

# EXHIBIT A

**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,

v.

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

Defendants.

Civil Action No. 08-cv-00479-PD

**SETTLEMENT AGREEMENT**

This Settlement Agreement (the "Agreement"), dated as of ~~February~~ <sup>March</sup> 27, 2012, is entered into between Kyle J. Liguori ("Liguori") and Tammy L. Hoffman ("Hoffman") (collectively, the "Named Plaintiffs"), on their own behalf and on behalf of the settlement class that they propose to represent (the "Class," as defined below), and Wells Fargo & Company ("Wells Fargo"); Wells Fargo Bank, N.A. ("Wells Fargo Bank"); and North Star Mortgage Guaranty Reinsurance Company ("North Star") (collectively, "Defendants") (together with the Named Plaintiffs, the "Parties"). Subject to the terms and conditions hereof, the Parties, in consideration of the covenants and agreements set forth herein, agree to the settlement of this action, subject to approval of the Court, as defined below, upon the following terms and conditions and do hereby stipulate and agree as follows:

**RECITALS**

- A. Named Plaintiffs obtained mortgage loans secured by residential real property, each of which required private mortgage insurance ("PMI") that was reinsured by North Star;
- B. On January 31, 2008, Named Plaintiff Liguori filed a class action complaint against Defendants in the United States District Court for the Eastern District of Pennsylvania, styled *Liguori v. Wells Fargo & Company, et al.*, No. 5:08-cv-00479-PD (E.D.Pa.) (the "Action").
- C. The Action asserts a single cause of action, alleging that Defendants violated Section 8 of the Real Estate Settlement Procedures Act of 1974 ("RESPA"), 12 U.S.C. §§ 2601 *et seq.*
- D. Defendants deny the allegations asserted in the Action, and contest all liability.

E. Named Plaintiffs and their counsel have conducted an extensive investigation into the facts and law and the Parties have engaged in extensive discovery and settlement negotiations with the assistance of John Bickerman, Esq. of Bickerman Dispute Resolution, LLC.

F. Named Plaintiffs and their counsel have fully analyzed and evaluated the merits of each Party's contentions and the terms of this Agreement as it affects the Parties, including the individual members of the Class, as defined below, and, after taking into account the foregoing, along with the risks of litigation and the likelihood that the Action, if not settled now, would be protracted and expensive, are satisfied that the terms and conditions of this Agreement are fair, reasonable, and adequate, and that the Settlement is in the best interest of the Class.

G. Defendants vigorously and expressly deny liability, but nevertheless desire to settle the Action finally on the terms and conditions herein for the purposes of avoiding the burden, expense, and uncertainty of litigation, and putting to rest the controversies engendered by the Action and the issues within the scope of the releases set forth below. By agreeing to this Settlement, Defendants do not retract or surrender any of the factual or legal positions that they asserted in the Action.

**NOW THEREFORE**, in consideration of the covenants and agreements set forth herein, it is agreed that the Action shall be settled, subject to judicial approval, under the following terms and conditions:

## I. DEFINITIONS

1.1 "Action" means *Liguori, et al. v. Wells Fargo & Company, et al.*, No. 5:08-cv-00479-PD (E.D.Pa.).

1.2 "Agreement" means this Settlement Agreement.

1.3 "Administrative Costs" means any and all costs and expenses incurred by Named Plaintiffs or Plaintiffs' Counsel in connection with administering the Settlement and consummating the terms of this Agreement, including, but not limited to, the fees and expenses of the Escrow Agent and/or Settlement Administrator, the payment of any taxes incurred by the Settlement Fund, and any and all other costs in connection with consummating the terms of this Agreement, including the costs of all notices described herein.

1.4 "Case Contribution Award" means the monetary amount, awarded by the Court to be paid from the Settlement Fund to the Named Plaintiffs in recognition of the Named Plaintiffs' assistance in the prosecution of this Action, and which shall not exceed \$7,500.00 (seventy-five hundred dollars) each.

1.5 "Class" means all borrowers with residential mortgage loans closed on or after March 7, 2006 through January 1, 2008 that were originated by Wells Fargo Bank and reinsured by North Star or its subsidiaries, excluding borrowers with residential mortgage loans originated by Wells Fargo Bank's Correspondent Lending Division or otherwise purchased on the secondary market.

1.6 “Class Counsel” means Bramson, Plutzik, Mahler & Birkhaeuser, LLP (“BPMB”); Berke, Berke & Berke (“BBB”) and Travis, Calhoun & Conlon, P.C. (“TCC”).

1.7 “Class Member List” means the list on computer media of all known Class Members to be provided by counsel for Defendants to Lead Class Counsel and the Settlement Administrator in accordance with the terms and provisions of Section 2.7 hereof.

1.8 “Class Member” means a member of the Class; provided, however, that when more than one (1) person is or was obligated on a Reinsured Loan, each of those persons shall be treated as only one (1) Class Member for the purpose of distribution of the Settlement.

1.9 “Class Notice” or “Notice” means the form of notice of the Settlement to Class Members, in substantially the form attached hereto as Exhibit 1.

1.10 “Class Period” shall mean March 7, 2006 through January 1, 2008.

1.11 “Complete Settlement Approval” means the last date on which all of the following have occurred:

(a) The Court has issued all necessary orders under FED. R. CIV. P. 23 approving the Settlement in a manner substantially consistent with the terms and intent of this Agreement;

(b) The Court enters a Final Approval Order and judgment finally approving the Settlement of the Action in a manner substantially consistent with the terms and intent of this Agreement; and

(c) Either: (i) thirty (30) days have passed after entry of the Court’s Final Approval Order and judgment finally approving the Settlement of the Action and within such time, no appeal is taken, or (ii) all appellate remedies are exhausted and the Court’s judgment is upheld, or not altered in a manner that is substantially inconsistent with the judgment.

1.12 “Court” means the Honorable Paul S. Diamond, United States District Judge for the Eastern District of Pennsylvania, and/or such other United States District Judge in the Eastern District of Pennsylvania to whom the Action may hereafter be assigned.

1.13 “Defendants” means, collectively, Wells Fargo, Wells Fargo Bank and North Star.

1.14 “Defendant Parties” means:

(a) Wells Fargo.

(b) Wells Fargo Bank.

(c) North Star.

(d) all present and former parents, predecessors, successors, assigns, subsidiaries, affiliates, divisions, owners, shareholders, officers, directors, attorneys, vendors, accountants, agents (alleged or actual), representatives and employees of Wells Fargo, Wells Fargo Bank and North Star.

1.15 “Effective Date” means the date upon which Complete Settlement Approval occurs.

1.16 “Final Approval Date” means the date upon which the Court signs and enters the Final Approval Order.

1.17 “Final Approval Hearing” means a hearing set by the Court for the purpose of (i) determining the fairness, adequacy, and reasonableness of the Agreement terms and associated Settlement pursuant to class action procedures and requirements; (ii) determining the good faith of the Agreement and associated Settlement; and (iii) entering judgment, in substantially the form attached hereto as Exhibit 5.

1.18 “Final Approval Order” means an order that finally and unconditionally grants final approval of the Settlement, grants final certification of the Class for settlement purposes only, authorizes payments to Participating Class Members, the Settlement Administrator, the Named Plaintiffs and Plaintiffs’ Counsel as provided in this Agreement, and fully and finally extinguishes the Released Claims of Participating Class Members and Defendants.

1.19 “Last Known Address” means the most recently recorded mailing address for a Class Member, as such information is contained in Defendants’ records, or as updated by the procedures set forth herein.

1.20 “Lead Class Counsel” means Kessler Topaz Meltzer & Check, LLP (“KTMC”).

1.21 “Named Plaintiffs” means Kyle J. Liguori, Tammy L. Hoffman and any other person who shall be appointed as such.

1.22 “Net Settlement Amount” means the Settlement Fund less Administrative Costs, Court-approved attorneys’ fees and litigation costs of Plaintiffs’ Counsel, and Case Contribution Awards awarded by the Court.

1.23 “North Star” means North Star Mortgage Guaranty Reinsurance Company.

1.24 “Notice Mailing Date” means the date that the Settlement Administrator mails the Class Notice to Class Members, and shall occur no later than forty-five (45) days after the Court enters the Preliminary Approval Order.

1.25 “Opt-Out Deadline” means the date sixty (60) days after the Notice Mailing Date, or such other date ordered by the Court.

1.26 “Participating Class Members” means the Class Members who do not submit valid opt-outs by the Opt-Out Deadline.

1.27 “Parties” means Named Plaintiffs, the Class and Defendants.

1.28 “Plaintiffs’ Counsel” means, collectively, Kessler Topaz Meltzer & Check, LLP; Bramson, Plutzik, Mahler & Birkhaeuser LLP; Berke, Berke & Berke and Travis, Calhoun & Conlon, P.C.

1.29 “Plan of Allocation” means the Plan of Allocation approved by the Court as contemplated by Article IV of this Agreement, in substantially the form attached hereto as Exhibit 2.

1.30 “Preliminary Approval Date” means the date on which the Preliminary Approval Order, or any other order(s) preliminarily approving the Settlement, is entered by the Court.

1.31 “Preliminary Approval Order” means the order or orders of the Court preliminarily approving the terms and conditions of this Agreement and the associated Settlement, in substantially the form attached hereto as Exhibit 3.

1.32 “Reinsured Loan” means a residential mortgage loan originated during the Class Period by Wells Fargo Bank and reinsured by North Star or its subsidiaries, on which the Class Member is or was an obligor, excluding residential mortgage loans originated by Wells Fargo Bank’s Correspondent Lending Division or otherwise purchased on the secondary market.

1.33 “Settlement” means the resolution of the matters within the scope of the releases set forth herein, as embodied in this Settlement Agreement and the Final Approval Order.

1.34 “Settlement Administrator” means The Garden City Group, Inc., a third party who will administer notice of the Settlement and the distribution of Settlement funds.

1.35 “Settlement Fund” means the sum of \$12,500,000 (twelve million five hundred thousand dollars), inclusive of attorneys’ fees and litigation costs of Plaintiffs’ Counsel, and inclusive of any and all costs and expenses incurred by Named Plaintiffs or Plaintiffs’ Counsel in connection with administering the Settlement and consummating the terms of this Agreement, including, but not limited to, the fees and expenses of the Escrow Agent and/or the Settlement Administrator, and payment of any taxes incurred by the Settlement Fund.

