

GWENDOL DENISE TAYLOR, *et al.*

Individually and on behalf of a
Class of consumers similarly situated

Plaintiffs,

v.

WELLS FARGO HOME MORTGAGE, INC.,

Defendant.

* IN THE
* CIRCUIT COURT
* FOR
* BALTIMORE CITY,
* MARYLAND
* Case No.: 24-C-02-001635

* * * * *

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into on this 22nd day of January 2010 by Gwendol Denise Taylor and Gail E. Thompson, acting individually and on behalf of the Settlement Class defined below (collectively “Plaintiffs”), and Defendant Wells Fargo Bank, N.A. d/b/a Wells Fargo Home Mortgage (“Wells Fargo”) in the case captioned *Gwendol Denise Taylor, et al. v. Wells Fargo Home Mortgage, Inc.*, Case No. 24-C-02-001635 (“*Taylor*”), pending in the Circuit Court for Baltimore City, Maryland.

I. RECITALS

1. This litigation was filed in the Circuit Court for Baltimore City, Maryland, on March 26, 2002, against Savings First Mortgage, LLC (“Savings First”) on behalf of a class of borrowers who entered into mortgage loans originated in Maryland that were funded by Wells Fargo where Savings First charged and/or collected a fee for serving as the mortgage broker.

2. On June 3, 2004, Plaintiffs filed a First Amended Complaint, adding Wells Fargo as a Defendant and broadening the class to include all consumers in the State of Maryland who entered into a mortgage loan transaction using a Mortgage Broker where: (1) the Mortgage

Broker is also identified as the mortgage lender in the operative documents relating to the transaction; (2) the Mortgage Broker received a finder's fee as that term is defined in Md. Com. Law Code Ann. §12-801(c); and (3) Wells Fargo funded the mortgage loan. Plaintiffs filed a Second Amended Complaint (hereinafter referred to as the "Complaint") on September 14, 2004.

3. The Second Amended Complaint in *Taylor* is attached hereto as **Exhibit A**. Wells Fargo denies the allegations.

4. In *Taylor*, Plaintiffs assert four claims for relief: (1) Maryland's Finder's Fee Act, Md. Comm. Law Code Ann. §§12-801, *et seq.*; (2) conspiracy to violate Maryland's Finder's Fee Act, Md. Comm. Law Code Ann. §§12-801, *et seq.*; (3) Maryland's Consumer Protection Act, Md. Code Ann., Com. Law II, §§ 13-101, *et seq.*; and (4) conspiracy to violate Maryland's Consumer Protection Act, Md. Code Ann., Com. Law II, §§ 13-101, *et seq.*

5. On June 11, 2007, Plaintiffs entered into a settlement agreement with Savings First (the "Savings First Settlement Agreement"). On January 24, 2008, the Circuit Court for Baltimore City approved the Savings First Settlement Agreement as fair, adequate and reasonable and dismissed Savings First as a Defendant in *Taylor*.

6. On March 18, 2009, the Court granted class action approval pursuant to Md. Rule 2-231 (b)(1), (2) and (3) on behalf of the following class: All consumers who entered into a mortgage loan transaction concerning property located in Maryland using a Mortgage Broker where: (1) the Mortgage Broker is also identified as the mortgage lender in the operative documents relating to the transaction; (2) the Mortgage Broker received a finder's fee as that term is defined in Md. Com. Law code ann. §12-801(c); and (3) Wells Fargo funded the mortgage loan.

7. In *Taylor*, the parties have engaged in protracted litigation that included extensive discovery, numerous depositions and significant motions practice. The parties have

conducted extensive research and filed motions in respect of the applicable law relating to the claims, defenses and class issues in this case. In addition, counsel for Plaintiffs have reviewed documentation provided by regulatory agencies (and other documents) relevant to the issues raised in the Complaint, conducted extensive informal discovery and will take additional discovery on issues pertinent to this settlement.

8. The Parties also conducted extensive settlement discussions. These were lengthy, arduous and intense arms-length settlement negotiations, which, from time-to-time involved the extensive efforts and involvement of a mediator.

9. The Parties recognize and acknowledge the benefits of settling this case on behalf of an agreed upon class consisting of those 14,211 borrowers identified in the list produced by Wells Fargo on or around September 15, 2009, who entered into mortgage loan transactions concerning property located in Maryland where: (1) the Mortgage Broker is also identified as the mortgage lender in the operative documents relating to the transaction; (2) the Mortgage Broker received a finder's fee as that term is defined in Md. Com. Law Code Ann. §12-801(c); and (3) Wells Fargo funded the mortgage loan at settlement. Class Counsel has taken into account the uncertain outcome and risk of the litigation, as well as the difficulties and delays inherent in such litigation and the likelihood of protracted appeals. Class Counsel has, therefore, determined that the settlement on behalf of the settlement class defined below is fair and reasonable and in the best interest of the Plaintiffs, and Representative Plaintiffs Gwendol Taylor and Gail E. Thompson concur in that determination.

10. Wells Fargo denies all allegations of wrongdoing and liability asserted in the Complaint and any amendments thereto filed in *Taylor*. Wells Fargo maintains that it has conducted its dealings with the Plaintiffs and the Settlement Class (as defined below) in a lawful

manner in all respects. Wells Fargo believes it has a number of meritorious defenses to the Plaintiffs' various allegations. Nevertheless, Wells Fargo recognizes the risks and uncertainties inherent in litigation, the significant expense associated with defending the action, the costs of any appeal, and the disruption to their business operations inherent in this litigation. Accordingly, Wells Fargo believes that settlement for the Settlement Class defined below is likewise in its best interests.

