

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

KYLE J. LIGUORI and TAMMY L. HOFFMAN, individually and  
on behalf of all others similarly situated,  
Plaintiffs,

**Civil Action No. 08-cv-00479-PD**

v.  
WELLS FARGO & COMPANY, WELLS FARGO BANK, N.A.,  
NORTH STAR MORTGAGE GUARANTY REINSURANCE  
COMPANY,  
Defendants.

**NOTICE OF PENDENCY OF CLASS ACTION  
SETTLEMENT AND FINAL APPROVAL HEARING**

**YOU MAY BE ENTITLED TO COMPENSATION AND YOUR LEGAL RIGHTS MAY BE AFFECTED IF YOU ARE A MEMBER OF THE FOLLOWING CLASS:**

ALL BORROWERS WITH RESIDENTIAL MORTGAGE LOANS CLOSED ON OR AFTER MARCH 7, 2006 THROUGH JANUARY 1, 2008 THAT WERE ORIGINATED BY WELLS FARGO BANK, N.A. AND REINSURED BY NORTH STAR MORTGAGE GUARANTY REINSURANCE COMPANY OR ITS SUBSIDIARIES, EXCLUDING BORROWERS WITH RESIDENTIAL MORTGAGE LOANS ORIGINATED BY WELLS FARGO BANK, N.A.'S CORRESPONDENT LENDING DIVISION OR OTHERWISE PURCHASED ON THE SECOND MARKET ("CLASS").

THIS CLASS ACTION LAWSUIT ALLEGES THAT A MORTGAGE REINSURANCE COMPANY, NORTH STAR MORTGAGE GUARANTY REINSURANCE COMPANY, ENGAGED IN UNLAWFUL PRACTICES THAT MAY HAVE AFFECTED THE MORTGAGE INSURANCE ON YOUR HOME. THE DEFENDANTS DENY THESE ALLEGATIONS. THIS IS NOT A LAWSUIT AGAINST YOU. YOU WILL AUTOMATICALLY RECEIVE A CHECK FROM THE PROPOSED SETTLEMENT OF THIS ACTION UNLESS YOU CHOOSE TO EXCLUDE YOURSELF FROM THE CLASS. PLEASE CONSIDER THIS NOTICE CAREFULLY.

**YOUR LEGAL RIGHTS AND OPTIONS UNDER THE SETTLEMENT**

<b>YOU ARE NOT REQUIRED TO DO ANYTHING.</b>	If the Settlement is approved by the Court and you are a member of the Class, you will not need to do anything to receive a payment. The portion of the Settlement Fund to be allocated to you will be calculated as part of the implementation of the Settlement.
<b>YOU MAY OPT-OUT OF THE SETTLEMENT BY DECEMBER 18, 2012.</b>	If you wish to exclude yourself, or "opt-out" of the Settlement, you must (as discussed below) submit your opt-out notice to the Settlement Administrator.
<b>YOU MAY OBJECT TO THE SETTLEMENT BY JANUARY 14, 2013.</b>	If you wish to object to any part of the Settlement, you must (as discussed below) write to the Court and counsel about why you object to the Settlement.
<b>YOU MAY ATTEND THE FINAL APPROVAL HEARING TO BE HELD ON JANUARY 28, 2013.</b>	If you submit a written objection to the Settlement to the Court and counsel before the Court-approved deadline, you may (but do not have to) attend the Court hearing about the Settlement and present your objections to the Court. You may attend the hearing even if you do not file a written objection, but you will only be allowed to speak at the hearing if you file a written objection in advance of the hearing.

**A FEDERAL COURT AUTHORIZED THIS NOTICE.**

**I. DESCRIPTION OF THE ACTION**

On January 31, 2008, Plaintiff Kyle J. Liguori (together with Tammy L. Hoffman, "Named Plaintiffs") filed this Action against Defendants Wells Fargo & Company ("Wells Fargo"), Wells Fargo Bank, N.A. ("Wells Fargo Bank") and North Star Mortgage Guaranty Reinsurance Company ("North Star") (collectively, "Defendants"). The Action was filed as a proposed class action.