1.36 “Successful Opt-Out” means any person or persons who timely and validly exercise their right to opt-out of the Class, pursuant to Sections 2.13, 2.14 and 2.15 and FED. R. CIV. P. 23(b)(3), but shall not include, in the discretion of the Parties, (a) persons whose opt-outs are challenged by Defendants, and the challenge is not overruled by the Court or withdrawn by Defendants, (b) persons whose communications are not treated as an opt-out, as provided in Section 2.16, and (c) persons who purport to opt-out of the settlement as a group, aggregate or class, or on whose behalf such a purported opt-out is attempted through the submission of one (1) opt-out notice.

1.37 “Wells Fargo” means Wells Fargo & Company.

1.38 “Wells Fargo Bank” means Wells Fargo Bank, N.A.

1.39 As used herein, the plural of any defined term includes the singular thereof and vice versa, except where the context requires otherwise.

1.40 Other terms are defined in the text of this Agreement, and shall have the meaning given those terms in the text.

## **II. SETTLEMENT PROCEDURES**

### **A. Preliminary Approval**

2.1 As soon as practicable after the execution of this Agreement, Plaintiffs' Counsel shall move the Court for an order in substantially the form attached hereto as Exhibit 3 ("Preliminary Approval Order"): (a) preliminarily approving the Settlement memorialized in this Agreement as fair, reasonable and adequate; (b) certifying the Class for settlement purposes only, as defined herein; (c) setting a date for a Final Approval Hearing no earlier than ninety (90) days from date the Class Notice is to be mailed; (d) approving the proposed Class Notice in substantially the form attached hereto as Exhibit 1, and authorizing its dissemination; (e) setting deadlines consistent with this Agreement for mailing of the Class Notice, opting-out of or objecting to the Settlement, and filing papers in connection with the Final Approval Hearing and the consideration of the approval or disapproval of the Settlement and Settlement procedures; (f) approving the Plan of Allocation in substantially the form attached hereto as Exhibit 2; and (g) appointing Liguori and Hoffman as Class Representatives, KTMC as Lead Class Counsel and BPMG, BBB and TCC as Class Counsel. Defendants will not oppose the entry of the Preliminary Approval Order.

2.2 Once the Court enters the Preliminary Approval Order, Lead Class Counsel and counsel for Defendants shall meet and confer to reach agreement on any necessary revisions of the deadlines and timetables set forth in this Agreement, if necessary. In the event that the Parties fail to reach such agreement, any of the Parties may apply to the Court via a noticed motion for modification of the dates and deadlines in this Agreement, provided that such a request to the Court may seek only reasonable modifications of the dates and deadlines contained in this Agreement and no other changes.

### **B. Settlement Administrator**

2.3 The Parties designate The Garden City Group, Inc. as the Settlement Administrator. The Parties will have equal access to information held by the Settlement Administrator.

2.4 The Settlement Administrator will be responsible for locating Class Members, mailing the Class Notice, collecting opt-out requests, responding to Class Member inquiries, and performing such other duties as are as described in this Agreement or as the Parties may mutually direct.

2.5 The actions of the Settlement Administrator shall be governed by the terms of this Agreement. Lead Class Counsel and counsel for Defendants may provide relevant information needed by the Settlement Administrator per this Agreement and engage in related

communications with the Settlement Administrator, provided that notice and copies of said information and communications are given to one another.

**C. Notice to Class Members**

2.6 The Class Notice shall be mailed via first class mail through the United States Postal Service, postage pre-paid, as described above. The Class Notice and its envelope or covering shall be marked to denote the return address of the Settlement Administrator.

2.7 Pursuant to order of the Court, within twenty (20) days of the Preliminary Approval Date, Defendants shall provide to Lead Class Counsel and the Settlement Administrator a list on computer media, conforming to the specifications of the Settlement Administrator, of all known Class Members (the "Class Member List"). Contemporaneous with providing Lead Class Counsel with the Class Member List, Defendants shall also describe the efforts and due diligence employed by them in compiling the Class Member List. In preparing the Class Member List, except as discussed herein, Defendants shall have no obligation to look beyond information obtainable from Defendants' readily searchable computer media. The Class Member List shall, for each Reinsured Loan, specify:

- (a) the names of all the borrower(s) associated with the Reinsured Loan;
- (b) the address of the property securing the Reinsured Loan; and
- (c) the loan number of the Reinsured Loan.

The Settlement Administrator shall utilize current United States Postal Service software and/or National Change of Address ("NCOA") searches to update the address records so that Class Members' most recent addresses will be utilized. If Defendants' records or USPS/NCOA searches indicate that co-obligors on a loan now reside at separate addresses, the Settlement Administrator will send notices to each address where a co-obligor is believed to reside. If the most recent address cannot be identified, the Class Member's Last Known Address will be utilized. The cost of compiling the Class Member List shall be borne by Defendants.

2.8 The Class Member List and its contents are to be used by Lead Class Counsel and the Settlement Administrator solely for the purpose of performing their obligations under this Agreement, and shall not be used for any other purpose at any time. Neither the Class Member List, nor the information contained in it, shall be reproduced, copied, stored, or distributed in any form, electronic or otherwise, to anyone by Lead Class Counsel or the Settlement Administrator and shall be subject to return or destruction pursuant to Section 8.14 of this Agreement.

2.9 Lead Class Counsel, through the Settlement Administrator, will establish a website for communications with Class Members, but the domain name and content of the website must be approved by Defendants and such approval shall not be withheld in bad faith.

2.10 At Lead Class Counsel's direction, the cost of providing Class Notice to each person on the Class Member List, as well as the cost of the Settlement Administrator, and all expenses incurred by the Settlement Administrator, including, without limitation, postage costs



and data processing, will be paid from the Settlement Fund. The Parties, in good faith, will endeavor to minimize these costs to the extent possible or prudent.

2.11 No later than forty-five (45) days after entry of the Preliminary Approval Order, the Settlement Administrator will provide notice of this Settlement and the Final Approval Hearing to all Class Members by mailing a copy of the Class Notice to all Class Members, in substantially the form attached hereto as Exhibit 1. Prior to the Final Approval Hearing, Plaintiffs' Counsel shall serve and file a sworn statement by the Settlement Administrator evidencing compliance with the provisions of the Preliminary Approval Order concerning the mailing of the Class Notice.

2.12 In the event that a Class Notice is returned to the Settlement Administrator by the United States Postal Service because the address of the recipient is no longer valid, and the envelope contains a forwarding address, the Settlement Administrator shall re-send the Class Notice to the forwarding address within seven (7) days of receiving such information.

2.13 In the event that subsequent to the first mailing of a Class Notice, and at least fourteen (14) days prior to the Opt-Out Deadline, a Class Notice is returned to the Settlement Administrator by the United States Postal Service because the address of the recipient is no longer valid, *i.e.*, the envelope is marked "Return to Sender," and does not contain a new forwarding address, the Settlement Administrator shall perform a standard skip trace, in the manner that the Settlement Administrator customarily performs skip traces, in an effort to attempt to ascertain the current address of the particular Class Member in question and, if such an address is ascertained, the Settlement Administrator will re-send the Class Notice within seven (7) days of receiving such information.

2.14 The Class Notice shall inform each Class Member of his or her right to opt-out of the Class and not to be bound by this Agreement, if, by the Opt-Out Deadline, the Class Member mails a notice of intention to opt-out (in no particular format, but which contain the words "opt-out," "exclusion," or words to that effect clearly indicating an intent not to participate in the Settlement, and sets forth the Class Member's name, address, telephone number and loan number (if available)) to the Settlement Administrator. The Parties shall agree as to whether a communication from a Class Member is a request to opt-out, and shall inform the Court of their position at the Final Approval Hearing if necessary and/or appropriate. In no event shall persons who purport to opt-out of the Settlement as a group, aggregate, or class involving more than one Class Member be considered Successful Opt-Outs.

2.15 Unless the Court directs otherwise, the Class Notices shall provide that requests by any Class Member to opt-out of the Settlement be mailed to the Settlement Administrator postmarked by the Opt-Out Deadline, or be forever barred. In the event that more than one (1) person is obligated on a Reinsured Loan, all the obligors must submit opt-outs by the Opt-Out Deadline to designate the loan a Successful Opt-Out. Unless a Class Member is deemed a Successful Opt-Out, then the Class Member will be deemed a Participating Class Member, subject to all the terms of this Agreement.

2.16 Lead Class Counsel or counsel for Defendants may dispute an opt-out or purported opt-out, including an attempt to opt-out as a group, aggregate or class, within thirty

(30) days of the postmarking of a notice of intention to opt-out, or the Effective Date, whichever occurs later. The Court shall retain jurisdiction to resolve such disputes. Any decision by Defendants' counsel not to dispute an opt-out or purported opt-out shall not be a waiver, determination or preclusive finding against any of the Defendant Parties as to the truth of the facts in any proceeding other than the Action or of the facts with respect to any other Class Member.

2.17 For a period of three hundred and sixty (360) days after the Preliminary Approval Date, or one hundred and eighty (180) days after the Final Approval Order is entered, whichever is longer, the Settlement Administrator shall maintain a post office box or address, as well as a functioning email address, to receive mail in connection with the Settlement.

**D. Final Approval**

2.18 At the time appointed by the Court, the Named Plaintiffs shall move the Court for an order in substantially the form attached hereto as Exhibit 5 ("Final Approval Order") finally approving the Settlement and this Agreement as fair, reasonable and adequate; giving the terms of the Settlement final and complete effect; finding that all requirements of statute, rule and Constitution necessary to effectuate this Settlement have been met and satisfied; and otherwise entering final judgment of dismissal on the merits and with prejudice in the Action. Defendants agree not to oppose the entry of the Final Approval Order.

2.19 The Parties shall request that the Court enter the Final Approval Order, or a separate order, providing that all Participating Class Members and Plaintiffs' Counsel, shall be enjoined from commencing, prosecuting, or assisting in any suit against the Defendant Parties with respect to the reinsurance of Participating Class Members' loans and the fees, charges, conduct, services, acts or omissions of the Defendant Parties relating to matters within the scope of the Releases in Article VI of this Agreement.

