

**IN THE CIRCUIT COURT OF JACKSON COUNTY, MISSOURI
AT KANSAS CITY**

STEVEN AND RUTH MITCHELL,

Plaintiffs,

Vs.

RESIDENTIAL FUNDING CORPORATION,
et al.,

Defendants.

Case No. 03-CV-220489-01

Division 4

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT
AND OF SETTLEMENT HEARING**

*A Missouri Court has authorized this Notice. This is not a solicitation from a lawyer.
Please read this Notice carefully and completely.*

THIS NOTICE APPLIES TO YOU BECAUSE (1) YOU ARE A MEMBER OF THE CLASS OF PERSONS CERTIFIED IN THIS LAWSUIT ON DECEMBER 8, 2006 AND (2) THE MISSOURI SECOND MORTGAGE LOAN YOU OBTAINED FROM MORTGAGE CAPITAL RESOURCE CORPORATION WAS PURCHASED BY, ASSIGNED TO, SERVICED BY AND/OR MASTER SERVICED BY RESIDENTIAL FUNDING COMPANY, LLC (FORMERLY RESIDENTIAL FUNDING CORPORATION) (DEFINED IN THIS NOTICE AS "RFC").

AS A MEMBER OF THE CLASS WHOSE MCR LOAN WAS SOLD TO AND/OR SERVICED BY RFC, YOU ARE ELIGIBLE TO RECEIVE AN ADDITIONAL PAYMENT WITH REGARD TO YOUR LOAN AS A PART OF A SETTLEMENT REACHED BY PLAINTIFFS STEVEN AND RUTH MITCHELL AND RFC IN FEBRUARY 2012. THE SUBJECT SETTLEMENT COVERS THE REMAINING CLAIMS FOR PUNITIVE DAMAGES AND ALL OTHER FORMS OF RELIEF BEING SOUGHT (AND TO BE SOUGHT) FROM RFC IN THE LAWSUIT. ALL SUCH MEMBERS OF THE "RFC SETTLEMENT CLASS" WHO DO NOT EXCLUDE THEMSELVES FROM THE SETTLEMENT WILL RECEIVE AN ADDITIONAL PAYMENT RANGING FROM AN ESTIMATED \$6,506.81 TO \$100,449.21 (\$31,973.68 ON AVERAGE) IN CONNECTION WITH THEIR LOAN. RFC SETTLEMENT CLASS MEMBERS CAN SEE WHAT PLAINTIFFS' COUNSEL CURRENTLY ESTIMATES THE AMOUNT OF THEIR "ADDITIONAL RFC SETTLEMENT CLASS MEMBER PAYMENT" TO BE BY VISITING THE WEBSITE OF PLAINTIFFS' COUNSEL, www.wbsvlaw.com, AND CLICKING ON THE LINK "MITCHELL RFC SETTLEMENT."

THIS NOTICE MAY AFFECT YOUR RIGHTS. PLEASE READ IT CAREFULLY

1. WHY SHOULD I READ THIS NOTICE?

This Notice has been mailed to you because the parties' records show that (1) you obtained a second mortgage loan that was originated by Mortgage Capital Resource Corporation ("MCR") on or after July 29, 1997 that was secured by your Missouri residence, (2) your loan was purchased by, assigned to, serviced by and/or master serviced by Residential Funding Company, LLC (formerly Residential Funding Corporation) ("RFC"); (3) you are a member of the "Litigation Class" that the Circuit Court of Jackson County, Missouri certified in the lawsuit styled *Steven and Ruth Mitchell v. Residential Funding Corporation, et al.*, Case No. 03-CV-220489-01 (the "Lawsuit" or "Litigation"); (4) you did not opt out of or exclude yourself from the certified Litigation Class; and (5) you recovered and received an award of actual damages in connection with your loan after the Named Plaintiffs' claims were tried in December 2007 and January 2008.

You (and any co-borrower(s) on your second mortgage loan) are now eligible to receive an additional payment in connection with your second mortgage loan pursuant to a proposed settlement (the "Settlement") that Steven and Ruth Mitchell, the Named Plaintiffs in the Lawsuit, and RFC entered into as of February 27, 2012. Please share this Notice with any co-borrower(s) on your loan(s).

This Notice generally describes your rights under the proposed Settlement, which has been preliminarily approved by the Circuit Court of Jackson County, Missouri (the "Court") and specifies the date and time of a "Fairness Hearing" that the Court will conduct to consider the fairness of the Settlement.

2. WHAT IS THE SETTLEMENT ABOUT?

If approved by the Court, the Settlement will bring an end to the remaining claims for punitive damages and all other relief that Steven L. and Ruth E. Mitchell, as Named Plaintiffs, are pursuing in the Lawsuit both individually and on behalf of the members of the previously certified Litigation Class whose second mortgage loans from MCR were sold and assigned to and/or serviced and/or master serviced by RFC, as opposed to one of the other two assignee defendants named the case. These particular members of the Litigation Class are defined in the Parties' Settlement Agreement (the "Agreement") as the "RFC Settlement Class." The loans that the members of the RFC Settlement Class obtained from MCR are defined as the "MCR-RFC" loans.