Named Plaintiffs allege that the portion of the mortgage insurance premiums that certain non-party private mortgage insurance providers ceded to North Star were disguised kickbacks paid for the referral of private mortgage insurance business. Named Plaintiffs allege that Defendants' conduct violated Section 8 of the federal Real Estate Settlement Procedures Act, 12 U.S.C. §§ 2601 *et seq.*

Defendants have denied all of Named Plaintiffs' claims and deny any wrongdoing and any liability to Named Plaintiffs or any Class Members, in any amount. Defendants contend that Named Plaintiffs' claims have no merit, and that Defendants would prevail in the Action.

Plaintiffs' Counsel have investigated the facts and the applicable law regarding the matters raised in the Action. Plaintiffs' Counsel believes that the issues before the Court are extremely complex and there is uncertainty as to the outcome of the Action, such that there is a risk that Named Plaintiffs could recover nothing. Therefore, Named Plaintiffs, on behalf of all others similarly situated, have entered into a Settlement Agreement, dated as of March 27, 2012 (the "Agreement"), which, if approved by the Court, will fully and finally resolve the claims asserted by Named Plaintiffs, on behalf of themselves and anyone else in the Class, as defined herein, against Defendants in this Action. Capitalized terms used in this Notice but not defined in this Notice shall have the same meanings ascribed to them in the Agreement. THIS NOTICE AFFECTS YOU BECAUSE YOU ARE A MEMBER OF THE CLASS DEFINED IN SECTION V BELOW.

## II. CONDITIONAL CERTIFICATION OF SETTLEMENT CLASS

For purposes of this proposed Settlement only, a class of plaintiffs (as defined herein and referred to as the "Class") has been conditionally certified. This does not mean that Named Plaintiffs would be successful if the case went to trial, and this Class Notice and the proposed Settlement do not imply that Defendants are liable to Named Plaintiffs or to any member of the Class or that a class action would be certified in the absence of settlement. Furthermore, if this proposed Settlement is not finally approved or is withdrawn at any time, for reasons detailed in the Agreement, available at [www.WellsFargoPMIsettlement.com](http://www.WellsFargoPMIsettlement.com), the conditional class certification will be vacated and the Action will revert to its same status as before the Agreement was signed.

## III. COUNSEL FOR THE CLASS

The Court has appointed, for the purpose of the proposed Settlement only, the following attorneys and law firm as Lead Class Counsel:

Edward W. Ciolko, Esq.  
Terence S. Ziegler, Esq.  
KESSLER TOPAZ MELTZER & CHECK LLP  
280 King of Prussia Road  
Radnor, PA 19087

The Court has also appointed, for the purpose of the proposed Settlement only, the following firms as Class Counsel:

Alan R. Plutzik, Esq.  
BRAMSOM, PLUTZIK, MAHLER &  
BIRKHAUSER, LLP  
2125 Oak Grove Road  
Suite 120  
Walnut Creek, CA 94598

Andrew L. Berke, Esq.  
BERKE, BERKE & BERKE  
420 Frazier Avenue  
P.O. Box 4747  
Chattanooga, TN 37405

Eric G. Calhoun, Esq.  
TRAVIS, CALHOUN & CONLON  
5001 Spring Valley Road  
Dallas, TX 75244

Together, Lead Class Counsel and Class Counsel shall be referred to as "Plaintiffs' Counsel."

## IV. REASONS FOR ENTERING INTO AGREEMENT

Named Plaintiffs and Defendants agreed on all of the terms of the proposed Settlement through extensive arms-length negotiations between counsel for Named Plaintiffs and counsel for Defendants. Named Plaintiffs have entered into the proposed Settlement after weighing the benefits of the Settlement against the probabilities of success or failure in the Action and against the delays that would be likely if the Action were to proceed to trial.

Named Plaintiffs and Plaintiffs' Counsel have concluded that the proposed Settlement provides substantial benefits to Named Plaintiffs and the Class; resolves substantial issues without prolonged litigation; provides the Class with significant benefits, both individually and in the aggregate; and is in the best interests of the Class. Named Plaintiffs and Plaintiffs' Counsel have concluded that the proposed Settlement is fair, reasonable and adequate.