2.20 Named Plaintiffs and Lead Class Counsel shall make application, in writing, for any awards to them, including awards of attorneys' fees and litigation costs, prior to the Final Approval Hearing, at the time that the motion is filed requesting that the Final Approval Order be entered. Such awards shall be by separate motion, and, to the extent approved, by separate order.

2.21 Plaintiffs' Counsel agree not to seek an award of attorneys' fees in excess of 33% (thirty-three percent) of the Settlement Fund, to be paid from the Settlement Fund, and Defendants agree not to oppose any motion that such an award be entered in the Action. The Settlement Fund shall not be obligated to pay any award of attorneys' fees that, individually or collectively, is in excess of 33% of the Settlement. Plaintiffs' Counsel expressly disclaim any and all right to collect in excess of the amount awarded by the Court or 33% of the Settlement Fund, whichever is less. Plaintiffs' Counsel agree not to seek an award of costs or expenses (payable from the Settlement Fund) in excess of actual and reasonable costs, and Defendants agree not to oppose any motion that such award be entered in the Action.

2.22 Plaintiffs' Counsel agree not to seek Case Contribution Awards for the Named Plaintiffs in excess of \$7,500 (seven thousand five hundred dollars) each, and Defendants agree

not to oppose any motion that such an award, not to exceed \$7,500 each, be entered in the Action.

2.23 Any portion of Plaintiffs' Counsel's fees and costs, or the Named Plaintiffs' Case Contribution Awards, that is not approved or awarded by the Court shall be included in the Net Settlement Amount and shall be distributed to Participating Class Members.

### **III. SETTLEMENT FUND**

3.1 In full settlement of the Named Plaintiffs' and the Participating Class Members' claims against Defendants, Defendants agree to create a Settlement Fund in the amount of \$12,500,000 (twelve million five hundred thousand dollars), plus interest earned thereon, for the benefit of the Class. Not later than five (5) business days after entry of the Preliminary Approval Order, Lead Class Counsel shall direct the Settlement Administrator to: (a) establish at a federally-insured financial institution (the "Financial Institution") an account for the purpose of holding the Settlement Fund (the "Escrow Account") and (b) provide notice to Defendants of the information needed to deposit the Settlement Fund into the Escrow Account. The monies in the Escrow Account shall be considered a common fund created as a result of the Action.

3.2 The Settlement Fund shall include and retain any interest and income earned thereon, for the benefit of the Named Plaintiffs and the Class, and shall be invested only in United States Treasury securities and/or securities of the United States Treasury with a maturity period not to exceed thirty (30) days, repurchase agreements collateralized by such securities, and mutual funds or money market accounts, provided that such funds or accounts invest exclusively in the foregoing securities.

3.3 The Settlement Administrator shall structure and manage the Settlement Fund to qualify as a "Qualified Settlement Fund" under Section 468B of the Internal Revenue Code and Treasury regulations promulgated thereunder.

3.4 All taxes on the income of the Settlement Fund and tax-related expenses incurred in connection with the taxation of the Settlement Fund shall be paid out of the Settlement Fund. Fees and expenses incurred for or by the Settlement Administrator in connection with the calculation, allocation and distribution of the Settlement Fund shall also be paid from the Settlement Fund.

3.5 Defense Counsel and Lead Class Counsel shall have disbursement authority over the Settlement Fund, and shall direct the Settlement Administrator to pay from the Settlement Fund all reasonable costs of administering the Settlement without further order from the Court, which expenses shall include: (a) expenses associated with the preparation and filing of all tax reports and tax returns required to be filed by the Settlement Fund; (b) payment of taxes owed by the Settlement Fund; (c) expenses associated with the preparation and issuance of any Forms 1099 associated with payments from the Settlement Fund; and (d) fees charged and expenses incurred by the Financial Institution or the Settlement Administrator associated with the provision of Class Notice, administration of the Settlement Fund or the allocation or distribution of the Settlement Fund.

3.6 In consideration of, and expressly in exchange for, all of the promises and agreements set forth in this Agreement, Defendants shall cause the Settlement Fund to be deposited into the Escrow Account on or before ten (10) business days following receipt of the information described in Section 3.1(b).

#### IV. PAYMENTS FROM THE SETTLEMENT FUND

4.1 The Parties, as set forth herein, shall direct the Settlement Administrator in writing to disburse money from the Settlement Fund. The Settlement Fund will be used to pay:

- (a) The Settlement Payments of the Participating Class Members, as awarded by the Court and subject to the procedures set forth herein;
- (b) The attorneys' fees and litigation costs of Plaintiffs' Counsel, as awarded by the Court;
- (c) The Case Contribution Awards of the Named Plaintiffs, as approved by the Court;
- (d) The fees and costs of the Settlement Administrator, including the costs of Class Notice; and
- (e) Any other Administrative Costs in connection with the implementation of this Agreement.

4.2 The Parties and their counsel shall not charge any fees or expenses to the Settlement Fund. All other costs not provided for herein that Defendants incur related to the Settlement shall be borne by Defendants. All other costs not provided for herein that the Named Plaintiffs or Plaintiffs' Counsel incurs related to the Settlement shall be borne by Plaintiffs' Counsel.

4.3 Subject to and in accordance with the terms and conditions of this section and this Agreement, the Settlement Administrator shall provide to each Participating Class Member their distribution of the Net Settlement Amount ("Settlement Payment"). Each Participating Class Member's Settlement Payment shall be determined pursuant to a formula developed by Lead Class Counsel in conjunction with counsel for Defendants based on an analysis of the number of 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. For purposes of this section, relevant information means information setting forth the number of PMI payments made by Participating Class Members from March 7, 2006 through the Preliminary Approval Date, or such similar information needed by the Settlement Administrator to carry out the Plan of Allocation.

4.4 In order to effectuate the provision of Settlement Payments,

(a) within forty-five (45) days following the date on which the Final Approval Order is entered, the Settlement Administrator shall prepare a Distribution List, which list shall be the Class Member List prepared under Section 2.7 hereof, (i) with names omitted where the Class Notice to a Class Member was returned by the United States Postal Service and was not successfully redelivered or the Class Member was a Successful Opt-Out and (ii) with names omitted to reflect the resolution of disputed opt-outs or purported opt-outs under Section 2.16.

(b) the persons on the Distribution List shall be the Participating Class Members. The preliminary Distribution List shall be provided to Defendants and Lead Class Counsel within five business (5) days of its preparation. The Distribution List shall be amended by the Settlement Administrator from time to time as information becomes available. It shall be the complete list of all Participating Class Members who will be provided the Settlement Payments regarding the applicable Reinsured Loans, unless otherwise ordered by the Court or agreed by the parties or unless amended as required herein.

(c) within seventy-five (75) days of the Effective Date, the Settlement Administrator shall mail to every Participating Class Member a check in the amount of the Settlement Payment to which the Participating Class Member is entitled hereunder on account of a Reinsured Loan to the Participating Class Member's Last Known Address ("First Distribution"). In the event that there are multiple Participating Class Members listed as co-borrowers on a Reinsured Loan who are entitled to relief under this Agreement on account of the same Reinsured Loan and there are multiple addresses listed for those Participating Class Members, the check shall be mailed to the Last Known Address associated with the primary borrower.

4.5 Aside from a lost, discarded or destroyed check, the Settlement Administrator shall not be permitted to make multiple payments of the Settlement Payment to co-borrowers who are entitled to relief under this Agreement on account of the same Reinsured Loan, but, in such cases, shall make only one Settlement Payment jointly to all such co-borrowers in such a manner that the check can be cashed by either co-borrower. Defendants, Named Plaintiffs, and their respective counsel, shall have no liability to any co-borrower arising from any claim regarding the division of such funds among co-borrowers. A Participating Class Member (joint or several) with two or more Reinsured Loans shall be entitled to separate Settlement Payments for each Reinsured Loan.

4.6 Settlement Payments to any Participating Class Members that are delayed, because of a disputed opt-out, or purported opt-out, or a dispute with respect to how a Participating Class Member shall be treated, shall not be made on the schedule set forth in Section 4.4, but instead shall be made promptly by the Settlement Administrator or Defendants, if and when finally resolved favorably to the Participating Class Member.

4.7 Sixty (60) days after the issuance of the Settlement Payments, the Settlement Administrator shall mail a reminder postcard ("Reminder Postcard") to all Participating Class Members who have not yet negotiated their Settlement Payment checks, in substantially the form attached hereto as Exhibit 4. The Reminder Postcard shall note that a check was previously issued to the Participating Class Member pursuant to the Settlement, and the check must be

negotiated by the date that is one hundred and twenty (120) days after issuance. The Reminder Postcard will also provide the contact information for the Settlement Administrator should the Participating Class Member need to request a new check, and note that the check reissue request must be made within sixty (60) days of the date that the reminder postcard is mailed. Any checks reissued pursuant to this Section 4.7 must be negotiated by the date that is sixty (60) days after issuance.

4.8 All Settlement Payment checks issued pursuant to the First Distribution described in Section 4.4 shall be void and treated as never owed if not negotiated within one hundred twenty (120) days of their date of issue, and shall contain a legend to such effect. However, in the event that any Settlement Payment checks from the First Distribution are reissued to Participating Class Members pursuant to Section 4.7, those Settlement Payment checks shall be void and treated as never owed if not negotiated within sixty (60) days of their date of issue, and shall contain a legend to such effect. In the event that a Settlement Payment check from the First Distribution is not cashed by a Participating Class Member within 120 days of its date of issue, or a Settlement Payment check that is reissued pursuant to Section 4.7 is not cashed by a Participating Class Member within 60 days of its date of issue, and that Participating Class Member's loan is actively serviced by Wells Fargo Bank, then Lead Class Counsel shall return to counsel for Defendants the total dollar amount of the uncashed Settlement Payment check, and Defendants shall cause a credit in the same amount as the Settlement Payment check to be applied to the principal balance of the Participating Class Member's loan. In the event that a Settlement Payment check from the First Distribution is not cashed by a Participating Class Member within 120 days of its date of issue, or a Settlement Payment check that is reissued pursuant to Section 4.7 is not cashed by a Participating Class Member within 60 days of its date of issue, and that Participating Class Member's loan is not actively serviced by Wells Fargo Bank, then the total funds constituting the uncashed checks of those Participating Class Members shall be distributed, on a pro rata basis, to the Participating Class Members who cashed their Settlement Payment checks pursuant to the First Distribution ("Second Distribution"). Settlement Payment checks issued pursuant to the Second Distribution shall be void and treated as never owed if not negotiated within sixty (60) days of their date of issue, and shall contain a legend to such effect. If any Settlement Payment checks from the Second Distribution remain uncashed within 60 days of their date of issue, then the total funds constituting the uncashed checks shall be applied towards Administrative Costs that have not already been paid from the Settlement Fund. In the event that the amount of uncashed Settlement Payment checks from the Second Distribution exceeds the unpaid Administrative Costs or no Administrative Costs remain unpaid after the Second Distribution, then all funds remaining in the Escrow Account shall be distributed, on a pro rata basis, to those Participating Class Members who cashed their original Settlement Payment checks pursuant to the First Distribution ("Third Distribution"). The Third Distribution shall exclude those Participating Class Members who did not cash their Settlement Payment checks pursuant to the Second Distribution.

