

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement ("Agreement") is made as of this 4th day of April 2013, by, between, and among the following undersigned parties:

The Federal Deposit Insurance Corporation, as receiver of First Federal Bank of North Florida of Palatka, Florida, ("FDIC"), Hollis Appraisals, Inc. and Caleb B. Hollis (collectively the "Settling Defendants"), and Maxum Indemnity Company ("Maxum")(individually, the FDIC, Settling Defendants, and Maxum may be referred to herein as "Party" and collectively as the "Parties").

RECITALS

WHEREAS:

Prior to April 16, 2010, First Federal Bank of North Florida, Palatka, Florida ("Bank") was a depository institution organized and existing under the laws of the United States.

On April 16, 2010, the Bank was closed by the Office of Thrift Supervision and pursuant to 12 U.S.C. § 1821(c), the FDIC was appointed receiver. In accordance with 12 U.S.C. § 1821(d), the FDIC as receiver succeeded to all rights, titles, powers and privileges of the Bank, including those with respect to its assets.

Among the assets to which the FDIC as receiver succeeded were any and all of the Bank's claims, demands, and causes of actions against appraisers arising from the performance, nonperformance and manner of performance of their respective functions, duties and acts as appraisers.

On October 25, 2011, the FDIC filed a Complaint for money damages against the Settling Defendants, related to their performance of appraisal services on three beachfront lots in

(b)(4) Fernandina Beach, Florida:

(b)(4)

(b)(4) hereinafter collectively referred to as the "Lots"). Those claims

for damages are now pending in the United States District Court for the Middle District of Florida, Jacksonville Division, in *Federal Deposit Insurance Corporation, as Receiver for First*

Federal Bank of North Florida v. Hollis Appraisals, Inc. and Caleb B. Hollis, Case No. 3:11-cv-1049-J-32TEM (M. D. FL)(the "FDIC Appraisal Action"). The Settling Defendants have denied any wrongdoing and all liability for the FDIC's claims and have asserted affirmative defenses in the FDIC Appraisal Action. Maxum issued Policy Number [REDACTED] to the Settling Defendants (the "Policy"), which insured the Settling Defendants according to the terms, provisions, and conditions of the Policy. The Settling Defendants have made claims under the Policy. Maxum denied coverage but thereafter defended the Settling Defendants under a reservation of rights for the FDIC claims in the FDIC Appraisal Action. On January 14, 2013, Maxum filed a declaratory judgment action against the Settling Defendants and FDIC seeking a declaration of its rights and obligations under the Policy with regard to the claims asserted by the FDIC in the FDIC Appraisal Action. That action is now pending in the United States District Court for the Middle District of Florida, Jacksonville Division in *Maxum Indemnity Company v. Hollis Appraisals, Inc. and FDIC-R First Federal Bank of North Florida*, Case No. 3:13-cv-00046-HES-JRK (M.D. FL) (the "Coverage Action"). Maxum denies any liability under the Policy for the FDIC's claims. The undersigned Parties deem it in their best interests to enter into this Agreement to avoid the uncertainty, trouble, and expense of further litigation.

NOW, THEREFORE, in consideration of the promises, undertakings, payments, and releases stated herein, the sufficiency of which consideration is hereby acknowledged, the undersigned Parties agree, each with the other, as follows:

SECTION I: Payment to FDIC

A. As an essential covenant and condition to this Agreement, the Settling Defendants and Maxum, collectively, agree to pay the FDIC the sum of Five Hundred Twenty-Two Thousand Dollars (\$522,000.00) ("the Settlement Funds").

B. This Agreement shall be executed by each Party, and a fully executed copy provided to Maxum no later than April 5, 2013. Within fifteen (15) business days after receipt by Maxum of a fully executed copy of this Agreement ("Settlement Payment Date"), the

Settlement Funds shall be delivered to FDIC by check made payable to FDIC, and mailed by overnight mail addressed as follows:

Federal Deposit Insurance Corporation
Attn: Cashier Unit
1601 Bryan Street - 17th Floor
Dallas, Texas 75201 - 3430

INCLUDE ON THE CHECK OTHER BENEFICIARY INFORMATION (OBI):

1. Fund code(s): **10213**
2. Asset number:
3. Account officer to be notified and phone number: **Chan Singh, (904) 256-3364**
4. Description of the Transaction: **First Federal Bank of North Florida, Palatka, FL MMF/Appraisal Liability Claim Settlement w/ Hollis and Maxum Indemn. Co.**

(b)(5)

In the event that the Settlement Funds are not delivered to the FDIC by the Settlement Payment Date, interest shall accrue on all unpaid amounts at the rate of five (5) percent per annum from the Settlement Payment Date until the date of payment. However, if said Settlement Funds are not delivered to the FDIC by the Settlement Payment Date, as a result of the FDIC's failure to execute this Agreement, no interest shall accrue until the day after the FDIC executes the Agreement.