Although Defendants deny any wrongdoing and any liability whatsoever, Defendants believe that it is in their best interests to settle this Action on the terms set forth in the Agreement in order to avoid further expense and inconvenience in connection with the Action.

## V. THE TERMS OF THE PROPOSED SETTLEMENT

The proposed Settlement contemplated by the Agreement provides as follows:

### *CERTIFICATION OF SETTLEMENT CLASS*

The Court has certified preliminarily, for settlement purposes, a Class which is defined generally as:

ALL BORROWERS WITH RESIDENTIAL MORTGAGE LOANS CLOSED ON OR AFTER MARCH 7, 2006 THROUGH JANUARY 1, 2008 THAT WERE ORIGINATED BY WELLS FARGO BANK, N.A. AND REINSURED BY NORTH STAR MORTGAGE GUARANTY REINSURANCE COMPANY OR ITS SUBSIDIARIES, EXCLUDING BORROWERS WITH RESIDENTIAL MORTGAGE LOANS ORIGINATED BY WELLS FARGO BANK, N.A.'S CORRESPONDENT LENDING DIVISION OR OTHERWISE PURCHASED ON THE SECONDARY MARKET.

Any person who opts-out of the Settlement, as explained in Section VI of this Class Notice, is not a member of the Class and therefore receives nothing and is not affected by the Settlement. If you have more than one mortgage loan that was reinsured by North Star during the time period from on or after March 7, 2006 through January 1, 2008, you may receive more than one Class Notice and may be entitled to receive more than one check.

### *SETTLEMENT AMOUNT*

Defendants have agreed to provide up to a total of Twelve Million Five Hundred Thousand Dollars (\$12,500,000.00) to establish a Settlement Fund. Subject to and in accordance with the terms and conditions of the Agreement, the Settlement Administrator or Defendants shall provide to each Participating Class Member their distribution of the Net Settlement Amount ("Settlement Payment"). Each Participating Class Members' Settlement Payment shall be determined pursuant to a formula developed by Lead Class Counsel based on an analysis of the number of private mortgage insurance ("PMI") payments made by each Participating Class Member as of the Preliminary Approval Date. The Settlement Payment with respect to any Class Member shall be provided by check. For the purposes of developing the allocation formula, Defendants shall provide to Lead Class Counsel and the Settlement Administrator relevant information needed to calculate the Settlement Payment. Only one check will be issued per loan that was reinsured by North Star, regardless of the number of co-borrowers on the loan.

*ATTORNEYS' FEES AND EXPENSES AND NAMED PLAINTIFF CASE CONTRIBUTION AWARDS*

Named Plaintiffs intend to apply for, and Defendants will not object to, an award payable from the Settlement Fund not to exceed Seven Thousand Five Hundred Dollars (\$7,500.00) per Named Plaintiff as compensation for their services and expenses for acting as class representatives in the Action.

Plaintiffs' Counsel intends to seek an award from the Court for attorneys' fees and expenses to be paid from the \$12,500,000.00 Settlement Fund. Any payment of attorneys' fees and expenses must be approved by the Court. Defendants have agreed not to object to an award of attorneys' fees, provided that Plaintiffs' Counsel do not request an award of attorneys' fees in excess of 33% of the Settlement Fund. In addition, Defendants have agreed not to object to an award of expenses payable to Plaintiffs' Counsel from the Settlement Fund, provided that Plaintiffs' Counsel seek only reimbursement of actual and reasonable costs incurred in prosecuting this Action and effectuating the Settlement.

*RELEASES*

Upon Final Approval, the Named Plaintiffs will cause their claims in the Action against Defendants to be dismissed with prejudice, with all Parties to bear costs not otherwise awarded.

Upon Final Approval, and in consideration of the promises and covenants set forth in the Agreement, Named Plaintiffs and each Participating Class Member, and each of their respective representatives, heirs, executors, spouses, guardians, successors, estates, bankruptcy estates, attorneys, agents and assigns, and all those who claim through them or who assert claims (or could assert claims) on their behalf will be deemed to have completely released and forever discharged Defendant Parties from any claim, right, demand, charge, complaint, action, cause of action, obligation, or liability of any and every kind, including, without limitation, those known or unknown, from the beginning of the world until today, that arise out of common law, state law, or federal law, including claims under the Real Estate Settlement Procedures Act ("RESPA"), 12 U.S.C. §§ 2601 *et seq.*, that: (a) concern the reinsurance of private mortgage insurance on any Reinsured Loan; or (b) arise from any transaction or occurrences related to the reinsurance of private mortgage insurance that was the subject of the Action. This release shall specifically apply to bar any further dispute between the Parties about the matters that are within the scope of this release, whether such dispute or issue may arise or be raised in a case filed after the Preliminary Approval Date.

