed it to proceed as a class action on behalf of all second-mortgage borrowers of the companies during the specified period.

"We think this is a case where a class action has worked correctly, and we're just pleased these Missouri residents will have the opportunity to get a good settlement," said Michael Vaughan, whose law firm, **Walters Bender Strohhahn & Vaughan**, represented the class.

Under the settlement, the firm will receive \$12 million in legal fees and \$300,000 in expenses.

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