

IN THE CIRCUIT COURT OF JACKSON COUNTY, MISSOURI
AT INDEPENDENCE

DAVID C. AND HOLLY E. McLEAN,
et al.,

Plaintiffs,

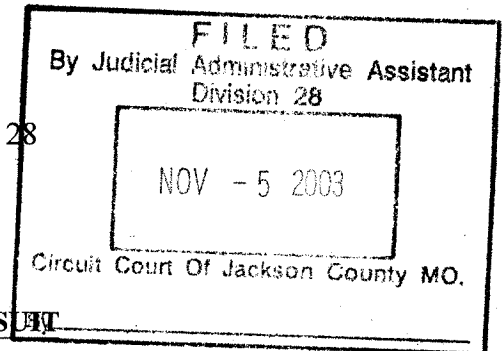
v.

FIRST HORIZON HOME LOAN
CORPORATION (f/k/a McGUIRE
MORTGAGE COMPANY),

Defendant.

Case No. 00CV-228530

Division 28



NOTICE OF CLASS ACTION LAWSUIT

**This Notice May Affect Your Rights
Please Read it Carefully and Completely**

TO: All persons who, on or after November 16, 1994, obtained a second mortgage loan, secured by Missouri residential real estate, from First Horizon Mortgage Corporation (formerly McGuire Mortgage Company) and who were charged a "loan origination" fee of more than 2% or 5% of the total loan amount, depending on the date, and/or other fees or closing costs allegedly prohibited by the Missouri Second Mortgage Loans Act, § 408.233 RSMo.

NOTICE

A class action lawsuit was commenced on November 16, 2000 in the Circuit Court of Jackson County, Missouri, styled *David C. and Holly E. McLean et al. v First Horizon Loan Corporation (f/k/a McGuire Mortgage Corporation)* Case No. 00CV-228530. The Plaintiffs filed the lawsuit on their own behalf and on behalf of a class of persons who obtained second mortgage loans from First Horizon Loan Corporation (formerly McGuire Mortgage Corporation) (hereinafter "First Horizon/McGuire").

The Plaintiffs allege that First Horizon/McGuire violated the Missouri Second Mortgage Loans Act, R.S.Mo. § 408.233, by charging "loan origination" fees and closing costs that First Horizon/McGuire could not lawfully charge or receive from its borrowers. The Plaintiffs are seeking to recover varying types of monetary relief from First Horizon/McGuire, including a refund of any unlawful costs and fees, the reimbursement of any interest paid on the loans, an order barring and/or forfeiture of any interest still owed, reasonable attorneys' fees, and an award of punitive damages.

First Horizon/McGuire expressly denies any wrongdoing as alleged by the Plaintiffs, denies that it violated the Missouri Second Mortgage Loans Act, and denies the Plaintiffs are entitled to any relief.

WHY ARE YOU RECEIVING THIS NOTICE?

This Notice is being sent to you in the belief that you may be a member of the Class whose rights may be affected by this lawsuit. It should not be considered as an opinion by the Court concerning the merits of this lawsuit. This Notice is intended merely to advise you that this class action lawsuit is pending and to inform you of your rights and options as a member of the Class.

Do not be alarmed. You have not been sued. This Notice is merely to tell you about this Class Action lawsuit, to alert you to the fact that you have been identified as a member of the Plaintiff Class, and to inform you of your rights and options as a member of the Class.

DEFINITION OF THE PLAINTIFF CLASS

By Order dated December 17, 2002, and amended March 31, 2003, the Circuit Court of Jackson County, Missouri (the "Court") certified the following Class of persons in this case (the "Class"):

All individuals who, on or after November 16, 1994, executed a promissory note and deed of trust for a "Second Mortgage Loan" on 'residential real estate' from First Horizon Mortgage Corporation (formerly McGuire Mortgage Company), provided such promissory note is not for a business loan as defined by § 408.015(2) and in an amount of five thousand dollars or greater as set forth in § 408.035(2); and paid:

1. An origination fee exceeding 2% of the principal loan amount for loans having a loan date before August 28, 1998; or
2. An origination fee exceeding 5% of the principal loan amount for loans having a loan date on or after August 28, 1998; or
3. Any other fees or costs paid or financed as a part of the principal loan balance including, without limitation, the fees and costs identified in subparagraph a below, but excluding the fees and costs identified in subparagraph b:

a. Fees and Costs Included

- LOAN DISCOUNT FEES
- BROKERS FEES
- POINTS/POINTS TO LENDER
- DOCUMENT SIGNING FEES
- UNDERWRITING FEES
- PROCESSING FEES
- ADMINISTRATION FEES

b. Fees and Costs Excluded

- Fees and charges paid for perfecting, releasing, or satisfying a security interest related to the second mortgage loan
- Taxes
- Fees or premiums for title examination, title insurance, or similar purposes including survey
- Fees for preparation of a deed, settlement statement, or other documents
- Fees for notarizing deeds and other documents
- Appraisal fees
- Fees for credit reports
- Charges for insurance (i) protecting the lender against the borrower's default or other credit loss (ii) against loss of or damage to the property, where no such coverage then existed or (h) providing life, accident, health or involuntary unemployment coverage.