4.9 Subject to its obligations in Sections 2.7 and 2.13, the Settlement Administrator shall have no duty to locate Class Members.

## **V. ATTORNEYS' FEES, LITIGATION COSTS, AND CASE CONTRIBUTION AWARDS**

5.1 Lead Class Counsel (and only Lead Class Counsel) may apply to the Court for any award of attorneys' fees and for reimbursement of litigation costs of Plaintiffs' Counsel to be paid from the Settlement Fund, including fees incurred in securing all necessary court orders and approvals with respect to this Agreement. Defendants will not take any position on any fee request submitted by Lead Class Counsel, provided that Lead Class Counsel does not request an award of attorneys' fees in excess of 33% (thirty-three percent) of the Settlement Fund. In good faith, Defendants will not take any position on any request for reimbursement of litigation costs reasonably incurred in prosecuting this Action. In no event shall Lead Class Counsel seek attorneys' fees or reimbursement of litigation costs incurred in their application for attorneys' fees and reimbursement of litigation costs or the application for Case Contribution Awards, except as provided in this Section 5.1.

5.2 Lead Class Counsel may direct payment of any Court-approved award of attorneys' fees and litigation costs from the Settlement Fund after the Effective Date and (if separate) an order is entered approving Plaintiffs' Counsel's application for fees and litigation costs.

5.3 Lead Class Counsel shall, at its sole discretion, allocate the attorneys' fees and litigation costs awarded amongst Plaintiffs' Counsel in a manner which they, in good faith, believe reflects the contributions of such counsel to the institution, prosecution and settlement of the Action.

5.4 Lead Class Counsel may apply to the Court for Case Contribution Awards, in an amount not to exceed \$7,500 each, payable to the Named Plaintiffs solely from the Settlement Fund. Defendants will not take any position on Lead Class Counsel's request for Case Contribution Awards.

5.5 Within five (5) business days following the Effective Date, Lead Class Counsel shall instruct the Settlement Administrator in writing to disburse payment from the Settlement Fund to the Named Plaintiffs in the amounts awarded by the Court (or as modified, as necessary, following any appeal) as Case Contribution Awards.

## **VI. RELEASES**

6.1 Upon the date when the Final Approval Order is entered, the Parties agree that the Named Plaintiffs will cause their claims in this Action against Defendants to be dismissed with prejudice, with all parties to bear costs not otherwise awarded.

6.2 Upon the date when the Final Approval Order is entered, and in consideration of the promises and covenants set forth in this 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 against Defendants under the Real Estate Settlement Procedures Act of 1974 (“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 primary 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.

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

## VII. REPRESENTATIONS AND WARRANTIES

7.1 In addition to the provisions hereof, this Agreement and the Settlement shall be subject to the ordinary and customary judicial approval procedures under FED. R. CIV. P. 23. Until and unless this Agreement is dissolved or becomes null and void by its own terms, or unless otherwise ordered by the Court, or if Complete Settlement Approval is not achieved, Named Plaintiffs and Plaintiffs’ Counsel represent and acknowledge to Defendants and Defendants represent to the Named Plaintiffs and Plaintiffs’ Counsel that each party shall use their best efforts to cause the Court to grant Preliminary and Final Approval of this Agreement as promptly as possible, use their best efforts to resist and oppose any or all objections to the Settlement and any or all attempts to opt-out of the Settlement on any basis other than an individual basis, and take or join in such other steps as may be necessary to implement this Agreement and to effectuate the Settlement. This includes (a) the obligation to oppose objections, not cooperate with objectors or prospective opt-outs, and to defend, protect, and seek enforcement of this Agreement and the Settlement before the Court or before any other court or on appeal, if any; (b) to amend the pleadings and/or seek and obtain the participation of additional plaintiff parties, if necessary; (c) to seek approval of the Class Notice, this Agreement and of the Settlement by the Court; (d) to move for the entry of the orders set forth in Sections 2.1 and 2.18; (e) to join in the entry of such other orders or revisions of orders or notices, including the orders attached hereto, as are required by the Court, not to be unreasonably withheld; and (f) to jointly appeal or to not oppose an appeal of any denial of a motion for approval of the settlement or an award of attorneys’ fees and litigation costs and Case Contribution Awards for the Named Plaintiffs.

7.2 Named Plaintiffs and Plaintiffs’ Counsel represent and warrant that the term “Plaintiffs’ Counsel” as defined in Section 1.28 of this Agreement includes all persons and entities having any interest in an award of attorneys’ fees and litigation costs in connection with the Action. Named Plaintiffs and Plaintiffs’ Counsel represent and warrant that any motion and/or application that they file requesting an award of attorneys’ fees and litigation costs shall include within its scope all attorneys and law firms with a financial interest in any such award. Lead Class Counsel represent and warrant that they have authority to bind Plaintiffs’ Counsel to the provisions of Section 5.1.



7.3 Named Plaintiffs, Lead Class Counsel and Defendants, subject to the last sentence of this Section, represent and warrant that they are fully authorized to enter into this Agreement and to carry out the obligations provided for herein. Each person executing this Agreement on behalf of a Party covenants, warrants and represents that he is and has been fully authorized to do so by such Party. Each Party hereto further represents and warrants that they intend to be bound fully by the terms of this Agreement.

7.4 The Parties represent and warrant that they have not, nor will they (a) opt-out of the Settlement under this Agreement; (b) solicit, encourage or assist in any fashion Class Members to opt-out; or (c) solicit, encourage or assist in any fashion any effort by any person (natural or legal) to object to the Settlement under this Agreement.

7.5 If any person, legal or natural, breaches the terms of any of the representations and warranties in this section, he, she, or it shall be fully liable for all damages he, she, or it caused, including legal fees and costs reasonably incurred as a consequence of the breach, to any adversely affected Party. Any adversely affected Party may institute a proceeding before the Court to recover all sums due and owing under this Section, and to seek additional equitable relief as the Court deems proper and just, and the Court shall retain jurisdiction over this matter to entertain such proceedings.

#### **VIII. MISCELLANEOUS PROVISIONS**

8.1 This Agreement reflects, among other things, the compromise and settlement of disputed claims among the Parties hereto, and nothing in this Agreement nor any action taken to effectuate this Agreement is intended to be an admission or concession of liability of any party or third party or of the validity of any claim. Defendants deny the allegations in the Action and contend that their conduct, and the conduct of each of the Defendant Parties, has been lawful and proper.

8.2 This Agreement is entered into only for purposes of Settlement. In the event that the Court enters an order preliminarily or finally approving the Settlement of the Action in a manner that is inconsistent with the terms and intent of this Agreement, the Parties shall meet and confer in good faith as to the modifications. If it is determined by the Parties that the modifications do not significantly alter the terms and intent of this Agreement, then this Agreement shall remain effective. However, if it is determined, after meeting and conferring in good faith, that the modifications do significantly alter the terms and intent of this Agreement, or if the Court refuses to grant Final Approval of this Agreement, or, if either Party has a good faith basis to unilaterally determine that it does not want to proceed with the Settlement Agreement due to material modifications set forth in the Court's Preliminary Approval Order or Final Approval Order, then, subject to paragraphs 8.4 and 8.5, either Party shall have the option to terminate this Agreement. If this Agreement is terminated, the Parties shall be absolved from all obligations under this Agreement, and this Agreement, any draft thereof, and any discussion, negotiation, documentation, or other part or aspect of the Parties' settlement discussions leading to the execution of this Agreement shall have no effect and shall not be admissible evidence for any purpose. If this Agreement is terminated, then all of the Settlement Fund not distributed to the Settlement Administrator for services rendered in connection with this Settlement, shall forthwith be returned to the Defendants. Any orders entered pursuant to the Settlement shall be

null and void, shall not be an adjudication of any fact or issue for any purpose other than the effectuation of this Agreement, and shall not be considered as law of the case, *res judicata*, or collateral estoppel in this or any other proceeding. In addition, the status of the Action shall revert to the state it was in prior to settlement, and the agreements contained herein (including the agreement not to oppose the certification of a class) shall be null and void, shall not be cited or relied upon as an admission as to the propriety of certification, and the Parties shall have all rights, claims and defenses that they had or were asserting prior to this Agreement.

8.3 In addition to the Defendants' rights set forth in paragraph 8.2, this Agreement shall be terminable at the option of Defendants (a) if the valid opt-outs number more than four percent (4%) of the Class, or (b) if the releases set forth in paragraphs 6.1 and 6.2 are precluded by any objection, or similar action taken by any governmental entity or court. This Agreement shall also be terminable at any time upon the mutual agreement of the Parties.

8.4 If Final Approval is not obtained or obtainable, Defendants shall have the option to modify the terms of this Agreement to cure the event giving rise to the termination or to obtain Final Approval so long as the Named Plaintiffs and Participating Class Members are not adversely affected by the cure. The Court will retain jurisdiction and will retain final authority to resolve any dispute. If Named Plaintiffs or the Class Members are not adversely affected by the cure, Named Plaintiffs must ratify the cure. If Defendants exercise this option, Defendants shall serve written notice to that effect on Lead Class Counsel. If the event giving rise to the termination is thereby cured and Complete Settlement Approval is obtained, Named Plaintiffs, Plaintiffs' Counsel and Participating Class Members will be bound to all terms of the Agreement as modified.