C. In addition, and without waiving any other rights that the FDIC may have, in the event that all Settlement Funds (including all accrued interest) are not received by the FDIC on or before the Settlement Payment Date, then the FDIC, in its sole discretion, shall have the right at any time prior to receipt and collection of all Settlement Funds (including all accrued interest) to declare this Agreement null and void, shall have the right to extend this Agreement for any period of time until it receives all Settlement Funds (including all accrued interest), and/or shall have the right to enforce this Agreement against the Settling Defendants and Maxum, in which event the Settling Defendants and Maxum agree to jurisdiction in Federal District Court in the Middle District of Florida, Jacksonville Division, and agree to pay all of the FDIC's reasonable

attorney's fees expended in enforcing the terms of this Agreement. Any decision by the FDIC to extend the terms of this Agreement or to accept a portion of the Settlement Funds shall not prejudice its rights to declare this Agreement null and void at any time prior to receipt and collection of all Settlement Funds (including all accrued interest) or to enforce the terms of this Settlement Agreement, provided however, that in the event the FDIC declares this Agreement null and void, the FDIC will return all amounts paid to it under this Agreement to the person(s) or entity who paid such amounts to the FDIC within fifteen (15) business days after such declaration voiding the Agreement is made.

SECTION II: Stipulation and Dismissal

Upon execution of this Agreement by each of the undersigned Parties, and receipt and collection of the Settlement Funds, plus any accrued interest, the FDIC shall dismiss the FDIC Appraisal Action and Maxum shall dismiss the Coverage Action. Upon execution of this Agreement, the undersigned Parties agree to enter stipulations providing that the dismissals set forth above shall be with prejudice, with each party to bear its own costs, attorney's fees, and expenses as those were originally incurred (the "Dismissals"). Upon receipt and collection by the FDIC of the Settlement Funds, plus any accrued interest, the FDIC shall file the Dismissals with a request that the Court enter a Final Order of Dismissal with Prejudice as to all parties.

SECTION III: Releases

A. Release of Individual Settling Defendants by FDIC.

Effective upon receipt and collection in full of the Settlement Funds plus any accrued interest described in SECTION I above, the executed Dismissals described in SECTION II above, and except as provided in PARAGRAPH(S) III.G. and III.H. below, the FDIC, for itself and its successors and assigns, hereby releases and discharges each of the Settling Defendants and their respective heirs, executors, administrators, employees, officers, directors, representatives, successors and assigns, from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, belonging to the FDIC, that

arise from or relate to, the performance, nonperformance, or manner of performance of the Settling Defendants' respective functions, duties and actions in providing appraisal services on the Lots, including without limitation the causes of action alleged in the FDIC Appraisal Action.

B. Release of FDIC by the Settling Defendants.

Effective simultaneously with the release granted in PARAGRAPH III.A. above, the Settling Defendants, on behalf of themselves individually, and each of their respective heirs, executors, administrators, employees, officers, directors, agents, representatives, successors and assigns, hereby release and discharge FDIC, and its employees, officers, directors, representatives, successors and assigns, from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, that arise from or relate to, the Bank or to the performance, nonperformance, or manner of performance of the Settling Defendants respective functions, duties and actions in providing appraisal services on the Lots, including without limitation the causes of action and affirmative defenses alleged in the FDIC Appraisal Action or that arise from or relate to the Policy, and from any and all other claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, belonging to the Settling Defendants.

C. Release of Maxum by FDIC.

Effective simultaneously with the releases granted in Paragraphs III.A. and III.B. above, the FDIC, for itself and its successors and assigns, hereby releases and discharges Maxum, its parents, subsidiaries, affiliates and reinsurers, and their respective employees, officers, directors, agents, representatives, successors and assigns, from any and all claims, demands, obligations, damages, actions and causes of action, direct or indirect, in law or in equity, that arise from or relate to the Policy. The FDIC agrees that any interest it may have under the Policy is extinguished.