11. On or about September 15, 2009, Wells Fargo produced a preliminary class list identifying 14,211 transactions that fit within the class definition set forth in Paragraph 15 below (hereinafter the "Preliminary Class List"). On or about January 2010, Wells Fargo confirmed that the list identifying 14,211 transactions is complete and there are no known additions to the Preliminary Class List.

12. The parties will recommend that the Court appoint Tilghman & Co. P.C. of Birmingham, Alabama, as the Settlement Administrator (hereinafter the "Settlement Administrator"). The Settlement Administrator is responsible to report both to the Court and to the parties as more fully set forth in this Agreement.

13. In consideration of the foregoing and for other good and valuable consideration described herein, Plaintiffs, Class Counsel, and the Settling Defendant stipulate and agree that the claims of the Plaintiffs and the Class should be and are hereby compromised and settled, subject to the approval of the Court, upon the following terms and conditions:

II. TERMS OF THE SETTLEMENT

14. Definitions:

(a) "Representative Plaintiffs" shall mean the named Plaintiffs Gwendol Taylor and Gail E. Thompson.

(b) “Class” and “Class Members” shall mean only those persons included within the class defined in Paragraph 15 below.

(c) The “Settling Defendant” shall mean Wells Fargo.

(d) “Court” shall mean the Circuit Court for Baltimore City, Maryland.

(e) “Settlement Fund” shall mean the sum which is being paid by the Settling Defendant to settle this litigation, together with all interest attributed thereto or earned thereon.

(f) “Effective Date” shall mean the earliest of: (i) the date of final approval of the settlement, if no person objects to or intervenes in the settlement; (ii) the date on which the Court’s judgment becomes final, i.e., thirty (30) days after the date the Court finally approves the settlement, if no appeal by a Class member is filed; or (iii) the date of the final affirmance on appeal; or (iv) the final dismissal of any appeal.

(g) “Person” means an individual, corporation, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government, or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

(h) “Pending Litigation” shall mean all the claims set forth in *Taylor*, and, specifically excludes all claims and causes of action set forth in *Minter v. Wells Fargo Bank, N.A.*, Case No.: 1:07-cv-3442-WMN (“*Minter*”) and *Petry v. Wells Fargo Bank, N.A.*, Case No.: 1:08-cv-01642-WMN (“*Petry*”), both of which are pending in the United States District Court for the District of Maryland. Based upon the information set

forth on the Preliminary Class List, however, it does not appear that the Preliminary Class List includes any of the transactions at issue in either *Minter* or *Petry*.

(i) “Released Persons” shall mean Wells Fargo and its current and former officers, directors, shareholders, owners, employees, insurers, predecessors, successors, parents, subsidiaries, affiliates, and assigns. It is expressly agreed that the scope of this release shall inure to and benefit only the enumerated Released Persons.

(j) “Releasing Parties” shall mean each of the Representative Plaintiffs and Settlement Class Members, and their respective co-borrowers, spouses, or former spouses, present, former and future respective heirs, executors, administrators, representatives, agents, attorneys, partners, successors, predecessors-in-interest, assigns, employees, and insurers.

(k) “Released Claims” means the claims covered by the Release set forth in Paragraph 25 below. The term “Released Claims” does not apply to the allegations, claims for relief or causes of action set forth in the *Minter* and/or *Petry* actions.

(l) “Class Member List” shall mean the list of class members produced by Wells Fargo on September 15, 2009, with modifications required by this Settlement Agreement. The Class Member List does not include, cover or settle the claims of any loans, mortgages or deeds of trust that were originated, funded under or pursuant to Wells Fargo’s correspondent lender program. Only those borrowers whose transactions are identified on the Class Member List shall benefit from and grant a release by this Settlement.

(m) "Class Counsel" or "Counsel for Plaintiffs" means Richard S. Gordon and Benjamin H. Carney of Quinn, Gordon & Wolf, Chtd., Nevett Steele, Jr. and Phillip Robinson of Civil Justice, Inc.

(n) "Lead Class Counsel" means Richard S. Gordon of Quinn, Gordon & Wolf, Chtd.

(o) "Preliminary Approval Order" means the Order, preliminarily approving the Settlement, provisionally certifying the Class and approving the notices to Class Members. A form Preliminary Approval Order is attached hereto as **Exhibit B**.

(p) "Preliminary Approval Date" means the date the Court enters the Preliminary Approval Order.

(q) "Class Period" shall mean September 14, 1992, through and including Preliminary Approval.

(r) "Final Approval Date" means the date that the Final Approval Order is signed by the Court, approving the Settlement, certifying the Class, and authorizing distributions of the Settlement Fund.

(s) "Final Approval Hearing" means the hearing at which the Court will determine whether the proposed Settlement is fair, reasonable, and adequate, and whether it should be given final approval by the Court.