A detailed description of the Lawsuit is set out in the Notice of Class Action Lawsuit dated March 2, 2007 that was previously mailed to you. A copy of the Notice of Class Action Lawsuit is also available on line at the website of Plaintiffs' Counsel, www.wbsvlaw.com (click on the link "Mitchell RFC Settlement"). You may also obtain a copy of the March 2, 2007 Notice of Class Action Lawsuit by contacting Plaintiffs' Counsel at the address listed in Section 7 of this Notice.

The proposed Settlement covers any and all claims against RFC and its affiliates and related persons in connection with the MCR-RFC Loans that to date remain unresolved. The claims against RFC for actual or compensatory damages and interest on the actual or compensatory

damages, and for the attorney's fees incurred in connection with those claims for actual or compensatory damages and interest, are no longer part of the Lawsuit. Those claims were tried to a Jackson County jury, together with a claim for punitive damages, from December 3, 2007 to January 4, 2008. The jury returned a verdict in favor of those class members who obtained an MCR-RFC Loan and collectively awarded those class members a total of \$4,329,048.00 of compensatory damages and \$92 million of punitive damages. Thereafter, the Court entered its judgment in favor of the class members who obtained an MCR-RFC Loan for, \$4,329,048.00 of compensatory damages, \$642,066.00 of interest on a portion of those damages, and \$92 million of punitive damages. In addition, the Court awarded statutory attorney's fees of \$2,680,001.09 pursuant to § 408.562 RSMo and ordered the following sums to be paid from the class common fund recovered with respect to the MCR-RFC Loans: (a) \$24,635.75 representing RFC's allocable share of the \$30,000 incentive award made to the Named Plaintiffs for their services on behalf of the Litigation Class through trial; and (b) a common fund attorney's fees award of 35% to Plaintiffs' Counsel for the legal work performed in connection with the compensatory damage, interest, and punitive damages awards.

RFC and its co-defendants filed an appeal from the Court's judgment and the Named Plaintiffs filed a cross-appeal.

On November 23, 2010, the Missouri Court of Appeals, Western District (the "Court of Appeals") affirmed the Court's judgment as to compensatory damage and related attorney's fees awards. The Court of Appeals also held that the members of the Class who obtained the MCR-RFC Loans were entitled to prejudgment interest on both the illegal loan fee and interest paid components of the compensatory damage awards, and affirmed in part and reversed in part the Court's judgment in this regard. The Court of Appeals also held that the Named Plaintiffs had made a submissible case for punitive damages against RFC and its co-defendants but reversed the judgment for punitive damages as to each defendant because of an error in the jury instructions. The Court of Appeals determined that the claims for punitive damages had to be retried and therefore remanded the case to the Court for a re-trial with respect to those claims. The Court of Appeals also held that the Plaintiffs' Class was the prevailing party on appeal and that the Court on remand should also award a statutory attorney's fees for the work of Plaintiffs' Counsel on appeal.

On remand, RFC paid the compensatory damage and pre- and post-judgment interest awards to the members of the Litigation Class whose loans were assigned to and/or serviced by RFC as ordered by the Court pursuant to the opinion and mandate of the Court of Appeals. RFC has also paid its allocable share of the statutory attorney's fees awarded by the Court to Class Counsel for their work in procuring the compensatory damage and interest awards and \$2,780,365.38 for the work by Class Counsel following the initial trial through the appeals. Plaintiffs' Counsel was not paid and did not receive any common fund attorney's fees for any punitive damages recovery since the Court of Appeals reversed and remanded those claims to the Circuit Court for retrial.

Also on remand, the Named Plaintiffs filed a *Motion for Sanctions Against Wells Fargo Bank, N.A. and Residential Funding Company, LLC for Fraud on the Court, for Violations of this Court's Orders Enforcing Discovery, and for Concealment and Spoilation of Material Evidence.*

In that motion, the Named Plaintiffs sought monetary and procedural sanctions from RFC and co-defendant Wells Fargo Bank (as successor to Wachovia Equity Servicing, LLC) (“WFB”). The sanctions sought in the motion included but were not limited to striking the answers of RFC and WFB and the entry of a judgment holding RFC and WFB liable on the claims for punitive damages.

The motion for sanctions and the remaining claims for punitive damages were set to be heard and tried in March and April 2012, but the motions hearing and the trial were continued given the Parties’ settlement and the separate settlements that the Named Plaintiffs also reached with the other defendants. The Named Plaintiffs withdrew the motion for sanctions as a part of the settlements.

RFC and the Named Plaintiffs, individually and as representatives of the RFC Settlement Class, have agreed to settle all of the remaining claims that the Named Plaintiffs and the members of the RFC Settlement Class have against RFC and other affiliated or related persons entities, with respect to the MCR-RFC Loans, including the claims for punitive damages and sanctions, on the terms summarized in this Notice. The complete details of the proposed Settlement are set out in the Agreement signed by the Named Plaintiffs, individually and as representatives of the RFC Settlement Class, and RFC, as the assignee, owner, holder, servicer and/or master servicer of the MCR-RFC Loans. The Named Plaintiffs and RFC are collectively referred to in the Agreement and this Notice as the “Parties.”