THE CLASS REPRESENTATIVES

As part of its certification order, the Court designated the Plaintiffs in this lawsuit to act as Representatives for the Class. The Representatives of the Plaintiff Class are David C. and Holly E. McLean of Independence, Missouri and Roger K. and Eugenia M. Jones of Grandview, Missouri.

CLASS COUNSEL

The Court has appointed the lawyers representing the Plaintiffs in this lawsuit as Counsel for the Class. Class Counsel are: J. Michael Vaughan, Kip D. Richards and David M. Skeens of the law firm Walters Bender Strohbahn & Vaughan, P.C., P.O. Box 26188, 2500 City Center Square, Kansas City, Missouri 64196, 1.800.330.2581; and Eric Calhoun of the law firm Lawson, Fields, McCue, Lee & Campbell, P.C., 14135 Midway, Ste. 250, Addison, Texas 75001.

WHAT RELIEF DO THE PLAINTIFFS SEEK?

The Plaintiffs allege that First Horizon/McGuire violated the Missouri Second Mortgage Loans Act by “charging, contracting for and/or receiving” excessive “loan origination” fees and/or certain other closing costs from the Plaintiffs and the members of the Class in violation of R.S. Mo. § 408.233. The Plaintiffs allege that First Horizon/McGuire is liable for these violations of Missouri law. The relief available to the Plaintiffs and the Class if this lawsuit is successful may include the following:

- A refund of the excessive loan origination fees and any unauthorized closing costs charged for the loans.
- A refund of all of the interest ever paid on the loans.
- A forfeiture of any future interest not yet due on any loans that have not been paid off.
- Punitive damages and reasonable attorneys’ fees under R.S. Mo. § 408.562.

WHAT IF I ALREADY PAID OFF MY LOAN?

It does not matter whether you have already paid off your loan from First Horizon/McGuire. Even if you refinanced or paid your loan, you are still a member of the Class and may be entitled to relief.

DOES THIS NOTICE MEAN I CAN STOP PAYING MY LOAN?

No. This Notice is simply a “notice” to tell you about this Class Action lawsuit. It does not relieve you of any obligation that you may have to make payments on any loan that you received from First Horizon/McGuire.

WHAT IF FIRST HORIZON/MCGUIRE SOLD MY LOAN?

It does not matter. You will still be a member of the Class and may be entitled to relief even if First Horizon/McGuire sold your loan. In fact, First Horizon/McGuire may have sold and assigned all of the loans it made; and you may be more familiar with businesses like Ocwen Federal Bank and Homecomings Financial Network, Inc., which were hired to administer and “service” the loans (that is, to send out the bills, collect the payments, send out the annual mortgage interest [IRS Form 1098] statements at the first of the year) on the behalf of the entities that bought them from First Horizon/McGuire.

WHAT DO I NEED TO DO?

You have a choice. You can remain a member of the Class *or* you have the right to exclude yourself from the Class. You also have the option of hiring your own attorney and intervening directly in this lawsuit. Each of these choices has consequences, which you should understand before making your decision.

A. If you want to remain a member of the Class

If you want to remain a member of the Class and have your rights adjudicated in this case, you need not do anything at this time. If you do not do anything and remain a member of the Class:

1. Class Counsel and the Class Representatives will represent your interests in this case. You will not be charged for this representation. Class Counsel have agreed to handle the case on a “contingent” basis and to advance all costs and expenses on behalf of the Plaintiffs and the Class. (See below, “What will it Cost me to Stay in the Class?”)
2. You may advise the Court at any time you believe your interests are not being fairly and adequately represented by either the Class Representatives or Class Counsel.
3. As a member of the Class, you will be entitled to share in the monetary recovery obtained by the Class, if any, and will also receive the benefit of any other relief that may be ordered by the Court. The relief sought for each member of the Class includes:
 - A refund of any excessive origination fees and any unauthorized closing costs.
 - A refund of all of the interest paid to date.
 - A forfeiture of any obligations to pay future interest.
 - Punitive damages and reasonable attorneys’ fees.
4. Your ability to recover from First Horizon/McGuire will depend upon the results of this lawsuit. As a member of the Class, you will be bound by whatever happens in this case, either favorable or unfavorable.
5. In order to participate in any recovery, you may be required to verify the amount of the fees, costs and interest that you were charged and paid for your loan. (You should therefore preserve any papers related to your loan, including the Settlement Statement (Form HUD-1) and any IRS Form 1098’s.) If First

Horizon/McGuire has a claim against you, it may assert that claim as a counterclaim if you remain a member of the Class. First Horizon/McGuire may also assert any claim that it may have against you if you opt out of the Class.

6. You will be entitled to notice of any ruling redefining the Class. You will also be entitled to notice of and an opportunity to be heard respecting any proposed settlement of the Class claim.