(t) "Settlement Class Member" and "Settlement Class" shall mean and include Class Members who do not timely and validly exclude themselves from the Settlement as provided for in the Settlement Agreement, their respective co-borrowers, spouses, or former spouses, or anyone else who had, has or may in the future have an interest in the mortgage loan that is the subject of this Settlement Agreement, and the

present, former and future respective heirs, executors, administrators, representatives, agents, attorneys, partners, successors, predecessors-in-interest, assigns, employees, and insurers of the Representative Plaintiffs or the Settlement Class Members.

(u) As used in the Agreement, any references to a person or a Class Member or a Settlement Class Member shall include and be construed (unless the context of this Agreement requires otherwise) to include any person or entity that has an interest, whether legal, equitable, or otherwise in that person's testamentary estate, bankruptcy estate, trust, marital trust, or similar estate or trust.

(v) As used in the Agreement, the plural of any defined term includes the singular thereof and vice versa, except where the context requires otherwise.

(w) Other terms are defined in the text of the Agreement and shall have the meaning accorded those terms in such text.

15. Settlement Class.

(a) Solely for settlement purposes, the Parties agree that *Taylor* is maintainable as a class action under Rule 2-231 (b)(3) of the Maryland Rules of Civil Procedure. The Settlement Class shall be defined as follows:

All consumers on the list of 14,211 transactions that Wells Fargo produced on or about September 15, 2009, who entered into mortgage loan transactions concerning property located in Maryland where: (1) the Mortgage Broker is also identified as the mortgage lender in the operative documents relating to the transaction; (2) the Mortgage Broker received a finder's fee as that term is defined in Md. Com. Law Code Ann. §12-801(c); and (3) Wells Fargo funded the mortgage loan at settlement

Excluded from the Settlement Class are all former and present directors, officers and agents as well as all current employees of the Settling Defendant.

(b) The Settling Defendant agrees that *Taylor* may proceed as a class action, and the Parties agree to the Settlement Class definition, set forth above, solely for

the purposes of this Settlement and its implementation. If this Settlement fails to be approved or otherwise fails to be consummated, the class definition shall revert to the class definition approved by the Court on March 18, 2009 (as modified by Administrative Order No. 1, Dk. No. 121), and the parties shall reserve all rights and objections with respect to the maintenance of *Taylor* as a class action. Any representation or concession made in connection with the Settlement or in this Agreement shall not be considered law of the case, *res judicata* or any form of estoppel in this or any other proceeding.

(c) The number and identity of the Class Members under the class definition will be based upon a revised Class Member List compiled and produced by Wells Fargo and certified by the Settlement Administrator. Wells Fargo agrees to provide to the Settlement Administrator and Class Counsel, within fourteen (14) calendar days after the Preliminary Approval Date, a modified Preliminary Class Member List, in readable electronic form, which includes the following information: (a) name; (b) last known address; (c) date of transaction(s); (d) names of any and all co-borrowers (Wells Fargo hereby represents that its database does not contain the address of any co-borrowers if different than borrower's address; Wells Fargo's database contains the collateral address and the mailing address of the borrower, if different than the collateral address); and (e) loan number. If, at any time, the Settlement Administrator requests Wells Fargo provide the social security number for one or more class members to enable the Settlement Administrator to locate such individuals for the purpose of sending Class Notice and settlement proceeds, Wells Fargo will make its best efforts to provide the Settlement Administrator with the requested social security numbers no later than seven (7) calendar days after the request.

(d) Class Counsel shall have the right to take one (1) deposition of Wells Fargo regarding the size and composition of the Class and the methodology for compiling the Class Member List. Class Counsel shall have the right to take one (1) deposition of the Settlement Administrator in Alabama (unless otherwise agreed to by the parties) lasting not more than three (3) hours regarding the manner in which the Settlement Administrator satisfied its obligations under this Settlement Agreement.

(e) Upon request, Wells Fargo agrees to provide the Settlement Administrator information necessary to confirm the Class Member List. All such information shall be provided in a format, manner and protocol as defined by the Settlement Administrator and as approved by the Parties.

(f) The Class Member List shall not be used by Class Counsel for any purpose other than the *Taylor* litigation and to facilitate the completion of the settlement. Nothing in this subparagraph, however, shall interfere in any way with Class Counsels' ability to communicate with class members in a manner that Class Counsel determine is in the best interests of the Settlement Class Members.

16. Settlement Funds.

(a) **Payment.** Subject to the approval and further Orders of the Court, Wells Fargo agrees to pay the maximum sum of Seven Million Dollars and 00/100 (\$7,000,000.00) to settle *Taylor*.

(b) **Deposit of Settlement Fund.**

i. Within thirty (30) days after the Preliminary Approval Order, Wells Fargo shall establish the "Settlement Fund" by depositing \$7,000,000⁰⁰ into an interest bearing account, at M&T Bank, in accordance with the terms and conditions set

forth herein. The account shall require the signature of the Settlement Administrator who shall, within thirty (30) calendar days after the Preliminary Approval Order, obtain and provide the parties with evidence of a fidelity bond in an amount equal to the Settlement Fund. All interest accrued on the funds deposited under this Paragraph shall be added to the Settlement Fund. In the event that a settlement is not approved by the Court, Wells Fargo reserves the right to withdraw and retain all such monies from the aforesaid account with accrued interest and Class Counsel and the Settlement Administrator agree to cooperate in good faith with Wells Fargo's withdrawal of said funds.