On April 16, 2012, the Court preliminarily approved the Parties’ proposed Agreement as fair, reasonable, and adequate. The Court will conduct a “fairness hearing” **on May 18, 2012** to consider, among other things, whether the Settlement should be finally approved as fair, reasonable, and adequate. The proposed Settlement will become effective only if it is finally approved by the Court, and provided that all other terms and conditions of the Settlement as stated in the Agreement are met.

3. WHO IS COVERED BY THE PROPOSED SETTLEMENT?

The Settlement will only apply to the RFC Settlement Class Members as defined in the Agreement. The RFC Settlement Class Members are those persons who, on or after July 29, 1997, obtained a “Second Mortgage Loan,” as defined in § 408.231.1 RSMo, from Mortgage Capital Resource Corporation on real property located in Missouri that was purchased by, assigned to and/or serviced and/or master serviced by Residential Funding Company, LLC (formerly Residential Funding Corporation) (“RFC”), and who did not timely exercise their right and option to exclude themselves from the litigation class that the Court certified in the Lawsuit on December 8, 2006.

4. WHAT ARE THE TERMS OF THE PROPOSED SETTLEMENT?

The following is only a summary of some of the terms and conditions of the proposed Settlement. For more information, you may obtain a copy of the executed Agreement by contacting Plaintiffs’ Counsel at the address listed in Section 7 of this Notice, or by visiting the

website of Plaintiffs' Counsel, www.wbsvlaw.com, and clicking on the link "Mitchell RFC Settlement."

- A. The additional amount that RFC has agreed to pay in settlement (the "Settlement Fund") is \$14,500,000.00. This \$14,500,000.00 is in addition to the \$9,415,339.93 gross amount for the compensatory damages and interest awards previously recovered from RFC by the Named Plaintiffs individually and as representatives on behalf of the members of the Litigation Class who obtained the MCR-RFC Loans. If the Court approves the proposed Settlement, the Named Plaintiffs and the members of the RFC Settlement Class who do not exclude themselves from the Settlement will receive a settlement payment in addition to their prior distribution and payment that will range from an estimated \$6,506.81 to \$100,449.21 (\$31,973.68 on average) per loan. The amount of each such "Additional RFC Settlement Class Member Payment" represents a pro rata share of the "Net Distributable Settlement Fund" recovered via the Settlement and is determined per loan based on the compensatory damages and interest amounts previously awarded to members of the RFC Settlement Class in connection with their respective MCR-RFC Loans as compared to the total amount of the compensatory damages and interest recovered for all of the MCR-RFC Loans. If approved by the Court, each Additional RFC Settlement Class Member Payment will be **130%** of the amount of the corresponding Class Member Payment previously made to the RFC Settlement Class Members in connection with their loans per the Court's Order dated October 6, 2011.

The "Net Distributable Settlement Fund" is a percentage of the "Net Settlement Fund." The "Net Settlement Fund" is determined by deducting the following amounts from the "Settlement Fund": (a) the amount of any incentive award made to the Named Plaintiffs by the Court for their services, time, expenses and dedication in continuing to represent the RFC Settlement Class; and (b) the amount of any post-remand litigation expenses and/or court costs awarded to Plaintiffs' Counsel by the Court pursuant to the Agreement. As proposed, the "Net Distributable Settlement Fund" will total \$7,929,471.40, or fifty-five percent (55%) of the "Net Settlement Fund." The Named Plaintiffs and Plaintiffs' Counsel will ask the Court to award the remaining forty-five percent (45%) of the Net Settlement Fund, or \$6,487,749.32, as attorney's fees to Plaintiffs' Counsel for their services and work in pursuing the claims for punitive damages and motion for sanctions against RFC and in procuring the \$14.5 million Settlement Fund for the RFC Settlement Class. The basis for the proposed incentive, expense and attorney's fees awards that the Named Plaintiffs and Plaintiffs' Counsel will ask the Court to approve are more fully explained in Section 10 of this Notice

RFC Settlement Class Members can review what Plaintiffs' Counsel currently estimates the amount of their Additional RFC Settlement Class Member Payment to be by visiting the website of Plaintiffs' Counsel, www.wbsvlaw.com, and clicking on the link "Mitchell RFC Settlement."