8.5 In the event that the Court declines to grant final approval to the Settlement or to Lead Class Counsel's request for an award of attorneys' fees, litigation costs, and Case Contribution Awards for the Named Plaintiffs, Defendants agree that this Agreement is not terminated so long as the Named Plaintiffs timely appeal/petition the Supreme Court for review, and agree not to oppose any appeal/Supreme Court petition by Plaintiffs of the Court's decision(s) or petition to have the Settlement finally approved. The Settlement will remain effective during the pendency of any such appeal or petition. If the Court grants Final Approval of the Settlement, but approves an award of attorneys' fees and costs in an amount less than 33% (thirty-three percent) of the Settlement Fund, this Settlement Agreement shall remain in full force and effect, and Plaintiffs' Counsel shall accept such lesser award of attorneys' fees and costs, subject only to their right to appeal any such award by the District Court and with the express understanding that the Net Settlement Amount available for distribution to Participating Class Members cannot be determined pursuant to the Parties' plan of allocation until such appeal has been resolved.

8.6 The obligations of the Parties and the Settlement Administrator with respect to the provision of the Settlement Payments, including their activities with respect to the Class Member List and/or the Distribution List or their assistance to the Settlement Administrator therewith, and its service, acts or omissions as Settlement Administrator (if any), shall be performed reasonably, non-negligently, and in good faith, subject to the further provision that the terms of the Settlement and any Court orders shall control. Each of the Parties and the Settlement Administrator will be liable for their own negligent or grossly-negligent activities or omissions

with respect to the Class Member List and/or the Distribution List or their assistance to the Settlement Administrator therewith, or the allocation or distribution of payments pursuant to this Settlement Agreement. Defendants agree that Named Plaintiffs, Lead Class Counsel, and Class Counsel have no ability to independently verify the accuracy of the information provided by Defendants. So long as they abide by the terms of the Settlement, Defendants shall not be liable for erroneous, improper or inaccurate actions, omissions, crediting or payment, and the releases and any judgment shall be effective as of Final Approval as to every Participating Class Member notwithstanding any error or dispute and regardless of whether such error or dispute is corrected or addressed only thereafter, unless such error is attributable to Defendants' negligence or gross negligence. In the event that a Participating Class Members' release of Defendants is invalidated as a result of Defendants' negligence or gross negligence in connection with this Agreement, as set forth in this paragraph, that shall not in any way undermine or invalidate the releases of Defendants by other Participating Class Members.

8.7 The time periods and dates described in this Agreement with respect to the giving of notices and hearings are subject to Court approval and modification by the Court or by written stipulation of counsel for the Parties.

8.8 This Agreement is intended to and shall be governed as if a contract executed under the laws of the Commonwealth of Pennsylvania.

8.9 The terms and conditions set forth in this Agreement constitute the complete and exclusive agreement between the Parties hereto, and may not be contradicted by evidence of any prior or contemporaneous agreement, and no extrinsic evidence may be introduced in any judicial proceeding to interpret this Agreement. Any modification of this Agreement must be confirmed in a writing served upon counsel for all Parties.

8.10 This Agreement shall inure to the benefit of the respective heirs, successors, and assigns of the Parties.

8.11 The waiver by one Party of any provision or breach of this Agreement shall not be deemed a waiver of any other provision or breach of this Agreement.

8.12 This Agreement shall become effective upon its execution by the undersigned. This Agreement and any amendments thereto may be executed by exchange of executed signature pages by facsimile or Portable Document Format ("PDF") as an electronic mail attachment, and any signature transmitted by facsimile or PDF via electronic mail for the purpose of executing this Agreement shall be deemed an original signature for purposes of this Agreement. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which, taken together, shall constitute one and the same instrument.

8.13 Prior to the date when the Final Approval Order is entered by the Court, other than the distribution of Court-approved notices or as required to secure Settlement approval, this Agreement and its terms shall be confidential and shall not be disclosed to any person unless required by applicable disclosure laws or required to be disclosed to auditors or attorneys. Nothing in this Agreement shall prohibit Lead Class Counsel from communicating with Class

Members or establishing a Settlement website maintained by the Settlement Administrator, with content approved by all Parties. Further, the Parties agree that this Agreement and its terms may be produced to any state or federal agency that so requests or to the extent that the Parties are required to do so under statute or regulation. Notwithstanding the foregoing, in the prosecution of other actions and on its website and firm publications, Plaintiffs' Counsel shall be entitled to refer to and summarize the material terms of this Agreement as evidence of their experience and qualifications.

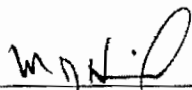
8.14 Pursuant to the Confidentiality Stipulation and Order, within one (1) year after the Effective Date, if the Settlement Fund has been completely allocated and there is no further reason to utilize such information to effectuate the Settlement, any person "who is in the possession of 'CONFIDENTIAL MATERIALS' produced by any Party, including copies, extracts and summaries thereof, shall certify in writing to the producing party that all such 'CONFIDENTIAL MATERIALS' have either been returned to the producing party or destroyed, except that counsel for each party may maintain in its files one copy of each pleading or other paper filed with the Court. Work product and attorney client privileged material are exempt. All other provisions of the Confidentiality Stipulation and Order are hereby incorporated herein. Also within one (1) year after the Effective Date, Lead Class Counsel and the Settlement Administrator shall each certify in writing to Defendants that they have either returned or destroyed the Class Member List or any copy, extract and summary thereof.

8.15 Although the Court shall enter a judgment, the Court shall retain jurisdiction over the interpretation, effectuation, enforcement, administration, and implementation of this Agreement. In the event any proceeding is brought to enforce the terms of this Agreement, the prevailing party shall recover from the other(s), damages arising from any breach of this Agreement, and his, her or its reasonable attorneys' fees and costs incurred therein.

8.16 The provisions of this Agreement, except for the provisions in Article VI, are severable insofar as the partial or complete invalidity, illegality or legal ineffectiveness of any term in this Agreement shall not affect the validity, legality or legal effectiveness of the remainder of such term or of any other terms therein.

IN WITNESS WHEREOF, the undersigned, being duly authorized, have caused this Agreement to be executed on the dates shown below.

~~Dated: February~~ <sup>MARCH</sup> 5, 2012

  
\_\_\_\_\_  
Wells Fargo Bank, N.A.  
EVP

Dated: February \_\_, 2012

\_\_\_\_\_  
Kyle J. Liguori  
Named Plaintiff

Members or establishing a Settlement website maintained by the Settlement Administrator, with content approved by all Parties. Further, the Parties agree that this Agreement and its terms may be produced to any state or federal agency that so requests or to the extent that the Parties are required to do so under statute or regulation. Notwithstanding the foregoing, in the prosecution of other actions and on its website and firm publications, Plaintiffs' Counsel shall be entitled to refer to and summarize the material terms of this Agreement as evidence of their experience and qualifications.

8.14 Pursuant to the Confidentiality Stipulation and Order, within one (1) year after the Effective Date, if the Settlement Fund has been completely allocated and there is no further reason to utilize such information to effectuate the Settlement, any person "who is in the possession of 'CONFIDENTIAL MATERIALS' produced by any Party, including copies, extracts and summaries thereof, shall certify in writing to the producing party that all such 'CONFIDENTIAL MATERIALS' have either been returned to the producing party or destroyed, except that counsel for each party may maintain in its files one copy of each pleading or other paper filed with the Court. Work product and attorney client privileged material are exempt. All other provisions of the Confidentiality Stipulation and Order are hereby incorporated herein. Also within one (1) year after the Effective Date, Lead Class Counsel and the Settlement Administrator shall each certify in writing to Defendants that they have either returned or destroyed the Class Member List or any copy, extract and summary thereof.

8.15 Although the Court shall enter a judgment, the Court shall retain jurisdiction over the interpretation, effectuation, enforcement, administration, and implementation of this Agreement. In the event any proceeding is brought to enforce the terms of this Agreement, the prevailing party shall recover from the other(s), damages arising from any breach of this Agreement, and his, her or its reasonable attorneys' fees and costs incurred therein.

8.16 The provisions of this Agreement, except for the provisions in Article VI, are severable insofar as the partial or complete invalidity, illegality or legal ineffectiveness of any term in this Agreement shall not affect the validity, legality or legal effectiveness of the remainder of such term or of any other terms therein.

IN WITNESS WHEREOF, the undersigned, being duly authorized, have caused this Agreement to be executed on the dates shown below.


Dated: February \_\_, 2012

\_\_\_\_\_  
Wells Fargo Bank, N.A.

Dated: <sup>March</sup>~~February~~ 24, 2012

\_\_\_\_\_  
*Kyle J. Liguori*  
Kyle J. Liguori  
Named Plaintiff

*March*  
Dated: ~~February~~ 24, 2012

  
\_\_\_\_\_  
Tammy L. Hoffman  
*Named Plaintiff*

APPROVED AS TO CONTENT AND FORM:

Dated: February \_\_\_, 2012

SEVERSON & WERSON

\_\_\_\_\_  
John B. Sullivan  
Mark D. Lonergan  
Michael J. Steiner  
*Counsel for Defendants*

Dated: February \_\_\_, 2012

KESSLER TOPAZ MELTZER & CHECK, LLP

\_\_\_\_\_  
Edward W. Ciolko  
Terence S. Ziegler  
Donna Siegel Moffa  
Amanda R. Trask  
Joshua C. Schumacher  
Michelle A. Coccagna  
*Lead Class Counsel*

Dated: February \_\_, 2012

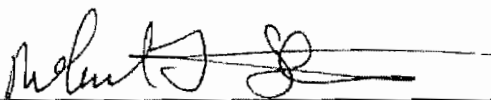
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Tammy L. Hoffman  
*Named Plaintiff*

APPROVED AS TO CONTENT AND FORM:

<sup>March</sup>  
Dated: February 21, 2012

SEVERSON & WERSON



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John B. Sullivan  
Mark D. Lonergan  
Michael J. Steiner  
*Counsel for Defendants*

Dated: February \_\_, 2012

KESSLER TOPAZ MELTZER & CHECK, LLP

---

Edward W. Ciolko  
Terence S. Ziegler  
Donna Siegel Moffa  
Amanda R. Trask  
Joshua C. Schumacher  
Michelle A. Coccagna  
*Lead Class Counsel*

Dated: February \_\_\_, 2012

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Tammy L. Hoffman  
*Named Plaintiff*

APPROVED AS TO CONTENT AND FORM:

Dated: February \_\_\_, 2012

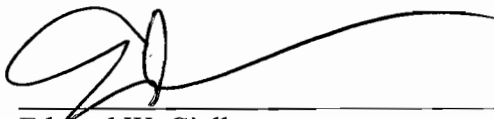
SEVERSON & WERSON

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John B. Sullivan  
Mark D. Lonergan  
Michael J. Steiner  
*Counsel for Defendants*

Dated: ~~February~~ <sup>March</sup> 27, 2012

KESSLER TOPAZ MELTZER & CHECK, LLP



---

Edward W. Ciolko  
Terence S. Ziegler  
Donna Siegel Moffa  
Amanda R. Trask  
Joshua C. Schumacher  
Michelle A. Coccagna  
*Lead Class Counsel*



# EXHIBIT 1

**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,

v.