ii. Except as set forth below, such funds shall be used to make all necessary payments under the Settlement Agreement, including but not limited to, payments to Settlement Class Members, all costs associated with the printing and sending of Class Notice, all costs incurred in locating class members, the costs of drafting and sending all payments to Class members, payment of Class Counsel Fees and Costs as set forth below, incentive payments to the Named Plaintiffs, and all other costs incurred by the Settlement Administrator arising from the administration of the Settlement (collectively, the "Costs of Administration").

iii. If the amount of interest earned on the Settlement Fund is not equal to the Costs of Administration, Wells Fargo shall promptly pay to the Settlement Administrator the difference between such amounts.

iv. The Settling Defendant's payment of \$7,000,000.00 into the Settlement Fund shall be in full and complete satisfaction of the claims of the Class as well as the Representative Plaintiffs' individual claims. Except as set forth in sub-paragraph 16 (b)(iii) above and Paragraphs 16(e) and 19(b), below, Wells Fargo shall not be required to pay any additional

money for full and complete settlement of *Taylor*, including, without limitation, payments to the Named Plaintiffs, Settlement Class Members, and Class Counsel or the Costs of Administration.

v. Wells Fargo shall not be subject to liability for any claim under any state or federal law based upon the manner that it funded and/or contributed to the Settlement Fund.

(c) **Deposit into the Settlement Fund.** The Parties agree that the total deposit into the Settlement Fund of \$7,000,000.00 is based upon the Class as defined in Paragraph 15, which includes 14,211 Maryland transactions.

(d) **Reduction of Settlement Fund.** Excluding payment of Class Counsels' attorney's fees and litigation costs, in no event shall the Settlement Fund be reduced below \$7,000,000.00.

(e) **Allocation of Settlement Funds.** The Settlement Fund of \$7,000,000 shall be distributed according to the terms and conditions contained in Paragraph 17 below and based upon the Preliminary Class List of 14,211 Maryland transactions produced by Wells Fargo on September 15, 2009.

17. **Payment to Settlement Class Members.**

(a) **Distribution Formula.** Each Settlement Class Member in *Taylor* shall receive payment from the Settlement Fund, for each mortgage loan transaction within the Class Definition, in accordance with the following formula:

\$492⁰⁰ minus proportionate share allocable to Costs of Administration, Class Counsels' attorney's fees, litigation costs and Incentive Fees.

(b) **Method of Distribution.** Payment to each Settlement Class Member shall be in the form of a check drawn on the Settlement Fund, and issued by the

Settlement Administrator, which shall be made payable to “[Name of Settlement Class Member(s)].”

(c) The Settlement Fund shall not be required to make multiple payments to co-borrowers who are entitled to relief under this Agreement on account of the same mortgage loan transaction, but in such cases, shall make only one payment, for each loan transaction, jointly to all such co-borrowers, and the Settling Defendant shall have no liability to any co-borrower or any other person or entity that has an interest, whether legal, equitable, or otherwise in the borrower’s or co-borrower’s testamentary estate, bankruptcy estate, trust, marital trust, or similar estate or trust arising from any claim regarding the division of such funds among them.

(d) Each check issued pursuant to this Agreement shall be void if not negotiated within one hundred and twenty (120) days after its date of issue (“Void Date”), and shall contain a legend to such effect. Checks that are not negotiated by the Void Date shall not be reissued unless otherwise agreed by both Class Counsel and Wells Fargo or ordered by the Court, but the Agreement and its Release shall in all other respects be fully enforceable against the Settlement Class Member.

(e) All payments that are unclaimed by Settlement Class Members, including, all returned Settlement Checks, all undeliverable checks and all Settlement Checks not cashed by the Void Date, shall revert to the Settlement Fund, and be distributed to the *cy pres* recipients as described in Paragraph 23.

18. **Payment of Incentive Payments**

(a) Class Counsel will file and the Settling Defendant agrees not oppose a motion that the Settlement Fund pay two incentive payments of not more than \$5,000⁰⁰

each to Gwendol Taylor and Gail E. Thompson. The proposed aggregate incentive fee to be paid by the Settlement Fund is \$10,000⁰⁰ and such fees shall not be proportionately reduced by the payment of Class Counsel's Attorney's Fees.

(b) The incentive fees payable to the Representative Plaintiffs shall be forwarded by the Settlement Administrator by wire transfer to the escrow account of Quinn, Gordon & Wolf, Chtd. no later than ten (10) calendar days after the Effective Date.

19. Class Counsel's Attorneys' Fees and Costs.

(a) Class Counsel's attorney's fees will be paid from the Settlement Fund in such amount as may be allowed and approved by the Court. Class Counsel agree not to seek and not to accept an award of attorney's fees in excess of one-third (33 1/3%) of the Settlement Fund and the Settling Defendant agrees not to oppose or comment negatively on a motion for attorneys' fees of up to one-third (33 1/3%) of the Settlement Fund plus reasonable costs. Payment of Class Counsel's costs and expenses of litigation will be paid from the Settlement Fund in such amount as may be allowed and approved by the Court. Payment of Class Counsel's costs and expenses and Class Counsel's attorneys' fees shall collectively be referred to as "Class Counsel's Attorneys' Fees and Costs."