D. Release of Maxum by the Settling Defendants.

Effective simultaneously with the releases granted in Paragraphs III.A. and III.B. above,

the Settling Defendants, on behalf of themselves individually, and each of their respective heirs, executors, administrators, employees, officers, directors, agents, representatives, successors and assigns, hereby release and discharge Maxum, its parents, subsidiaries, affiliates and reinsurers, and their respective employees, officers, directors, agents, representatives, successors and assigns, from any and all claims, demands, obligations, damages, actions and causes of action, direct or indirect, in law or in equity, that arise from or relate to the Policy. The Settling Defendants agree that any interest they may have under the Policy is extinguished.

E. Release of FDIC by Maxum.

Effective simultaneously with the release granted in Paragraph III. C. above, Maxum, for itself and its successors and assigns, and on behalf of its parents, subsidiaries, affiliates and reinsurers, and their successors and assigns, hereby releases and discharges FDIC, and its employees, officers, directors, agents, representatives, successors and assigns, from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, that arise from or relate to the Policy.

F. Release of Settling Defendants by Maxum.

Effective simultaneously with the releases granted in Paragraph III.D. above, Maxum, for itself and its successors and assigns, and on behalf of its parents, subsidiaries, affiliates, and reinsurers, and their successors and assigns, hereby releases and discharges each of the Settling Defendants, and their respective heirs, executors, administrators, employees, officers, directors, agents, representatives, successors and assigns, from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, that arise from or relate to the Policy.

G. Express Reservations From Releases By FDIC.

1. Notwithstanding any other provision, by this Agreement, the FDIC does not release, and expressly preserves fully and to the same extent as if the Agreement had not been executed, any claims or causes of action:

a. against the Settling Defendants or any other person or entity for liability, if any, incurred as the maker, endorser or guarantor of any promissory note or indebtedness payable or owed by them to FDIC, the Bank, other financial institutions, or any other person or entity, including without limitation any claims acquired by FDIC as successor in interest to the Bank or any person or entity other than Bank;

b. against Maxum related to any other policy of insurance other than the Policy as defined hereinabove;

c. against any person or entity not expressly released in this Agreement; and

d. which are not expressly released in Paragraphs III.A. and III.C. above.

2. Notwithstanding any other provision, nothing in this Agreement shall be construed or interpreted as limiting, waiving, releasing or compromising the jurisdiction and authority of the FDIC in the exercise of its supervisory or regulatory authority or to diminish its ability to institute administrative enforcement proceedings seeking removal, prohibition or any other administrative enforcement action which may arise by operation of law, rule or regulation.

3. Notwithstanding any other provision, this Agreement does not purport to waive, or intend to waive, any claims which could be brought by the United States through either the Department of Justice, the United States Attorney's Office for the Middle District of Florida or any other federal judicial district. In addition, the FDIC specifically reserves the right to seek court ordered restitution pursuant to the relevant provisions of the Victim and Witness Protection Act, 18 U.S.C. § 3663, et seq., if appropriate.

H. Express Reservation of Rights of Bond Carrier.

I. Notwithstanding any other provision, nothing in this Agreement shall release or prejudice the rights of Maxum or any other underwriter of any financial institution bond, fidelity bond, or banker's blanket bond on which the Bank is an insured, to bring any claims by way of subrogation to the claims of the FDIC, against a) any directors, officers, appraisers, attorneys, agents, or employees of the Bank, including but not limited to the Settling Defendants,

in their capacity as appraisers, agents, or employees of the Bank or in any other capacity or b) any other individual or entity, for dishonest or fraudulent conduct that directly caused any losses to the Bank.

2. Nothing herein shall be construed to admit the existence of, or to establish, any claim or cause of action on the part of Maxum or any other bond underwriter by way of subrogation to claims of the FDIC, that would not exist had this Agreement not been executed.

SECTION IV: Waiver of Dividends and Proceeds from Litigation

To the extent, if any, that the Settling Defendants are or were shareholders of the Bank and by virtue thereof are, may have been, or may be entitled to a dividend, payment, or other distribution upon resolution of the receivership of the Bank or proceeds in any litigation that has been or could be brought against the United States based on or arising out of, in whole or in part, the closing of the Bank, or any alleged acts or omissions by the FHLBB, OCC, OTS, RTC, FDIC, the FSLIC Resolution Fund or the United States government in connection with the Bank, its conservatorship or receivership; they hereby knowingly assign to the FDIC any and all rights, titles and interest in and to any and all such dividends, payments or other distributions, or such proceeds.