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

Defendants.

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

**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.

<b>YOUR LEGAL RIGHTS AND OPTIONS UNDER THE SETTLEMENT</b>	
<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</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>BY</b> <b>YOU MAY OBJECT TO</b> <b>THE SETTLEMENT BY</b> <b>2012.</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</b> <b>THE FINAL</b> <b>APPROVAL HEARING</b> <b>TO BE HELD ON</b> <b>2012.</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

Page 2 of 13

QUESTIONS? CALL XXX-XXX-XXXX TOLL FREE,  
E-MAIL \_\_\_\_\_,  
OR VISIT www.\_\_\_\_\_.com  
Do not call the Court or Wells Fargo with your questions.

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 February \_\_, 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.\\_\\_\\_\\_\\_.com](http://www._____.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:

Page 3 of 13

QUESTIONS? CALL XXX-XXX-XXXX TOLL FREE,  
E-MAIL \_\_\_\_\_,  
OR VISIT [www.\\_\\_\\_\\_\\_.com](http://www._____.com)  
Do not call the Court or Wells Fargo with your questions.

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.

Page 4 of 13

QUESTIONS? CALL XXX-XXX-XXXX TOLL FREE,  
E-MAIL \_\_\_\_\_,  
OR VISIT www.\_\_\_\_\_.com  
Do not call the Court or Wells Fargo with your questions.

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.

Page 6 of 13

QUESTIONS? CALL XXX-XXX-XXXX TOLL FREE,  
E-MAIL \_\_\_\_\_,  
OR VISIT [www.\\_\\_\\_\\_\\_.com](http://www._____.com)  
Do not call the Court or Wells Fargo with your questions.

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

Page 7 of 13

QUESTIONS? CALL XXX-XXX-XXXX TOLL FREE,  
E-MAIL \_\_\_\_\_,  
OR VISIT [www.\\_\\_\\_\\_\\_.com](http://www._____.com)  
Do not call the Court or Wells Fargo with your questions.



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'

Page 8 of 13

QUESTIONS? CALL XXX-XXX-XXXX TOLL FREE,  
E-MAIL \_\_\_\_\_,  
OR VISIT [www.\\_\\_\\_\\_\\_.com](http://www._____.com)  
Do not call the Court or Wells Fargo with your questions.

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:

Name  
Address  
City, State ZIP

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 \_\_\_\_\_, 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.

Page 9 of 13

QUESTIONS? CALL XXX-XXX-XXXX TOLL FREE,  
E-MAIL \_\_\_\_\_,  
OR VISIT [www.\\_\\_\\_\\_\\_.com](http://www._____.com)  
Do not call the Court or Wells Fargo with your questions.

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 \_\_\_ day of \_\_\_\_\_, 2012, at \_\_\_ 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 \_\_\_\_\_, 2012 at the following address:

Page 10 of 13

QUESTIONS? CALL XXX-XXX-XXXX TOLL FREE,  
E-MAIL \_\_\_\_\_,  
OR VISIT [www.\\_\\_\\_\\_\\_.com](http://www._____.com)  
Do not call the Court or Wells Fargo with your questions.

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

and

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 \_\_\_\_\_, 2012. 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 \_\_\_\_\_, 2012, and copies of the Notice of Intention to Appear must be mailed or hand delivered to Lead Class Counsel and to Counsel

Page 11 of 13

QUESTIONS? CALL XXX-XXX-XXXX TOLL FREE,  
E-MAIL \_\_\_\_\_,  
OR VISIT www.\_\_\_\_\_.com  
Do not call the Court or Wells Fargo with your questions.

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

Page 12 of 13

QUESTIONS? CALL XXX-XXX-XXXX TOLL FREE,  
E-MAIL \_\_\_\_\_,  
OR VISIT [www.\\_\\_\\_\\_\\_.com](http://www._____.com)  
Do not call the Court or Wells Fargo with your questions.

www.\_\_\_\_\_.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: \_\_\_\_\_, toll-free at (xxx) xxx-xxxx, or by writing to Lead Class Counsel at the address listed on page 3 above.

BY ORDER OF THE COURT

Dated \_\_\_\_\_

\_\_\_\_\_  
The Honorable Paul S. Diamond  
United States District Judge

Page 13 of 13

QUESTIONS? CALL XXX-XXX-XXXX TOLL FREE,  
E-MAIL \_\_\_\_\_,  
OR VISIT www.\_\_\_\_\_.com  
Do not call the Court or Wells Fargo with your questions.

# EXHIBIT 2

**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,

v.

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

Defendants.

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

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**[PROPOSED] PLAN OF ALLOCATION**

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**1. Definitions**

A. Except as indicated in this Plan of Allocation, the capitalized terms used herein shall have the meanings ascribed to them in the Settlement Agreement (the "Agreement").

B. "Administrative Costs" means any and all costs and expenses incurred by Named Plaintiffs or Plaintiffs' Counsel in connection with administering the Settlement and consummating the terms of the Agreement, including, but not limited to, the fees and expenses of the Escrow Agent and/or Settlement Administrator, the payment of any taxes incurred by the Settlement Fund, and any and all other costs in connection with consummating the terms of the Agreement, including the costs of all notices described in the Agreement.

C. "Class" means all borrowers with residential mortgage loans closed on or after March 7, 2006 through January 1, 2008 that were originated by Wells Fargo Bank and reinsured by North Star or its subsidiaries, excluding borrowers with residential mortgage loans originated



by Wells Fargo Bank's Correspondent Lending Division or otherwise purchased on the secondary market.

D. "Class Member" means a member of the Class; provided, however, that when more than one (1) person is or was obligated on a Reinsured Loan, each of those persons shall be treated as only one (1) Class Member for the purpose of distribution of the Settlement.

E. "Net Settlement Amount" means the Settlement Fund less: (1) Administrative Costs; (2) Court-approved attorneys' fees and expenses of Plaintiffs' Counsel; and (3) Case Contribution Awards awarded by the Court for the Named Plaintiffs.

F. "Reinsured Loan" means a residential mortgage loan originated during the Class Period by Wells Fargo Bank and reinsured by North Star or its subsidiaries, on which the Class Member is or was an obligor, excluding residential mortgage loans originated by Wells Fargo Bank's Correspondent Lending Division or otherwise purchased on the secondary market.

G. "Settlement Administrator" means The Garden City Group, Inc., a third-party vendor, designated by Lead Class Counsel with the consent of Defendants, who shall administer notice of the Settlement and the distribution of Settlement funds.

## **2. Class Notice**

Pursuant to and in full compliance with Rule 23 of the Federal Rules of Civil Procedure, this Court hereby finds and concludes that due and adequate notice was directed to all persons who are Class Members who could be identified with reasonable effort, advising them of the Plan of Allocation and of their right to object thereto, and that a full and fair opportunity was accorded to all Class Members to be heard with respect to the Plan of Allocation.

### **3. Calculation of Settlement Payments**

A. For each Reinsured Loan, the Settlement Administrator, with information and aid from Lead Class Counsel and counsel for Defendants, shall determine the Settlement Payments as follows:

(i) Aggregate the total number of monthly Private Mortgage Insurance (“PMI”) payments made by Participating Class Members for all Reinsured Loans from the period beginning on March 7, 2006 and ending on the Preliminary Approval Date (“PMI Aggregate”);

(ii) Divide the total Net Settlement Amount by the PMI Aggregate;

(iii) Arrive at the “Per Month” amount.

B. For each Reinsured Loan, the Settlement Administrator shall then multiply the Per Month amount by the number of months that PMI was paid in connection with the Reinsured Loan in order to arrive at the Settlement Payment amount for the Reinsured Loan.

### **4. Distribution of Settlement Payments**

A. Within forty-five (45) days following the date on which the Final Approval Order is entered, the Settlement Administrator shall prepare a Distribution List, which shall be the Class Member List prepared pursuant to Section 4.4 of the Agreement, with (i) names omitted where the Class Notice to such Class Member was returned by the Postal Service and not successfully redelivered or the Class Member was a Successful Opt-Out and (ii) names omitted to reflect the resolution of disputed opt-outs or purported opt-outs under Section 1.36 of the Agreement.

B. The persons on the Distribution List shall be the Participating Class Members. The preliminary Distribution List shall be provided to Defendants and Lead Class Counsel

within five (5) business days of its preparation. The Distribution List shall be amended by the Settlement Administrator from time to time as additional information becomes available. The Distribution List shall be the complete list of all Participating Class Members who will be provided with Settlement Payments for the applicable Reinsured Loans, unless otherwise ordered by the Court or agreed to by the Parties or unless otherwise amended as required in the Agreement.

**5. Settlement Payments to Participating Class Members.**

A. Within seventy-five (75) days of the Effective Date, the Settlement Administrator shall mail to each Participating Class Member a check in the amount of the Settlement Payment to which the Participating Class Member is entitled hereunder on account of a Reinsured Loan to the Participating Class Member's Last Known Address ("First Distribution"). In the event that there are multiple Participating Class Members listed as co-borrowers on a Reinsured Loan who are entitled to relief under the Agreement on account of the same Reinsured Loan and there are different addresses listed for those Participating Class Members, the check shall be mailed to the Last Known Address associated with the primary borrower.

B. Sixty (60) days following the mailing of Settlement Payments, the Settlement Administrator shall mail a reminder postcard to all Participating Class Members who have not yet negotiated their Settlement Payment checks, noting that a check was previously issued to the Participating Class Member in connection with the Settlement, and reminding them that the check must be negotiated by the date that is one hundred and twenty (120) days after issuance. The reminder postcard will also provide contact information for the Settlement Administrator should the Participating Class Member need to request a new check, and note that the check reissue request must be made within sixty (60) days of the date that the reminder postcard is

mailed. Any checks that are reissued must be negotiated by the date that is sixty (60) days after issuance.