(b) The Settling Defendant shall not be liable for any fees, costs or disbursements of Class Counsel apart from what is paid from the Settlement Fund except if Class Counsel are required to bring an action or motion to enforce the terms of the Settlement Agreement. The Settling Defendant shall have no responsibility for the payment of fees or costs, including attorneys' fees, to any other attorney or law firm who may have been associated with *Taylor*. Class Counsel (i) represents and warrants that there are no attorneys' liens asserted or filed by any other attorney or law firm; and (ii) agrees to indemnify and hold the Settling

Defendant harmless for any suits, actions or other claims asserted or brought against them for any costs or fees, including attorneys' fees, by any other attorney or law firm with respect to any and all matters that are the subject of this Settlement Agreement.

(c) Payment of the Class Counsels' Attorneys' Fees and Costs shall be forwarded by the Settlement Administrator by wire transfer to the escrow account of Quinn, Gordon & Wolf, Chtd. no later than ten (10) calendar days after the Effective Date.

20. Duties of the Settlement Administrator.

(a) The Settlement Administrator's responsibilities include confirming the Class Member List to be compiled by Wells Fargo (i.e., the modified Preliminary Class List) and submitted to the Court. The Class Member List will be in the form of a database that will include only the name and last four digits of the loan number for each class member. However, each party to this Agreement shall be provided a more detailed Class Member List that will include all of the information set forth in Paragraph 15 above. This more detailed Class Member List shall be kept confidential by the Settlement Administrator and Class Counsel and shall not be shared with any third party or used in any other litigation matter other than *Taylor*. Nothing in this subparagraph shall be construed to limit or otherwise restrict Class Counsel's ability to communicate with class members in a manner that Class Counsel determine is in the best interests of the Settlement Class.

(b) The Settlement Administrator shall also be responsible for collecting and reviewing exclusion requests from those Class Members who opt-out, transmitting payments as provided herein, and attending to other administrative obligations required to fulfill the requirements of this Settlement.

21. **Class Notice Procedures.**

(a) The Settlement Administrator also will affect notice to the Class in a form and manner approved by the Court. The form of Notice filed with the Court and agreed to by the parties is attached hereto as **Exhibit C**. The notice shall inform the class about their rights, duties and obligations under the Settlement Agreement. The notice shall be sent to Class Members by first class mail, via the U.S. Postal Service, within thirty (30) calendar days of issuance of the Preliminary Approval Order by the Court. The notice also shall advise class members of a web site created by Class Counsel in connection with this Agreement.

(b) In preparation for the mailing of Notice, Wells Fargo shall provide the Settlement Administrator with the revised Class List and information set forth in Paragraph 15(c) above.

(c) Prior to mailing the Class Notice, the Settlement Administrator shall update the addresses of the Settlement Class using the U.S. Postal Service's National Change of Address ("NCOA") database.

(d) The mailers containing the Notice shall be in the form proposed by the Settlement Administrator and include on its face a text box advising class members: **"THIS IS NOT JUNK MAIL. ENCLOSED IS AN IMPORTANT LEGAL NOTICE ABOUT YOUR RIGHT TO BENEFITS UNDER A CLASS ACTION SETTLEMENT. PLEASE OPEN AND READ."**

(e) If a Notice is returned with a new forwarding address provided by the U.S. Postal Service, the Settlement Administrator will reissue the Class Notice to the new forwarding address within 10 calendar days. If a Class Notice is returned as undeliverable and there is no forwarding address, the Settlement Administrator will update the address using a web-based

service to obtain a corrected address and, if a different address is obtained by such search, a second Class Notice shall be sent. To facilitate the second mailing of the Notice, Wells Fargo, on an expedited basis, will provide to the Settlement Administrator additional identifying information, including social security numbers when requested by the Settlement Administrator, for each Class Member whose notice will be re-mailed. The second notice shall be sent within 10 calendar days of receiving the undeliverable Class Notice. If a second notice is sent and returned undeliverable, no further Class Notice need be sent by the Settlement Administrator. The Settlement Administrator shall have no obligation to re-mail any Class Notice returned as undeliverable after sixty (60) days from the date on which it originally was mailed.

(f) All costs associated with the Class Notice shall be paid from the Settlement Fund.

(g) In performing the administrative tasks described in this section, the Settlement Administrator shall not be deemed to be giving legal advice in any respect nor shall he be held responsible for the failure of any Class Member to receive the Class Notice.

(h) At least ten (10) days in advance of the Final Approval Hearing, the Settlement Administrator shall file with the Court and serve upon Class Counsel and Counsel for the Settling Defendant an affidavit setting forth the manner in which it complied with the production of the Class Notice to the Class.

(i) For a period of one hundred and eighty (180) days after the Effective Date, the Settlement Administrator shall maintain a post office box address to receive inquiries with respect to the Settlement.

22. **Cost of Administration of Settlement Fund.** As set forth in Paragraph 16(b) above, the Parties agree that the cost of notice to Class Members and the administration of the settlement will be paid from the Settlement Fund. The cost of notice and administration of the settlement, shall include, by way of example, (1) the time and expenses of the Settlement Administrator, (2) all costs associated with compiling the Class Member List; (2) first-class postage of the mailed notice to the Class; (3) all reasonable costs associated with locating class members who would be entitled to receive a settlement check under this Agreement; and (4) first-class postage for mailing the settlement checks.