B. If you want to exclude yourself from the Class

If you do not want to be a member of the Class, you may exclude yourself or “opt out” of the Class by signing and returning the attached Exclusion Request Form to Class Counsel at the following address:

Walters Bender Strohhahn & Vaughan, P.C.,
 Re: *McLean v. First Horizon/McGuire*
 P.O. Box 26188
 2500 City Center Square
 Kansas City, Missouri 64196

To be effective, the Exclusion Request Form must be completed, signed and postmarked by December 22, 2003.

By making this election to be excluded: (1) you will not share in any recovery that might be paid to the members of the Class as a result of a trial or settlement; (2) you will not be bound by any determinations made in this lawsuit, whether favorable or unfavorable; (3) you will not be entitled to any further notice concerning these proceedings; and (4) you must present any claims you have against First Horizon/McGuire by filing your own lawsuit, or you may seek to intervene in this lawsuit.

C. If you want to Intervene

You also have the right to file an appearance and intervene (participate as an additional plaintiff) in this lawsuit through your own attorney; but it is not necessary to intervene in this lawsuit in order to receive your share of any judgment, if liability is found by the Court, or settlement as a member of the Class. If you *do* want to intervene through your own attorney, you must file your motion to intervene on or before December 22, 2003.

WHAT WILL IT COST ME TO STAY IN THE CLASS?

If you do not elect to exclude yourself from the Class (or to intervene in the lawsuit through your own attorney), you will be represented by Class Counsel (whose names are given above). You will not be charged for this representation; and there is no out-of-pocket cost to any

member of the Class regardless of the outcome. Class Counsel have agreed to handle the case on a "contingent" basis and to advance all costs and expenses on behalf of the Plaintiffs and the Class.

If this lawsuit is successful, Class Counsel will ask the Court to award them reasonable attorneys' fees for their work. The Court may order First Horizon/McGuire to pay such fees directly, or the Court may award such fees from a portion of any amounts recovered for the Plaintiffs and the Class. In either instance, the Court will determine whether fees will be awarded and, if so, what the amount of the fees will be.

OTHER MATTERS

Further proceedings in this case will be conducted before the Circuit Court in Independence, Missouri. These proceedings may include the determination of motions for summary judgment, pretrial proceedings, trial, approval of any proposed settlement, and other aspects of this litigation.

Please do not call the Judge, Clerk or Circuit Court about this Notice or lawsuit. They will not be able to give you advice or answer your questions.

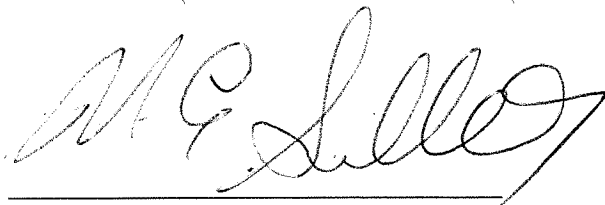
If you have any questions or would like more information, you should contact your own attorney or call Class Counsel: Mike Vaughan, Kip Richards and/or David Skeens of the law firm Walters Bender Strobbehn & Vaughan, P.C., P.O. Box 26188, 2500 City Center Square, Kansas City, MO 64196, 1.800.330.2581.

You may, of course, consult with your own attorney. The pleadings and other records in this lawsuit may be reviewed and copied in the office of the Clerk of the Circuit Court of Jackson County, Missouri, 308 W. Kansas St., Independence, MO 64050.

If you are (or were) a Debtor in a Chapter 13 or Chapter 7 Bankruptcy proceeding pending after you obtained your loan, you should send a copy of this Notice to your bankruptcy attorney.

If your address has changed, or changes in the future, you should send your new address to Counsel for the Class (identified above).

Dated: November 5, 2003



Vernon E. Scoville, III, Circuit Judge

11/5/03

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DAVID C. AND HOLLY E. McLEAN,
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FIRST HORIZON HOME LOAN
CORPORATION (f/k/a McGUIRE
MORTGAGE COMPANY),

Division 28

Defendant.

EXCLUSION REQUEST FORM

NOTE: DO NOT COMPLETE OR MAIL THIS FORM IF YOU WISH TO REMAIN A MEMBER OF THE CLASS

If you **do not wish to remain** in the Class, you may "opt out" and exclude yourself from the Class by completing and signing this form, and mailing it, postage prepaid, to: Walters Bender Strohhahn & Vaughan, P.C., *Re: McLean vs. First Horizon/McGuire*, P.O. Box 26188, 2500 City Center Square, Kansas City, Missouri 64196.

To be effective, the Exclusion Request Form must be completed, signed and postmarked by December 22, 2003.

Required Information:

Name (of Borrower):

(print or type)

Name (Co-Borrower):

(print or type)

Current Address:

YES, I wish to be EXCLUDED from the above class action lawsuit: (must be checked)

Signature

Signature

Each person in whose name the loan was made must complete and sign this form to be excluded from the Class. (For example, if the loan was made to John and Jane Doe, both must sign and timely mail this form)