C. Aside from a lost, discarded or destroyed check, the Settlement Administrator shall not be permitted to make multiple payments of the Settlement Payments to co-borrowers who are entitled to relief under this Agreement on account of the same Reinsured Loan, but, in such cases, shall make only one Settlement Payment jointly to all such co-borrowers in such a manner that the check can be cashed by either co-borrower. Defendants, Named Plaintiffs, and their respective counsel shall have no liability to any co-borrower arising from any claim regarding the division of such funds among co-borrowers. A Participating Class Member (joint or several) with two or more Reinsured Loans shall be entitled to separate Settlement Payments under the Agreement for each Reinsured Loan.

D. All Settlement Payment checks issued pursuant to the First Distribution shall be void and treated as never owed if not negotiated within one hundred and twenty (120) days of their date of issue, and shall contain a legend to such effect. However, in the event that any Settlement Payment checks from the First Distribution are reissued to Participating Class Members, those Settlement Payment checks shall be void and treated as never owed if not negotiated within sixty (60) days of their date of issue, and shall contain a legend to such effect. In the event that a Settlement Payment check from the First Distribution is not cashed by a Participating Class Member within 120 days of its date of issue, or a Settlement Payment check that is reissued is not cashed by a Participating Class Member within 60 days of its date of issue, and that Participating Class Member's loan is actively serviced by Wells Fargo Bank, then Lead Class Counsel shall return to counsel for Defendants the total dollar amount of the uncashed Settlement Payment check, and Defendants shall cause a credit in the same amount as the

Settlement Payment check to be applied to the principal balance of the Participating Class Member's loan. In the event that a Settlement Payment check from the First Distribution is not cashed by a Participating Class Member within 120 days of its date of issue, or a Settlement Payment check that is reissued is not cashed by a Participating Class Member within 60 days of its date of issue, and that Participating Class Member's loan is not actively serviced by Wells Fargo Bank, then the total funds constituting the uncashed checks of those Participating Class Members shall be distributed, on a pro rata basis, to the Participating Class Members who cashed their Settlement Payment checks pursuant to the First Distribution ("Second Distribution"). Settlement Payment checks issued pursuant to the Second Distribution shall be void and treated as never owed if not negotiated within 60 days of their date of issue, and shall contain a legend to such effect. If any Settlement Payment checks from the Second Distribution remain uncashed within 60 days of their date of issue, then the total funds constituting the uncashed checks shall be applied towards Administrative Costs that have not already been paid from the Settlement Fund. In the event that the amount of uncashed Settlement Payment checks from the Second Distribution exceeds the unpaid Administrative Costs or no Administrative Costs remain unpaid after the Second Distribution, then all funds remaining in the Escrow Account shall be distributed, on a pro rata basis, to those Participating Class Members who cashed their original Settlement Payment checks pursuant to the First Distribution ("Third Distribution"). The Third Distribution shall exclude those Participating Class Members who did not cash their Settlement Payment checks pursuant to the Second Distribution.

**6. Qualifications and continuing jurisdiction**

A. Depending on the manner in which the data is kept and the ease with which it can be manipulated, it may be appropriate to simplify some of the features of these calculations.

Such simplifications are acceptable as long as the following feature of the distribution of the Net Settlement Amount is preserved: each Class Member shall receives a proportionate share of the Net Settlement Amount based approximately on the number of PMI payments made during the Class Period with regard to a Reinsured Loan. Any such changes will be presented to the Court for approval pursuant to Section 6.B below.

B. The Court will retain jurisdiction over the Plan of Allocation to the extent necessary to ensure that it is fully and fairly implemented.

IT IS SO ORDERED this \_\_ day of \_\_\_\_\_, 2012.

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The Honorable Paul S. Diamond  
United States District Judge

# EXHIBIT 3

**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,

v.

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

Defendants.

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

**ORDER PRELIMINARILY APPROVING SETTLEMENT, CONDITIONALLY  
CERTIFYING CLASS FOR SETTLEMENT PURPOSES, APPROVING FORM AND  
MANNER OF CLASS NOTICE, AND SETTING DATE FOR  
FINAL APPROVAL HEARING**

Upon review and consideration of the Settlement Agreement dated March 27, 2012 (the “Agreement”) in the above-captioned case (the “Action”), and as a hearing on the proposed Settlement described in the Agreement is necessary;

NOW, pursuant to Named Plaintiffs’ Motion for Preliminary Approval of Settlement, filed on May 16, 2012, and after a hearing held on \_\_\_\_\_, 2012, and Good Cause appearing, THIS COURT FINDS and ORDERS as follows:

1. The definitions set forth in the Agreement are hereby incorporated by reference in this Order.
2. The terms of the Agreement, and the Settlement provided for therein, are preliminarily approved as within the range of reasonableness, subject to further consideration thereof at the Final Approval Hearing described in paragraph 17 of this Order.



3. Solely for the purpose of settlement in accordance with the Agreement, and pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure, this Court hereby conditionally certifies 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. ("Wells Fargo Bank") and reinsured by North Star Mortgage Guaranty Reinsurance Company ("North Star") or its subsidiaries, excluding borrowers with residential mortgage loans originated by Wells Fargo Bank's Correspondent Lending Division or otherwise purchased on the secondary market.

4. Pursuant to the Agreement, and for settlement purposes only, the Court preliminarily finds as to the Class that:

- a. The Class is so numerous that joinder of all members is impracticable.
- b. There are questions of law or fact common to the Class.
- c. The claims of the Named Plaintiffs are typical of the claims of the Class that Named Plaintiffs seek to certify.
- d. Named Plaintiffs and Plaintiffs' Counsel will fairly and adequately protect the interests of the Class.
- e. The questions of law or fact common to members of the Class, and which are relevant for settlement purposes, predominate over the questions affecting only individual members.
- f. Certification of the Class is superior to other available methods for fair and efficient adjudication of the controversy.

5. For the purpose of preliminary approval and all matters relating to the Settlement and this Action, until further order of the Court, that Kyle J. Liguori and Tammy L. Hoffman shall be appointed as class representatives.

6. The Court preliminarily appoints Kessler Topaz Meltzer & Check, LLP (“KTMC”) as Lead Class Counsel, Bramson, Plutzik, Mahler & Birkhaeuser, LLP (“BPMB”); Berke, Berke & Berke (“BBB”); and Travis Calhoun & Conlon (“TCC”) as Class Counsel (collectively, “Plaintiffs’ Counsel”) pursuant to Fed. R. Civ. P. 23(g).

7. Pursuant to the terms of Section 2.7 of the Agreement, Defendants are hereby directed to prepare and provide to Lead Class Counsel and the Settlement Administrator a Class Member List within twenty (20) days of the entry of this Order. Within 20 days of the receipt of the Class Member List, pursuant to the procedures detailed the Agreement, the Settlement Administrator shall provide notice of this Settlement and the Final Approval Hearing to all Class Members by mailing a copy of the Notice of Pendency of Class Action Settlement and Final Approval Hearing (“Class Notice”), substantially in the form attached to the Agreement as Exhibit 1.

8. The reasonable costs and expenses of printing, preparing and mailing the Class Notice and the reasonable costs and expenses of the Settlement Administrator, and other related Administration Costs, shall be paid from the Settlement Fund as set forth in Section 2.10 of the Agreement.

9. Prior to the Final Approval Hearing, as described in paragraph 17 herein, Plaintiffs’ Counsel shall serve and file a sworn statement of the Settlement Administrator evidencing compliance with the provisions of this Order concerning the mailing of Class Notice.

10. The Class Notice is in compliance with the provisions set forth in paragraph 7 above and as set forth in the Agreement, and is hereby found to be the best notice practicable under the circumstances, and constitutes due and sufficient notice of this Order to all persons

affected by and/or entitled to participate in the Settlement, in full compliance with the notice requirements of Rule 23 of the Federal Rules of Civil Procedure and due process.

11. Any Class Member wishing exclusion from the Class shall mail an opt-out notice, described in Section 2.14 of the Agreement, to the Settlement Administrator postmarked no later than \_\_\_\_\_, 2012. As set forth in the Agreement and Class Notice, such opt-out notice shall set forth: the name, address, mortgage loan number (if available), and telephone number of the Class Member, and contain the words "opt-out," "exclusion" or other words clearly indicating an intent not to participate in the Settlement. If more than one Class Member was obligated on the loan, then the opt-out request must be signed by all obligors in order to be valid. Opt-outs shall be deemed to have been made in each and every capacity in which the person requesting the exclusion is acting. Any Class Member who does not properly and timely request exclusion shall be included in the Class and shall be bound by any judgment entered in this Action.

12. At least fourteen (14) days prior to the Final Approval Hearing, the Settlement Administrator shall: (i) notify Lead Class Counsel and counsel for Defendants, in writing, of the names of the Class Members, if any, who request exclusion, and the mortgage loan numbers (if available) for which each is claiming exclusion; (ii) file with the Court a sworn statement listing all persons who have submitted timely requests for exclusion; and (iii) provide copies of all opt-out notices received by it to Lead Class Counsel and counsel for Defendants. The originals of all opt-out notices shall be retained by the Settlement Administrator (i) unless and until such originals are filed with the Court or (ii) until such originals are delivered to counsel for Defendants following the Effective Date.

13. To effectuate the Settlement and the Class Notice provided for herein, the Settlement Administrator shall lease and maintain a post office box of adequate size. The Class Notice shall designate said post office box for all purposes of communicating with the Settlement Administrator. The Class Notice shall designate the Settlement Administrator as the entity to whom opt-out notices shall be sent. The Settlement Administrator shall be responsible for the receipt of all responses from Class Members and shall preserve all opt-out notices and any and all other written communications from Class Members or any other person in response to the Class Notice until administration of the Settlement is complete or pursuant to Order of the Court. All written communications received from Class Members and all written responses to inquiries by Class Members relating to the Agreement and Settlement shall be available at all reasonable times for inspection and copying by Lead Class Counsel and counsel for Defendants, subject to further Order of the Court if issues of privilege or confidentiality arise.