23. **Cy Pres.** The parties have agreed that a *cy pres* fund will be created that includes any residue of the Settlement Fund remaining for any reason, including checks that are not negotiated or are returned and remain undeliverable after a date set by the Court. The *cy pres* fund shall be donated, with the approval of the Court, as follows: (1) the first \$75,000⁰⁰ of the *cy pres* fund, if any, shall be paid to St. Vincent de Paul of Baltimore; (2) the next \$25,000⁰⁰ of the *cy pres* fund, if any, shall be paid to Our Daily Bread; (3) the balance of the *cy pres* funds, if any, shall be paid to Comprehensive Housing Assistance, Inc. (CHAI) (collectively the “*cy pres* recipients”). Within 140 days after the checks are mailed to the class members under Paragraph 17 of this Agreement, the Settlement Administrator shall issue checks payable to the individual *cy pres* recipients in accordance with the formula stated above and send such checks to Lead Counsel who shall deliver them to the *cy pres* recipients and provide proof of such delivery to the Settling Defendant’s counsel.

24. **Cooperation.** The Settling Defendant and Class Counsel shall cooperate with the Settlement Administrator to the extent reasonably necessary to assist and facilitate the Settlement Administrator in carrying out its duties and responsibilities. The Settling

Defendant and Class Counsel also shall reasonably cooperate with each other so that both sides may adequately monitor all aspects of this Agreement.

25. **Releases.** This Agreement seeks the complete termination of the *Taylor* Litigation between the Representative Plaintiffs and the Settlement Class (as defined in Paragraphs 14 (j) and 15(a)), on the one hand, and between and among the Released Persons (as defined in Paragraph 14 (i)), on the other, and it releases only the Released Claims (as defined in Paragraph 14 (k)). On the Effective Date, the Representative Plaintiffs and the Settlement Class Members shall be deemed to have, and hereby do, release their claims (the “Released Claims”) as follows:

(a) For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to sub-paragraphs 25(c) and (d) below, the Releasing Parties (as defined in Paragraph 14(j)), hereby remise, release, and forever discharge the Released Persons (as defined in Paragraph 14(i)) from any and all claims for violation of any state, federal, or common law whatsoever arising from the Releasing Parties’ origination of the mortgage loans that make up the Settlement Class (as defined in Paragraphs 14 (j) and 15(a)), and that are subject to the claims stated in the Pending Litigation including, but not limited to, claims for violations of the Maryland Finder’s Fee Law (Md. Comm. Law Code Ann. §§ 12-801, *et seq.*), the Maryland Consumer Protection Act (Md. Code Ann., Com. Law II , §§ 13-101, *et seq.*), and the Maryland common law of conspiracy, including any claims for violation of any state, federal, or common law arising from the origination of the Releasing Parties’ mortgage loans that were or could have been brought in the lawsuit. This Release shall also apply to any and all claims of the Releasing Parties, arising from the origination of the Releasing Parties’ mortgage loans, that would be barred by the doctrines of res judicata or collateral estoppel had this class action been litigated to a final judgment on the merits.

(b) The Releasing Parties understand and acknowledge that they may discover facts in addition to or different from those that are currently known or believed to be true with respect to their mortgage loans but that it is their intention to fully, finally, and forever settle and release all of the Released Claims, known and unknown, suspected or unsuspected, without regard to the subsequent discovery or current existence of any such additional or different facts, and in furtherance of such intention, the release of these Released Claims shall remain in effect notwithstanding the discovery or existence of any such additional or different facts.

(c) The foregoing Release shall not apply to any allegations, claims for relief and/or causes of action that are stated, pled or set forth in *Minter* and/or *Petry*, both pending in the United States District Court for the District of Maryland.

(d) The foregoing Release shall not apply to, limit or waive the Settlement Class Members' ability to state viable defenses grounded upon the origination of their mortgage loans in any foreclosure action brought in connection with such loans.

26. Released Persons' Covenant Not to Sue *Taylor* Settlement Class

Excluding Claims To Enforce Credit Obligations. The Released Persons hereby covenant and agree that neither they nor any of their successors, assigns, agents or employees will sue or maintain any action at law or in equity against any of the Representative Plaintiffs or the Settling Class Members in respect of any claim and/or counter-claim that would have been required, under the Maryland Rules of Civil Procedure, to have been brought in the Pending Litigation; however, this covenant expressly excludes any claims arising from the indebtedness of any of the Representative Plaintiffs or the Settling Class Member to Wells Fargo, its successors, assigns, agents, or employees ("Wells Fargo Bank"), and nothing in this Settlement Agreement may be construed as affecting or altering the indebtedness of any of the Representative Plaintiffs or the

Settling Class Member to Wells Fargo Bank; nor shall anything in this Settlement Agreement alter in any manner the rights or obligations of such Representative Plaintiffs or the Settling Class Members under the terms of their Deed of Trust, Note, or Credit Agreement with Wells Fargo Bank or the rights of Wells Fargo Bank or any Representative Plaintiff or Class Member to enforce the terms of such Deed of Trust, Note, or Credit Agreement or any other State or Federal Law not released by this Agreement.

III. PROCEDURES FOR EFFECTUATING SETTLEMENT

27. **Full and Final Settlement with the Settling Defendant in *Taylor*.** It is the intent and purpose of this Agreement to effect a full and final settlement of all the Representative Plaintiffs and the Settlement Class' claims in *Taylor* against the Settling Defendant. In order to effectuate that purpose, the Representative Plaintiffs and the Settling Defendant agree to cooperate and use their best efforts to obtain Court approval of the settlement in an expeditious manner.