- B. If the Court approves the Settlement and it becomes effective in accordance with the terms and conditions of the Agreement, the members of the RFC Settlement Class who do not exclude themselves from the Settlement will receive their Additional RFC Settlement Class

Member Payment for the loan by check. The check will be mailed by first-class mail, postage prepaid, to the RFC Settlement Class Members, or to the bankruptcy trustee for those RFC Settlement Class Members who filed a Chapter 7 bankruptcy after obtaining their loan. The check will be mailed by Plaintiffs' Counsel and will not come from RFC directly. **An RFC Settlement Class Member's right to a settlement payment is a conditional right that terminates if an RFC Settlement Class Member to whom an Additional RFC Settlement Class Member Payment check is mailed fails to cash his or her check within six months of the date of the check. In such case the check shall be null and void (the checks shall be stamped or printed with a notice to the effect), and the Parties shall have no further obligation to make payment to such Class Member. Joint borrowers, such as a husband and wife, will receive a single payment per loan, even if they are separated or divorced. Any RFC Settlement Class Member who receives a payment under the Settlement is personally and solely responsible for distributing or allocating the payment between or among any co-borrower(s), regardless of whether the check is made payable to all or only some of the RFC Settlement Class Member's co-borrowers. RFC Settlement Class Members will also be responsible for paying any taxes due on any Additional RFC Settlement Class Member Payment received. RFC Settlement Class Members are strongly encouraged to consult with their own tax advisor concerning the tax effects of any money received pursuant to this Settlement. Plaintiffs' Counsel cannot provide you with any tax advice.**

- C. The proposed Settlement will become effective only if approved by the Court and all of the other terms and conditions as to effectiveness as stated in the Agreement are met. If the Settlement is approved and becomes effective, the Court will enter a Final Judgment that releases and discharges RFC and its affiliates and certain other persons related to RFC as of the "Effective Date" from certain claims that were or could have been asserted against them in the Lawsuit. The Releases are further discussed and set out in Section 11 of this Notice.

5. WHAT DO I NEED TO DO TO PARTICIPATE IN THE SETTLEMENT?

Nothing. You are already a member of the RFC Settlement Class and will participate in the Settlement and will receive the estimated Additional RFC Settlement Class Member Payment as stated above. **If you filed for Chapter 7 bankruptcy protection after you obtained your loan, you are still a member of the RFC Settlement Class, but the Settlement Payment will be made payable to you and/or your Chapter 7 bankruptcy trustee, who will also receive this Notice.** If you filed for bankruptcy protection, you should consult with a bankruptcy attorney about this Notice.

If you change your address, please contact Plaintiffs' Counsel at the address provided in Section 7 below.

6. CAN I EXCLUDE MYSELF FROM THE SETTLEMENT?

Yes. However, if you exclude yourself from the Settlement, you will **not** receive any payment from the Settlement Fund.

Consequently, if you wish to receive your “Additional RFC Settlement Class Member Payment” as described in Section 4.A of this Notice, **DO NOTHING**.

If you do wish to exclude yourself from the Settlement, you must send a request for exclusion by first-class mail, postage prepaid, to Plaintiffs’ Counsel and counsel for RFC (the names and addresses are provided in Section 7 below). To be effective, your request for exclusion must be in writing and be **received** by Plaintiffs’ Counsel and counsel for RFC Counsel at the addresses below on or before **May 16, 2012**. The request for exclusion must include: (a) your name, address, telephone number and the last four digits of your social security number; (b) a statement that you and all other borrowers named on the promissory note for your loan are seeking exclusion from the Settlement; (c) your signature and the signature of any other borrower(s) named on the promissory note for your loan; and (d) a reference to “Mitchell v. Residential Funding Corporation, et al., Case No. 03-CV-220489-01.” The request for exclusion must be signed personally by you and any other borrower(s) named on the promissory note for your loan or the personal representative of any such person if deceased or legally incompetent. No request for exclusion may be made on behalf of a group of RFC Settlement Class members. Nor may any member(s) of the RFC Settlement Class opt out or exclude themselves from the RFC Settlement Class by having an agent or attorney sign and submit an exclusion request form on their behalf. A request for exclusion form must be signed personally by you and any other borrower(s) named on the promissory note for your loan. Your request for exclusion must be timely **received** to be effective.

If you exclude yourself from the Settlement, you will not be bound by any Final Order or Judgment entered with respect to the RFC Settlement Class. You will be free to continue on with your claims against RFC.

7. WHY, WHEN, AND WHERE WILL A FAIRNESS HEARING BE HELD?

A hearing on whether to grant final approval of the Settlement will be held before the Honorable Justine E. Del Muro of the Circuit Court of Jackson County, Missouri (Division 4) on **May 18, 2012, at 9 a.m.**, in the Jackson County Courthouse, 415 East 12th Street, Kansas City, Missouri 64106 (the “Fairness Hearing”). There is no need for you to attend the Fairness Hearing if you simply wish to benefit from the Settlement. The purpose of the Fairness Hearing is to determine, among other things: (a) whether the terms and conditions of the Settlement are fair, reasonable and adequate; (b) whether the Named Plaintiffs are adequate representatives of the proposed RFC Settlement Class; (c) whether Plaintiffs’ Counsel are entitled to attorney’s fees and expenses and, if so, how much; (d) whether the Named Plaintiffs should be entitled to a payment for their services as representatives of the RFC Settlement Class and, if so, how much; and (e)

whether a Final Approval Order and Final Judgment should be entered to dismiss the remaining claims for punitive damages and sanctions with prejudice on the merits as to RFC.