14. In order to be deemed a Class Member entitled to participate in the Settlement as set forth in the Agreement, in the event that the Settlement is effected in accordance with all of the terms and conditions thereof, Class Members need not take any affirmative action to be included in the Settlement, but if desirous of participating in the Settlement, they shall not opt-out of or request exclusion from the Settlement.

15. All other events contemplated under the Agreement to occur after this Order and before the Final Approval Hearing described in paragraph 17 of this Order shall be governed by the Agreement, to the extent not inconsistent herewith.

16. Memoranda in support of the Settlement and any petitions for attorneys' fees and costs and Case Contribution Awards for the Named Plaintiffs shall be filed with the Court on or before \_\_\_\_\_, 2012.

17. A Final Approval Hearing shall be held before the undersigned at \_\_\_\_\_ (a.m./p.m.) on \_\_\_\_\_, 2012 in the United States District Court for the Eastern District of Pennsylvania, 601 Market Street, Courtroom 6B, Philadelphia, Pennsylvania 19106 to consider the fairness, reasonableness and adequacy of the proposed Settlement, the entry of any final order or judgment in the Action, any petition for attorneys' fees and costs and Case Contribution Awards for the Named Plaintiffs, and other related matters. The Final Approval Hearing may be postponed, adjourned or continued by Order of the Court without further notice to the Class.

18. Any Class Member who does not opt-out of the Settlement may appear at the Final Approval Hearing in person or through counsel, if an appearance is filed and served as provided in the Class Notice, and will be heard to the extent allowed by the Court in support of, or in opposition to, the fairness, reasonableness and adequacy of the proposed Settlement and the requested attorneys' fees and costs and Case Contribution Awards for the Named Plaintiffs; provided, however, that no person shall be heard in opposition to the proposed Settlement and, if approved, the judgment entered hereon, or to the requested award of attorneys' fees and costs and Case Contribution Awards for the Named Plaintiffs, and no papers or briefs submitted by any person shall be accepted or considered by the Court unless, on or before fourteen (14) days prior to the hearing (\_\_\_\_\_, 2012) such person (i) has filed with the Clerk of the Court a notice of such person's intention to appear together with a statement that indicates the basis for such opposition along with any supporting documentation, and (ii) has served copies of such notice, statement, and documentation together with copies of any other papers or briefs that such person files with the Court, either in person or by mail, upon Lead Class Counsel and

counsel for Defendants, and (iii) otherwise complies with the Agreement and Class Notice for purpose of such hearing.

19. All proceedings in the Action other than such as may be necessary to carry out the terms and conditions of Agreement or the responsibilities related or incidental thereto are stayed and suspended until further order of this Court.

20. If Final Approval of the Settlement is not achieved, or if the Settlement is terminated for any reason whatsoever, the Settlement and all proceedings had in connection therewith shall be without prejudice to the *status quo ante* rights of the Parties to the Action, and all Orders issued pursuant to the Settlement shall be vacated. In such an event, the Settlement and all negotiations concerning it shall not be used or referred to for any purpose whatsoever.

21. The Garden City Group, Inc. is hereby appointed to serve as Settlement Administrator.

Dated: \_\_\_\_\_, 2012

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The Honorable Paul S. Diamond  
United States District Judge

# EXHIBIT 4

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,

v.

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

Defendants.

Civil Action No. 08-cv-00479-PD

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**REMINDER OF CLASS ACTION SETTLEMENT DISTRIBUTION**

Approximately sixty (60) days ago you should have received a check pursuant to the Settlement of a class action lawsuit entitled *Liguori, et al. v. Wells Fargo & Company, et al.*, Civil Action No. 2:08-cv-00479-PD (E.D. Pa.)

**If you have not already done so, you must cash your Settlement check no later than [INSERT DATE] or it will be void.**

If you did not receive your Settlement check, or have misplaced it, please immediately contact the Settlement Administrator to request a replacement check:

[INSERT CONTACT INFORMATION FOR THE SETTLEMENT ADMINISTRATOR]

Your request for a replacement check must be received by the Settlement Administrator by [INSERT DATE THAT IS SIXTY (60) DAYS FOLLOWING MAILING DATE OF REMINDER POSTCARD]. For additional information about the proposed Settlement, please review the materials sent to you previously or visit the Settlement website at [www.\\_\\_\\_\\_\\_.com](http://www._____.com).



# **EXHIBIT 5**

**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,

v.

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

Defendants.

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

**[PROPOSED] ORDER GRANTING PLAINTIFFS' UNOPPOSED MOTION FOR FINAL  
APPROVAL OF CLASS ACTION SETTLEMENT, CERTIFICATION OF  
SETTLEMENT CLASS, APPROVAL OF PLAN OF ALLOCATION, APPOINTMENT  
OF CLASS REPRESENTATIVES, AND APPOINTMENT OF LEAD CLASS COUNSEL  
AND CLASS COUNSEL**

Upon review and consideration of Plaintiffs' Unopposed Motion for Final Approval of Class Action Settlement, Certification of Settlement Class, Approval of Plan of Allocation, Appointment of Class Representatives, and Appointment of Lead Class Counsel and Class Counsel, the proposed class action Settlement on the terms in the parties' Settlement Agreement that was fully executed as of March 27, 2012 and previously filed with the Court on May 16, 2012, the Final Approval Hearing held on \_\_\_\_\_, 2012, the memoranda and arguments of counsel, and any objections to the Settlement,

**IT IS HEREBY ORDERED** and adjudged as follows:

Except as otherwise defined herein, all capitalized terms used in this Order shall have the same meaning ascribed to them in the Settlement Agreement.

1. Pursuant to Federal Rule of Civil Procedure 23(e), the terms of the Agreement dated March 27, 2012 relating to the above-captioned action are hereby finally approved as fair,

reasonable and adequate in light of the factual, legal, practical and procedural considerations raised by this Action.

2. Solely for the purpose of Settlement in accordance with the Settlement Agreement, and pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure, this Court hereby finally certifies 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. ("Wells Fargo Bank") and reinsured by North Star Mortgage Guaranty Reinsurance Company ("North Star") or its subsidiaries, excluding borrowers with residential mortgage loans originated by Wells Fargo Bank's Correspondent Lending Division or otherwise purchased on the secondary market.

3. The Court appoints Named Plaintiffs Kyle J. Liguori and Tammy L. Hoffman as representatives of the Class.

4. The Court appoints the law firm Kessler Topaz Meltzer & Check, LLP as Lead Class Counsel, and the law firms of Bramson, Plutzik, Mahler & Birkhaeuser, LLP, Berke, Berke & Berke, and Travis Calhoun & Conlon as Class Counsel (collectively, "Plaintiffs' Counsel") pursuant to FED. R. CIV. P. 23(g).

5. The Court finds that, pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3), in light of the current posture of this case as a class action, that:

- a. The Class is so numerous that joinder of all members is impracticable.
- b. There are questions of law or fact common to the Class.
- c. The claims of the Named Plaintiffs are typical of the claims of the Class.
- d. Named Plaintiffs and Plaintiffs' Counsel have and will fairly and adequately protect the interests of the Class.

e. The questions of law or fact common to members of the Class, and which are relevant for settlement purposes, predominate over the questions affecting only individual members.

f. Certification of the Class is superior to other available methods for the fair and efficient adjudication of the controversy.

6. After due consideration of the Named Plaintiffs' likelihood of success at trial; the range of the Named Plaintiffs' possible recovery; the point on or below the range of possible recovery at which a settlement is fair, adequate and reasonable; the complexity, expense and duration of the Action; the substance and amount of opposition to the Settlement; and the state of proceedings at which the Settlement was achieved, this Court finds that the Settlement is fair, adequate and reasonable. In particular, in light of the significant possibility that Defendants could prevail on the merits based on one or more of the defenses pleaded in their Answer or otherwise, it is clear that the Settlement falls well-within the range of settlement terms that would be considered fair, adequate and reasonable. Accordingly, the Settlement should be and is approved and shall govern all issues regarding the Settlement and all rights of the Parties, including the Class Members. Each Class Member (except those who have excluded themselves from the Class) shall be bound by the terms and provisions of the Agreement and this Order, including the releases and covenants not to sue set forth in the Agreement, which are hereby incorporated by reference and become part of the final judgment in this Action.

7. The Settlement Administrator shall cause the Settlement Fund to be disbursed in accordance with the Agreement. Specifically, within seventy-five (75) days of the entry of this Order, the Settlement Administrator shall cause each Participating Class Member to be mailed a check as payment under the Settlement, as further limited and approved by the Agreement.

8. Within five (5) business days following the Effective Date, the Settlement Administrator shall disburse mail to the Named Plaintiffs the respective compensation specified below as Case Contribution Awards, which the Court finds to be warranted by the activities and leadership undertaken by each of the Named Plaintiffs:

Kyle J. Liguori        \$7,500

Tammy L. Hoffman    \$7,500

9. Having awarded Plaintiffs' Counsel attorneys' fees and costs in the Order Awarding Attorneys' Fees, Litigation Costs, and Case Contribution Awards for the Named Plaintiffs dated \_\_\_\_\_, 2012 (hereinafter, the "Fee Order"), the Settlement Administrator shall release from the Settlement Fund the amount of the fee and expense awards made in this case, as set forth in the Fee Order, to Lead Class Counsel after the Effective Date, pursuant to Section 5.2 of the Agreement. Lead Class Counsel shall disburse such award among Plaintiffs' Counsel, as that term is defined in the Agreement, in a manner consented to by all recipients, pursuant to an agreement among Plaintiffs' Counsel.

10. The Settlement Administrator and the Parties, consistent with the terms and deadlines established in the Agreement, shall prepare the reports and calculations, make any payments, adjustments or remittances required, and otherwise comply with their respective obligations under Sections 4.1 through 4.9 of the Agreement.

11. All claims against Defendants (as defined in the Agreement) are hereby dismissed on the merits and with prejudice.

12. Each and every Class Member is permanently barred from bringing, joining, or continuing to prosecute against Defendant Parties (as defined in the Agreement) any claim that

was brought in this Action or otherwise for which a release and covenant not to sue is being given under the Agreement.

13. This Court hereby retains jurisdiction of all matters relating to the interpretation, implementation, effectuation and enforcement of the Agreement. The Court further retains jurisdiction to enforce this Order.

Dated \_\_\_\_\_

\_\_\_\_\_  
The Honorable Paul S. Diamond  
United States District Judge