28. **Preliminary Approval Procedure.** Within ten (10) calendar days after execution of this Settlement Agreement by the Parties, Plaintiffs shall file a motion with the Court for entry of the an order preliminarily certifying the Class, preliminarily approving the Settlement Agreement, and ordering the Parties to take other such steps as outlined in this Agreement (the "Preliminary Approval Order"). Class Counsel shall file a memorandum in support of the motion for preliminary approval. Class Counsel shall provide a draft of the memorandum to counsel for the Settling Defendant, for their review and comment, at least seven (7) days in advance of filing. A copy of the form of the Preliminary Approval Order agreed to by the Parties is attached hereto as **Exhibit B**.

29. **Final Approval Procedure.** At the time and manner required by the Preliminary Approval Order, the parties shall file any motions or other papers that they may have in support of final approval of the settlement.

IV. CONDITIONS OF SETTLEMENT

30. **Stipulation of Dismissal of *Taylor* Litigation.** If no judgment is otherwise entered by the Court upon entry of the Final Approval Order, the Representative Plaintiffs shall file a Stipulation of Dismissal with Prejudice as to the Settling Defendant and the other named “Released Persons” in *Taylor* within five (5) days after the Effective Date of this Agreement.

31. **Approval of the Court.** This Agreement is subject to final approval by the Circuit Court for Baltimore City, Maryland. If these conditions do not occur, or if the Court does not approve this Agreement or enter the Orders requested herein, or if the Court enters the judgment provided for herein but the judgment is materially modified or reversed upon appellate review, then this Agreement shall be canceled and terminated unless counsel for both sides, within ten (10) days from the receipt of a ruling or written notice of circumstances giving rise to termination, agree in writing to proceed with this Agreement.

32. **Termination of Agreement.** This Agreement shall only be terminable: (a) at the option of the Representative Plaintiffs or the Settling Defendant if the Court fails to approve the Settlement; (b) at the option of Representative Plaintiffs or the Settling Defendant if more than ten percent (10%) of Class Members become successful opt-outs; (c) at the option of the Representative Plaintiffs or the Settling Defendant if the Court materially modifies (or proposes to materially modify) this Agreement in order to approve the Settlement; or (d) upon the mutual written agreement of the Representative Plaintiffs on the one hand and the Settling Defendant on

the other hand. Any dispute as to the materiality of any modification or proposed modification of this Agreement by the Court shall be resolved pursuant to the terms of Paragraph 33.

33. **Effect of Termination of Agreement.** If this Agreement is terminated or canceled as set forth herein, all of the parties hereto shall be deemed to have reverted to their respective status as of December 4, 2009, and they shall proceed in all respects as if this Agreement had not been executed and the related Orders had not been entered, preserving in that event all of their respective claims and defenses in this case.

34. **Resolution of Disputes under This Agreement.** The parties agree that the Court shall maintain jurisdiction over the implementation and interpretation of this Agreement, which shall be interpreted under Maryland law without regard to its choice-of-law provisions.

VI. MISCELLANEOUS PROVISIONS

35. **Media.** The Representative Plaintiffs and Class Counsel agree that they shall not issue, or cause to be issued, any press release. The Parties, however, agree that their counsel may respond to media inquiries regarding the Settlement by providing publicly available information, including information contained in papers filed in the Court.

36. **Amendments.** This Agreement may be amended or modified only by a written instrument signed by Class Counsel and the Settling Defendant.

37. **Entire Agreement.** This Agreement constitutes the entire Agreement among the Plaintiffs on the one hand and the Settling Defendant on the other, and no representations, warranties or inducements have been made from the Plaintiffs to the Settling Defendant or vice versa concerning this Agreement or its exhibits other than the representations, warranties, and

covenants contained and memorialized in such documents. Except as otherwise provided herein, each party shall bear its own costs.

38. **Plaintiffs' Authority.** Class Counsel, on behalf of the Class, are expressly authorized to take all appropriate actions required or permitted to be taken by the Class pursuant to this Agreement to effectuate its terms, and are also expressly authorized to enter into any modifications or amendments to this Agreement on behalf of the Class.

39. **Counterparts.** This Agreement may be executed in one or more counterparts. All executed counterparts shall be deemed to be one and the same instrument. Counsel for the parties hereto shall exchange among themselves original executed counterparts and a complete set of original executed counterparts shall be filed with the Circuit Court for Baltimore City, Maryland in connection with the motion to approve the settlement.

40. **Binding Nature.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their present, former and future respective heirs, executors, administrators, representatives, agents, attorneys, partners, successors, predecessors-in-interest, assigns, employees, and insurers.

41. **Construction of the Agreement.** The parties agree that no party shall be deemed to have drafted this Agreement.

42. **No Admission of Liability.** This Settlement is in no way an admission of liability on the Settling Defendant's part with respect to any claim in the *Taylor* Complaint or in any other lawsuit, including *Minter* and *Petry*. This Settlement may not be used against the Settling Defendant in any other lawsuit or proceeding, whether on the merits, in connection with class certification, or with respect to the applicable statute of limitations.

43. **Applicable Law.** All the terms of this Agreement shall be governed by and interpreted in accordance with the laws of the State of Maryland and applicable federal law.