SECTION V: Representations and Acknowledgements

A. No Admission of Liability. The undersigned parties each acknowledge and agree that the matters set forth in this Agreement constitute the settlement and compromise of disputed claims, and that this Agreement is not an admission or evidence of liability by any of them regarding any claim.

B. Execution in Counterparts. This Agreement may be executed in counterparts by one or more of the parties named herein and all such counterparts when so executed shall

together constitute the final Agreement, as if one document had been signed by all parties hereto; and each such counterpart, upon execution and delivery, shall be deemed a complete original, binding the party or parties subscribed thereto upon the execution by all parties to this Agreement.

C. Binding Effect. Each of the undersigned persons represents and warrants that they are a Party hereto or are authorized to sign this Agreement on behalf of the respective Party, and that they have the full power and authority to bind such Party to each and every provision of this Agreement. This Agreement shall be binding upon and inure to the benefit of the undersigned Parties and their respective heirs, executors, administrators, representatives, successors and assigns.

D. Choice of Law. This Agreement shall be interpreted, construed and enforced according to applicable federal law, or in its absence, the laws of the State of Florida.

E. Entire Agreement and Amendments. This Agreement constitutes the entire agreement and understanding between and among the undersigned Parties concerning the matters set forth herein and upon full performance supersedes the Mediated Agreement Between Parties FDIC, as Receiver for First Federal Bank of North Florida, Palatka, Florida, Hollis Appraisals, Inc., Caleb B. Hollis, and Maxum Indemnity Company dated March 15, 2013. This Agreement may not be amended or modified except by another written instrument signed by the party or parties to be bound thereby, or by their respective authorized attorney(s) or other representative(s).

G. Reasonable Cooperation and Notice.

1. The undersigned parties agree to cooperate in good faith to effectuate all the terms and conditions of this Agreement, including doing or causing their agents and attorneys to do, whatever is reasonably necessary to effectuate the signing, delivery, execution, filing, recording, and entry, of any documents necessary to perform the terms of this Agreement, including the Dismissals, and to conclude the FDIC Appraisal Action and the Coverage Action.

2. Further, the Settling Defendants agree to cooperate fully with the FDIC in connection with any action required under this Agreement. Any such cooperation that involves any out of pocket costs is subject to reasonable reimbursement by the FDIC pursuant to its internal guidelines and policy for such reimbursement. Such cooperation shall consist of:

- a. producing all documents requested by the FDIC, without the necessity of subpoena, as determined by the FDIC, in its sole discretion, to be relevant to the Bank;
- b. making themselves available upon request by the FDIC at reasonable times and places for interviews regarding facts, as determined by the FDIC in its sole discretion, to be relevant to the Bank;
- c. appearing to testify, upon request by the FDIC, in any matter determined by the FDIC in its sole discretion, to be related to the Bank, without the necessity of subpoena;
- d. signing truthful affidavits upon request by the FDIC, regarding any matter, as determined by the FDIC in its sole discretion, to be relevant to the Bank.

H. Advice of Counsel. Each Party hereby acknowledges that it has consulted with and obtained the advice of counsel prior to executing this Agreement, and that this Agreement has been explained to that Party by his or her counsel.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by each of them or their duly authorized representatives on the dates hereinafter subscribed.

(b)(6) Date: April 4, 2013

FEDERAL DEPOSIT INSURANCE CORPORATION

BY:

TITLE: Counsel Professional Liability & Financial Crimes Section

PRINT NAME: B. Slott Pegg

HOLLIS APPRAISALS, INC.

Date: _____

BY: _____

TITLE: _____

PRINT NAME: _____

CALEB B. HOLLIS

Date: _____

PRINT NAME: _____

(b)(6)

Date: 4/5/13

MAXUM INDEMNITY COMPANY

BY:

TITLE: Vice President

PRINT NAME: Randolph D. Carney

(b)(6)

Date: 04/10/13

HOLLIS APPRAISALS, INC.

BY:

TITLE:

PRINT NAME:

[Redacted Signature]

Resident

Austin O. Hollis, Jr.

(b)(6)

Date: 04/10/13

CALEB B. HOLLIS

PRINT NAME:

[Redacted Signature]

Caleb Hollis

MAXUM INDEMNITY COMPANY

BY:

TITLE:

PRINT NAME:

Date: _____