The Court has the power to adjourn or reschedule the Fairness Hearing from time to time without further notice of any kind.

At the Fairness Hearing, the Court will consider the statements of the parties and any objections that may have been made. Any member of the RFC Settlement Class who has not filed a timely written Request for Exclusion has the right to object to the Settlement. If you wish to object to the Settlement, you must file your objection in writing with the Clerk of Court, Jackson County Courthouse, 415 East 12th Street, Kansas City, Missouri 64106, no later than **May 16, 2012**. All persons wishing to object must also send a copy of their written objection to Plaintiffs' Counsel and counsel for RFC (the names and addresses are stated below). The objection must include: (a) your name, address, and telephone number; (b) a statement of each objection to the proposed Settlement that you wish to assert; (c) a detailed description of the facts supporting each of the objections; (d) copies of any loan documents in your possession or control that you rely on as a basis for your objections; (e) the names of all witnesses, and the report(s) from any proposed experts you intend to call at the Fairness Hearing; (f) copies of any exhibits that you intend to rely on at the hearing; (g) a reference to "Mitchell v. Residential Funding Corporation, et al., Case No. 03-CV-220489-01"; (h) a statement of whether you intend to appear at the Fairness Hearing in person or through an attorney; and (i) if you are represented by an attorney, a detailed description of the legal authorities supporting each of your objections.

Any member of the RFC Settlement Class who has not filed a timely written request for exclusion has the right to appear and/or enter an appearance at the Fairness Hearing. Attendance at the final hearing is not necessary. If you do wish to appear at the Hearing, you or your attorney must: (a) file a Notice of Appearance with the Clerk of Court, Jackson County Courthouse, 415 East 12th Street, Kansas City, Missouri 64106 no later than **May 16, 2012**; and (b) serve the Notice of Appearance on Plaintiffs' Counsel and counsel for RFC. Any subjects to be raised at the Fairness Hearing must be contained in a written objection filed with the Court in the manner specified above. If you wish to call witnesses or present other evidence at the Fairness Hearing, you must identify the witnesses in your written objection. In addition, you must attach to your objection any exhibits or other documents on which you intend to rely and describe any other evidence you intend to present at the Hearing.

The addresses for Plaintiffs' Counsel and counsel for RFC are as follows:

Plaintiffs' Counsel

R. Frederick Walters, Esq.
Kip D. Richards, Esq.
Walters Bender Strohbehn & Vaughan, P.C.
2500 City Center Square
1100 Main Street
Kansas City, MO 64105

Counsel for RFC

Robert B. Thompson, Esq.
One Kansas City Place
1200 Main Street, Suite 3500
Kansas City, MO 64105-2100

Any member of the RFC Settlement Class who has not filed a timely written request for exclusion may request to intervene in the Lawsuit, in person or through an attorney retained at the RFC Settlement Class Member's own expense. A request or motion to intervene must be in writing and reference "Mitchell v. Residential Funding Corporation, et al., Case No. 03-CV-220489-01" and otherwise comply with the Missouri Rules of Civil Procedure and applicable law. A request to intervene must be filed with the Clerk of Court, Jackson County Courthouse, 415 East 12th Street, Kansas City, Missouri 64106, no later than **May 16, 2012**. Any persons wishing to intervene must also send a copy of their written request to intervene to Plaintiffs' Counsel and counsel for RFC at the addresses above.

Any member of the RFC Settlement Class who does not comply with the above requirements shall be deemed to have waived all objections to and shall be forever barred from challenging the Settlement.

8. WHO REPRESENTS THE RFC SETTLEMENT CLASS?

The RFC Settlement Class is represented by Plaintiffs' Counsel: R. Frederick Walters, Kip D. Richards, David M. Skeens, J. Michael Vaughan, and Garrett M. Hodes of the law firm Walters Bender Strohhahn & Vaughan, P.C. If you have questions regarding the Settlement, this Notice or your options, you can contact Plaintiffs' Counsel without charge by writing to them at the address provided above, or by calling 1-877-472-6620 (or 816-421-6620 if in the Kansas City Metro Area) or by visiting the website of Plaintiffs' Counsel, www.wbsvlaw.com and clicking on the link "Mitchell RFC Settlement."

9. WHAT ARE THE REASONS FOR SETTLEMENT?

The Named Plaintiffs and RFC have agreed to the Settlement after considering, among other things, (i) the substantial benefits to be made available to the RFC Settlement Class pursuant to the terms of the Agreement; (ii) the attendant risks and uncertainty of litigation, especially in complex litigation such as this, as well as the difficulties and considerable delays inherent in such litigation; (iii) the vigorousness of the defenses asserted by RFC; (iv) the financial condition and obligations of RFC and its parent company, Residential Capital, LLC (ResCap), as disclosed in the Lawsuit, since the case was remanded in April 2011; (v) the possible effect of a judgment for punitive damages being entered in the Lawsuit against RFC on RFC's ability to continue operations and Plaintiffs' ability to collect any such judgment that might be entered; and (vi) the desirability of consummating the Settlement promptly to provide effective relief to the RFC Settlement Class.