44. **Jurisdiction.** The parties hereto submit to the jurisdiction of the Circuit Court for Baltimore City, Maryland for the purpose of implementing the settlement embodied in this Agreement.

45. **Dismissal.** In connection with Final Approval of the Settlement and the issuance of the Final Approval Order, a Final Judgment of Dismissal with Prejudice shall be entered by the Court.

46. **Headings.** The headings contained in the Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

47. **No Rescission on Grounds of Mistake.** The Parties acknowledge that they have made their own investigations of the matters covered by the Agreement to the extent they have deemed it necessary to do so. Therefore, the Parties agree that they will not seek to set aside any part of the Agreement on the grounds of mistake. Furthermore, the Parties understand, agree, and expressly assume the risk that any fact not recited, contained, or embodied in the Agreement may turn out hereinafter to be other than, different from, or contrary to the facts now known to them, or believed by them to be true, and further agree the Agreement shall be effective in all respects notwithstanding, and shall not be subject to termination, modification, or rescission by reason of, any such difference in facts.

48. **Integration of Exhibits.** The exhibits to the Agreement are an integral and material part of this Agreement and are hereby incorporated and made a part of the Agreement.

49. **Competency; Independent Counsel.** Each party to this Agreement represents and warrants that he, she, or it is competent to enter into this Agreement and in doing so is acting upon

his, her, or its independent judgment and upon the advice of his, her, or its own counsel and not in reliance upon any warranty or representation, express or implied, or any nature or kind by any other party, other than the warranties and representations expressly set forth in this Settlement Agreement itself.

50. **Notices.** Except for the Class Notice, which shall be governed exclusively by the provisions set forth in the Preliminary Approval Order and by Paragraph 21, all notices required or permitted to be given by law or by the terms of the Agreement shall be in writing and shall be considered given upon personal receipt by the party to be served after mailing of such notice by first class United States mail, postage prepaid, addressed to the Parties through their Counsel of Record.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

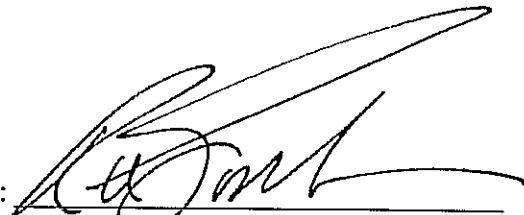
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized attorneys under seal as of the day and year written below.

Date: January 22, 2010

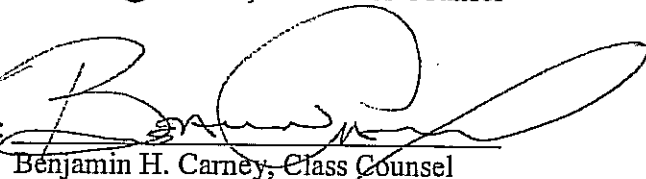
FOR THE SETTLEMENT CLASS:

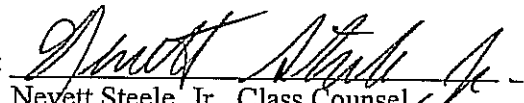
FOR THE DEFENDANT:

WELLS FARGO BANK, N.A. d/b/a
WELLS FARGO HOME MORTGAGE, INC.

By: 
Richard S. Gordon, Lead Class Counsel

By: _____

By: 
Benjamin H. Carney, Class Counsel

By: 
Nevett Steele, Jr., Class Counsel

By: _____
Phillip Robinson, Class Counsel

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized attorneys under seal as of the day and year written below.

Date: January ²⁶____, 2010

FOR THE SETTLEMENT CLASS:

FOR THE DEFENDANT:

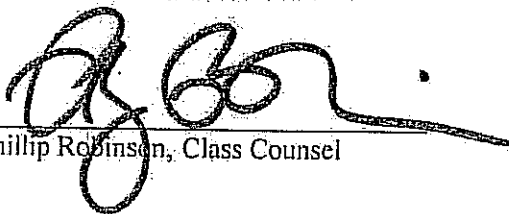
WELLS FARGO BANK, N.A. d/b/a
WELLS FARGO HOME MORTGAGE, INC.

By: _____
Richard S. Gordon, Lead Class Counsel

By: _____

By: _____
Benjamin H. Garney, Class Counsel

By: _____
Nevett Steele, Jr., Class Counsel

By: 
Phillip Robinson, Class Counsel

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized attorneys under seal as of the day and year written below.

Date: January __, 2010

FOR THE SETTLEMENT CLASS:

FOR THE DEFENDANT:

WELLS FARGO BANK, N.A. d/b/a
WELLS FARGO HOME MORTGAGE, INC.

By: _____
Richard S. Gordon, Lead Class Counsel

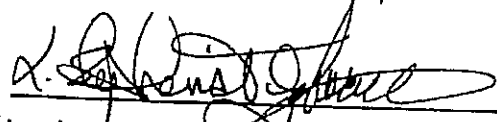
By: _____

By: _____
Benjamin H. Carney, Class Counsel

By: _____
Nevett Steele, Jr., Class Counsel

By: _____
Phillip Robinson, Class Counsel

For The Settlement Administrator

By:  1/22/10
L. Stephens Tilghman, Tilghman & Co., P.C.
As to Paragraph 16(b)(i) only