Upon Final Approval, Defendants shall be deemed to have released Named Plaintiffs, each Participating Class Member, and Plaintiffs' Counsel from all claims arising out of the filing, maintenance and/or prosecution of the Action, including, without limitation, all claims for attorneys' fees and costs.

*FINAL APPROVAL*

If the Court finally approves the proposed Settlement, as set forth in the Agreement (including any amendments agreed to between the Parties), the Court will enter a final judgment and a Final Approval Order. The Final Approval Order will include an approval of the financial and other terms of the Agreement, dismissal of the claims on the merits and with prejudice, and a finding that this Class Notice to the Class was proper and adequate. The Court will retain jurisdiction over all matters related to the Settlement, including any post-settlement disputes raised by any Class Member.

**VI. RIGHTS AND OPTIONS OF CLASS MEMBERS**

1. You will be a member of the Class unless you requested to be excluded (see paragraph 2 below). Your interests as a Class Member will be represented by Named Plaintiffs and the above-listed Plaintiffs' Counsel. You will not be billed for their services. Plaintiffs' Counsel will receive payment for their time and expenses only if the Court approves their application. The ultimate fee award will be set by the Court.

You will be bound by any judgment or other final disposition of this Action, including the release of claims in the Agreement. A summary of the effect of the Agreement, including the release of claims, is outlined in Sections V and IX of this Class Notice.

You may also retain your own counsel to represent you at your own cost, and seek to appear individually in the case.

2. You may request exclusion, or "opt-out" of the Class. If you elect to be excluded from the Class, you will not be bound by any judgment or settlement of the Action nor will you receive any of the benefits, including the payment of any monies. You will retain and be free to pursue any claims that you may have on your own behalf. If you wish to exclude yourself from the Class, you must mail a written opt-out request to the Settlement Administrator:

Liguori, et al v. Wells Fargo & Co., et al Settlement  
c/o GCG  
P.O. Box 9892  
Dublin, OH 43017-5792

Requests for exclusion do not need to be in any particular format, except the request must state that you intend to "opt-out" or request "exclusion" from the Class and the request must be signed personally and contain the full name, current address, loan number (if available) and telephone number of the person or persons requesting exclusion. The written opt-out must be sent by U.S. Mail, first-class and postage prepaid, postmarked on or before December 18, 2012, to the Settlement Administrator. If more than one person was obligated on the loan, then the opt-out must be signed by all obligors on the loan in order to be valid.

If you opt-out of the Settlement and intend to file a separate lawsuit, you should know that, if the Settlement is approved, that approval will remove any obligation of Defendants to maintain documents other than in accordance with normal retention policies and applicable law.

## VII. FINAL APPROVAL HEARING

A Final Approval Hearing will be held on the 28th day of January, 2013, at 11:00 a.m. before the Honorable Paul S. Diamond, District Court Judge, United States District Court for the Eastern District of Pennsylvania, 601 Market Street, Courtroom 6B, Philadelphia, Pennsylvania, for the purpose of determining whether the proposed Settlement is fair, reasonable and adequate and should be finally approved, whether to award attorneys' fees and other amounts to Plaintiffs' Counsel and to Named Plaintiffs as provided in the Agreement, and whether to enter the Final Approval Order and dismiss the Action. The Final Approval Hearing may be continued or adjourned without further notice other than an announcement at the Final Approval Hearing or at any adjournment or continuance thereof. The Settlement may be approved with modifications, if any, consented to by the Named Plaintiffs and Defendants jointly without further notice.