RFC has denied and continues to deny its liability for punitive damages and denies and disputes the asserted basis for sanctions. Nonetheless, RFC has concluded that further litigation and a re-trial of the punitive damages claims would be protracted, burdensome, and expensive, and that it is desirable that the punitive damages claims and the issue of sanctions be fully and finally settled and resolved as against it in the manner and on the terms and conditions set forth in the Agreement.

**10. WILL THE NAMED PLAINTIFFS OR
PLAINTIFFS' COUNSEL RECEIVE COMPENSATION?**

Yes. The Named Plaintiffs, as representatives of the RFC Settlement Class, will make an application to the Court for approval of what is called an "incentive award." Such awards are used and made in class action lawsuits to provide an "incentive" to individuals like the Named Plaintiffs to file and prosecute class action lawsuits for the benefit of a class of people they do not know. The award also compensates the representatives of a class for their work, time and expense as class representatives. The Named Plaintiffs will ask the Court to approve a separate incentive award of up to \$25,000 based on the additional recovery that the Named Plaintiffs obtained for the RFC Settlement Class. The amount of the award is based on the Named Plaintiffs' continued service and dedication to the RFC Settlement Class and their continued time, expense and service to the RFC Settlement Class since the end of the trial in 2008. RFC has agreed not to object to the Named Plaintiffs' application, but the Court must still determine and approve the amount of any incentive award to be made as "reasonable." Any incentive award made to the Named Plaintiffs will be paid from the Settlement Fund in order to determine the "Net Settlement Fund" and "Net Distributable Settlement Fund," the latter of which will be distributed to the RFC Settlement Class Members as "Additional RFC Settlement Class Member Payments" as described in Section 4 above.

Plaintiffs' Counsel and/or the Named Plaintiffs will make an application to the Court to approve and award up to \$57,779.28 to reimburse Plaintiffs' Counsel for the costs and expenses that they incurred and advanced on behalf of the RFC Settlement Class in connection with the Lawsuit since the case was remanded by the Court of Appeals in April 2011. The \$57,779.28 amount represents approximately 26% of the \$222,623.46 in total costs and expenses that Plaintiffs' Counsel incurred and advanced on behalf of the entire Litigation Class, post remand. The \$57,779.28 amount equals one-third of the "common" post-remand costs and expenses that are fairly attributable to the remaining claims against all three defendants, plus the costs and expenses directly attributable to the claims against defendant RFC alone. The \$57,779.28 amount does not include any of the costs and expenses that Plaintiffs' Counsel incurred and advanced on behalf of the Named Plaintiffs and the Litigation Class from the inception of the suit through the trial, appeal and remand. RFC will not object to the proposed award of costs and expenses, but the Court must still consider and approve the amount of the proposed award as "reasonable." Like any incentive award made to the Named Plaintiffs, the amount of any expense award to Plaintiffs' Counsel will be paid from the Settlement Fund in order to determine the "Net Settlement Fund" and "Net Distributable Settlement Fund" as described in Section 4 above.

Plaintiffs' Counsel and/or the Named Plaintiffs will also make an application to the Court to approve and award \$6,487,749.32 of attorney's fees to Plaintiffs' Counsel for their services and work in pursuing the claims for punitive damages and motion for sanctions against RFC, and in procuring the \$14,500,000 Settlement Fund for the RFC Settlement Class. RFC will not object to the proposed award of attorney's fees, but the Court also must still determine and approve the amount of any such award to be made to Plaintiffs' Counsel as "reasonable" based on a number of factors including, but not limited to, the nature and extent of the work involved, the difficulty of the case and the issues presented, the skill needed to conduct the case properly, the

experience, reputation and ability of the lawyers, the contingency or certainty of compensation, the customary charges for similar work, the amount involved in the controversy, and the benefits to the client.

If approved by the Court, the \$6,487,749.32 amount will constitute forty-five percent (45%) of the Net Settlement Fund and the amount of any such award made to Plaintiffs' Counsel will be deducted and paid from the Net Settlement Fund to calculate the Net Distributable Settlement Fund to be distributed to the RFC Settlement Class Members, which as proposed will equal fifty-five percent (55%) of the Net Settlement Fund. The distributions to the RFC Settlement Class Members will be in addition to the amounts previously paid to the members of the RFC Settlement Class pursuant to the Court's Order dated October 6, 2011; and, if approved, the amount of each such Additional RFC Settlement Class Member Payment will be **130%** of the amount of the corresponding Class Member Payment previously made to the RFC Settlement Class Members.

The Named Plaintiffs and Plaintiffs' Counsel believe that the fee percentage and amount of the attorney's fee award being proposed as a part of the Settlement are reasonable for a number of reasons including, among others, the considerable length and complexity of the case, the nature and extent of the legal work provided by Plaintiffs' Counsel in connection with the remaining claims for punitive damages and the motion for sanctions against RFC, the defenses raised by RFC in response, the commitment of and work performed by Plaintiffs' Counsel in prosecuting and continuing to prosecute the punitive damages claims, the contingency fee percentages charged and/or approved in similar cases in the community, the timing of the Settlement, the amount and risks involved in this controversy, the attorneys' fees previously awarded to Plaintiffs Counsel for their work in connection with the recovery and distribution of the compensatory damages and interest awards, the extraordinary benefits obtained for the members of the RFC Settlement Class, which earlier recovered \$9,415,339.93 of compensatory damages and interest in connection with their MCR-RFC Loans, and the fact that as proposed the amount of each Additional RFC Settlement Class Member Payment will be **130%** of the amount of the corresponding Class Member Payment made to the RFC Settlement Class Members in October 2011.

The range and average of the Settlement Payments described in Section 4 of this Notice have been estimated with the expectation that the Court will approve as reasonable the applications for the above stated incentive, expense and attorney's fees awards. If the Court approves an incentive award or awards costs and expenses or attorney's fees in an amount that is less than that applied for, the difference will be reallocated to the Net Settlement Fund or the Net Distributable fund, as applicable.

11. WHAT CLAIMS WILL BE RELEASED UNDER THE SETTLEMENT?

If approved by the Court and effective in accordance with its terms, the proposed Settlement will be legally binding upon all members of the RFC Settlement Class who did not timely request to be excluded from the RFC Settlement Class. The Settlement will fully, finally and forever release, settle, compromise, relinquish and discharge any and all of the Released Persons, as

defined in the Agreement, from the Released Claims, also as defined in the Agreement, as of the Effective Date.

The Releases mean that you cannot bring any lawsuit against RFC or any of the other “Released Persons” identified in the Agreement for any reason whatsoever relating to the “Released Claims,” which are also defined in the Agreement; but you will of course be able to enforce your rights under the Agreement, if necessary. If you are currently litigating any claims against RFC or any other “Released Person” in any other lawsuit or proceeding, either individually or as part of a class, you may be barred from continuing to pursue those claims if you do not timely exclude yourself from the RFC Settlement Class in this case. If you are currently litigating any such claims, you should consult with an attorney concerning your rights immediately.

The term “**Releasors**” is defined in the Agreement at paragraph 2.21 as:

[T]he Named Plaintiffs and the RFC Settlement Class Members, and each of their respective heirs, executors, administrators, assigns, predecessors, and successors, and any other person claiming by or through any or all of them. The Releasors shall not include any of the following: (a) any members of the RFC Settlement Class who opt out of the Settlement in accordance with Paragraph 9 below; (b) any persons not identified as a member of the RFC Settlement Class on **Exhibit E**; or (c) the Non-RFC Plaintiff Borrowers.

The term “**Released Persons**” is defined in the Agreement at paragraph 2.22 as:

RFC, individually and together with the affiliates, parent companies and subsidiaries listed on **Exhibit F**, and each of their joint or respective past and present officers, directors, shareholders, employees, attorneys (including, specifically, but not limited to, the firm Reed Smith, LLP and any consultants hired by said counsel), accountants, insurers, and the heirs, executors, predecessors, successors, and assigns of each; provided, however, that notwithstanding anything in this Agreement to the contrary, and regardless of any prior or current relationship or affiliation with RFC, “Released Persons” **does not include** Household or Wells Fargo, or the respective past and present officers, directors, shareholders, employees, attorneys (including, but not limited to, attorneys Scott W. Martin, Kara S. Benboom, Michael S. Hargens, and the firm Husch Blackwell, LLP as successor of Husch & Eppenberger, LLC and any consultants hired by said counsel), accountants, insurers, heirs, executors, and administrators, predecessors, successors, and assigns of each.

The term “**Released Claims**” is defined in the Agreement at paragraph 2.23 as:

[A]ny and all of the remaining claims for punitive damages, sanctions, statutory attorneys’ fees and any other relief available to the Releasors under § 408.562 RSMo in connection with the MCR-RFC Loans or the Litigation or the Motion for Sanctions, not previously satisfied by RFC, and any and all other unsatisfied and/or unadjudicated claims, demands, actions, causes of action, rights, offsets, setoffs, suits, damages, lawsuits, liens, costs, surcharges, losses, attorneys’ fees, expenses or liabilities of any kind whatsoever, in law or in equity, for any relief whatsoever, including monetary, injunctive or declaratory relief, rescission, general, compensatory, special, liquidated, indirect, incidental, consequential or punitive damages, as well as any and all claims