## VIII. RIGHT TO OBJECT TO SETTLEMENT AND APPEAR AT FINAL APPROVAL HEARING

If you do not exclude yourself from the Class, you may object to any aspect of the proposed Settlement. Any Class Member who objects to all or part of the proposed Settlement and wants the Court to consider his or her objection, must file such objection and any supporting papers with the Clerk of the Court on or before January 14, 2013 at the following address:

Clerk  
United States District Court for the Eastern District of Pennsylvania  
601 Market Street, Room 2609  
Philadelphia, Pennsylvania 19106

The objection must set forth the full name, current address and telephone number of the person making the objection and must include: (a) a written statement of the position that the objector wishes to assert; (b) a written statement of the grounds thereof; and (c) copies of any papers, briefs, or other documents the objector wishes to submit in support of his or her position. Copies of the objection and supporting papers must be mailed or hand delivered to:

Lead Class Counsel  
Edward W. Ciolko, Esq.  
KESSLER TOPAZ MELTZER & CHECK LLP  
280 King of Prussia Road  
Radnor, PA 19087

Counsel for Defendants  
Michael J. Steiner, Esq.  
SEVERSON & WERSON, P.C.  
One Embarcadero Center  
Suite 2600  
San Francisco, CA 94111

Objections must be postmarked by January 14, 2013. Any Class Member who intends to appear personally (or through separate counsel if a timely and proper Entry of Appearance is filed) to object to the Settlement on any grounds whatsoever must file with the Clerk of the Court, at the address listed above, a Notice of Intention to Appear. The Notice of Intention to Appear must be filed on or before January 14, 2013, and copies of the Notice of Intention to Appear must be mailed or hand delivered to Lead Class Counsel and to Counsel for Defendants, at the addresses listed above. Any Class Member who does not file and serve a Notice of Intention to Appear will be prohibited from speaking at the Final Approval Hearing concerning this Settlement. Any Class Member who does not file an objection in the time and manner described above is forever foreclosed from raising any objection to such matters in the event the Settlement is approved.

## IX. SCOPE OF SETTLEMENT PROPOSAL

If the Settlement is approved, the terms of the Agreement, including the releases outlined in Section V of this Class Notice, will be final and binding upon, and shall inure to the benefit of: (i) all members of the Settlement Class, except those who request timely and proper exclusion from the Class; (ii) any heir, executor, administrator, representative, assignee or other party standing in the shoes of any Class Members; (iii) Defendants; and (iv) all beneficiaries of the Release described in the Agreement.

## X. INFORMATION THAT YOU MUST INCLUDE IN ANY DOCUMENT YOU SEND REGARDING THIS ACTION

In sending any document to the Court, to Plaintiffs' Counsel or to Counsel for Defendants, it is important that both your envelope and any documents inside contain the following case name and identifying numbers:

*Liguori, et al v. Wells Fargo & Company, et al*  
Civil Action No. 08-cv-00479-PD

## XI. FOR MORE INFORMATION

THIS NOTICE IS ONLY A SUMMARY. The full Agreement, the Complaint, Orders, and other documents on file in this Action may be inspected at the dedicated Settlement website [www.WellsFargoPMIsettlement.com](http://www.WellsFargoPMIsettlement.com), maintained by the Settlement Administrator through Lead Class Counsel. DO NOT WRITE OR TELEPHONE THE COURT OR WELLS FARGO if you have any questions about this Class Notice or the Settlement. Any questions regarding this Class Notice or the Settlement, or to advise of any changes of addresses for Class Members, should be directed to Lead Class Counsel via the following e-mail address: [WellsFargoPMIsettlement@ktmc.com](mailto:WellsFargoPMIsettlement@ktmc.com), toll-free at (888) 246-3270, or by writing to Lead Class Counsel at the address listed on page 2 above.

BY ORDER OF THE COURT

Dated October 10, 2012

The Honorable Paul S. Diamond  
United States District Judge  
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QUESTIONS? CALL 888-246-3270 TOLL FREE, E-MAIL [WellsFargoPMIsettlement@ktmc.com](mailto:WellsFargoPMIsettlement@ktmc.com),  
OR VISIT [www.WellsFargoPMIsettlement.com](http://www.WellsFargoPMIsettlement.com). Do not call the Court or Wells Fargo with your questions.