for treble damages, penalties, sanctions, attorneys' fees, costs or expenses, whether known or unknown, alleged or not alleged in the Litigation, suspected or unsuspected, contingent or vested, accrued or not accrued, liquidated or unliquidated, matured or unmatured, that in any way concern, relate to, or arise out of the MCR-RFC Loans or the Litigation or the Motion for Sanctions and which any of the Releasers currently have, from the beginning of time up through and including the Effective Date, against the Released Persons (the "Claims"), including but not limited to, any and all Claims arising out of or relating to: (1) allegations that were or could have been asserted against the Released Persons in the Litigation in any way relating to the RFC Settlement Class Members' MCR-RFC Loans; (2) any activities of the Released Persons with respect to the MCR-RFC Loans including, without limitation, any alleged representations, misrepresentations, disclosures, incorrect disclosures, failures to disclose, acts (legal or illegal), omissions, failures to act, deceptions, acts of unconscionability, unfair business practices, breaches of contract, usury, unfulfilled promises, breaches of warranty or fiduciary duty, conspiracy, excessive fees collected, or violations of any consumer protection statute, any state unfair trade practice statute, or any other body of case, statutory or common law or regulation, federal or state, including but not limited to the Missouri Second Mortgage Loans Act, § 408.231 RSMo, *et seq.*, or any other similar state statute; the Truth in Lending Act, 15 U.S.C. § 1601, *et seq.*, and its implementing regulations, 12 C.F.R. part 226; the Home Ownership and Equity Protection Act, 15 U.S.C. § 1639, *et seq.*, and its implementing regulation, 12 C.F.R. part 226.31-32; the Real Estate Settlement Procedures Act, 12 U.S.C. § 2601, and its implementing regulation, 24 C.F.R. part 3500; the Equal Credit Opportunity Act, 15 U.S.C. § 1691, *et seq.*, and its implementing regulation, 12 C.F.R. part 202; the Home Mortgage Disclosure Act, 12 U.S.C. § 2801, *et seq.*, and its implementing regulation, 12 C.F.R. part 203; the Fair Housing Act, 42 U.S.C. § 3601, *et seq.*; the Fair Credit Reporting Act, 15 U.S.C. § 1681, *et seq.*; the Fair Debt Collection Practices Act, 15 U.S.C. § 1692, *et seq.*; and the Federal Trade Commission Act, 15 U.S.C. § 45, *et seq.*; and/or (3) any conduct undertaken by any of the Released Persons to defend the Litigation, including but not limited to, any alleged improper discovery conduct and/or any request for sanctions in the Litigation. It is the intention of the Releasers to provide a general release of the Released Claims against the Released Persons; provided, however, that anything in this Agreement to the contrary notwithstanding, the term Released Claims does not include: (1) any claims of any kind or type by the Releasers against any person, association or entity that is not a Released Person, whether such claims arise out of or relate to the MCR-RFC Loans or some other conduct, transaction, loan or occurrence; (2) any claims of any kind or type for damages, sanctions and/or other relief against Household, Wells Fargo, and the respective past and present officers, directors, shareholders, employees, insurers and attorneys including, but not limited to, attorneys Scott W. Martin, Kara S. Benboom, Michael S. Hargens, and the firm Husch Blackwell, LLP as successor of Husch & Eppenberger, LLC and any other person, association or entity who is not a Released Person; (3) any claims of any kind or type by the Releasers against any person, association or entity in connection with a loan and/or loan transaction originated or made by a person, association or entity other than MCR, notwithstanding the fact that the loan, in whole or in part, was purchased by, assigned to, serviced by and/or master serviced by RFC; and/or (4) any claims of any kind or type by the Non-RFC Plaintiff Borrowers with respect to the MCR Loans.

12. WHAT IF THE SETTLEMENT IS NOT APPROVED BY THE COURT OR DOES NOT BECOME EFFECTIVE?

If the proposed Settlement is not approved by the Court as being fair, reasonable and adequate, or if the Settlement does not become effective in accordance with the terms and conditions of the Agreement, the Settlement and the Agreement will be null and void and the Named Plaintiffs will proceed with their claims for punitive damages and sanctions against RFC in the Lawsuit, both individually and on behalf of the RFC Settlement Class. In that event, no payments will be made under the terms of the Agreement; however, RFC and the Named Plaintiffs could attempt to enter into another settlement.

13. WHERE DO I GET ADDITIONAL INFORMATION?

This Notice is only a summary of the proposed Settlement and does not describe all of the terms and conditions of the Agreement. You are encouraged to review the Agreement and other related documents, all of which are available upon request from Plaintiffs' Counsel, or by visiting the website of Plaintiffs' Counsel, www.wbsvlaw.com and clicking on the link "Mitchell RFC Settlement."

14. WHAT ARE THE RELEVANT DATES?

If you wish to opt out and exclude yourself from the RFC Settlement Class, or to object to the Settlement or to intervene in the Lawsuit or to appear at the Fairness Hearing, the relevant dates are as follows:

- **Deadline for mailing a request for exclusion (must be received by): May 16, 2012**
- **Deadline for filing and serving any written objection, a notice of appearance, or a motion to intervene (must be received by the court by): May 16, 2012**
- **Date and time of the Fairness Hearing: May 18, 2012 at 9 a.m.**

This Notice provides only a summary of matters about the Lawsuit. If you have any questions or concerns, please contact Plaintiffs' Counsel in writing at the address listed in Section 7 of this Notice or call 816-421-6620.

PLEASE DO NOT CALL OR CONTACT THE COURT FOR INFORMATION.

This notice is sent pursuant to Rule 52.08 of the Missouri Rules of Civil Procedure and
BY ORDER OF THE COURT

DATED: APRIL 16, 2012