

THE CIRCUIT COURT OF CLAY COUNTY, MISSOURI
AT LIBERTY

DANITA S. COUCH, et al.,

Plaintiffs,

v.

SMC LENDING, INC., et al.,

Defendants.

Case No. CV100-4332 CC

Division 3

**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 AND ANNOUNCEMENT APPLIES TO YOU BECAUSE YOU ARE AMONG A CLASS OF PERSONS WHO, ON OR AFTER JUNE 29, 1994, OBTAINED A "SECOND MORTGAGE LOAN" AS DEFINED UNDER MISSOURI LAW THAT WAS SECURED BY A MORTGAGE OR A DEED OF TRUST ON RESIDENTIAL REAL PROPERTY LOCATED IN THE STATE OF MISSOURI, ORIGINATED BY SMC LENDING, INC., AND PURCHASED BY, ASSIGNED TO, SERVICED BY AND/OR MASTER SERVICED BY RESIDENTIAL FUNDING COMPANY, LLC (FORMERLY RESIDENTIAL FUNDING CORPORATION).

YOU MAY BE ENTITLED TO RECEIVE A SUBSTANTIAL PAYMENT IN CONNECTION WITH THE SETTLEMENT. CLASS MEMBERS WHO DO NOT EXCLUDE THEMSELVES FROM THE SETTLEMENT WILL RECEIVE A PAYMENT RANGING FROM AN ESTIMATED \$4,530 TO \$109,527 (\$28,479 ON AVERAGE) PURSUANT TO A SETTLEMENT REACHED WITH RESIDENTIAL FUNDING COMPANY, LLC, AND CERTAIN OTHER ENTITIES WITH RESPECT TO THE SUBJECT "SMC-RFC LOANS." CLASS MEMBERS CAN REVIEW WHAT PLAINTIFFS' COUNSEL CURRENTLY ESTIMATES THE AMOUNT OF THEIR "RFC SETTLEMENT CLASS MEMBER PAYMENT" TO BE BY VISITING THE WEBSITE OF PLAINTIFFS' COUNSEL, www.wbsvlaw.com, AND CLICKING ON THE LINK "COUCH 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 you obtained a second mortgage loan that was originated by SMC Lending, Inc. on or after June 29, 1994, that was purchased by, assigned to, serviced by, and/or master serviced by Residential Funding Company, LLC. Your second mortgage loan is currently the subject of the class action lawsuit filed in the Circuit Court of Clay County, Missouri styled *Danita S. Couch, et al. v. SMC Lending, Inc., et al.*, Case No. 7CV 100-4332 (the "Lawsuit" or "Litigation"). You (and any co-borrower(s) on your second mortgage loan) may be eligible to receive money from a proposed settlement (the "Settlement") that Ms. Shirley D. Morrow, one of the named plaintiffs in the Lawsuit, and Residential Funding Company, LLC (formerly, Residential Funding Corporation) ("RFC"), and various other entities executed on June 24, 2011. Please share this Notice with any co-borrower(s) on your loan(s).

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

2. WHAT IS THE LAWSUIT ABOUT?

A class action lawsuit was commenced on June 29, 2000 in the Circuit Court of Clay County, Missouri, styled *Danita S. Couch, et al. v. SMC Lending, Inc., et al.*, Case No. 7CV 100-4332. The plaintiffs filed the lawsuit on their own behalf, and on behalf of a proposed class of other borrowers who also obtained junior or "second" mortgage loans secured by Missouri residential real estate from SMC Lending, Inc. ("SMC").

In the Lawsuit, the plaintiffs allege that SMC violated the Missouri Second Mortgage Loans Act, Mo.Rev.Stat. §§ 408.231-408.241 by directly or indirectly charging, contracting for and/or receiving a number of different settlement charges or loan fees in connection with its Missouri second mortgage loans. The plaintiffs also allege in the Lawsuit that SMC sold and assigned its Missouri second mortgage loans after making them and that the entities that purchased and/or serviced the loans are derivatively liable as the assignees and holders of the second mortgage loans for SMC's violations of Missouri law. In addition, the plaintiffs allege that the entities that purchased and/or serviced the Missouri loans also violated the Missouri Second Mortgage Loans Act by directly or indirectly charging, contracting for and/or receiving the illegal settlement charges and loan fees, as well as interest, on the loans.

The defendants deny that all of the alleged settlement charges by SMC violated the Missouri Second Mortgage Loan Act and deny that they are derivatively liable for any violations of the law. Defendants also deny that they, as subsequent holders or servicers of these loans, directly or indirectly charged, contracted for or received any settlement charges or loan fees in violation of the Missouri Second Mortgage Loans Act and also deny that there is liability under the Act for interest on the loans.

On December 11, 2002, the Court certified a litigation class in the Lawsuit comprised of those

persons who obtained a second mortgage loan from SMC on or after June 29, 1994 (the “Litigation Class”). Notice was provided to the members of the Litigation Class of their opportunity to opt out and exclude themselves from the Settlement and Litigation Class that had been certified.

Plaintiff Shirley D. Morrow (as a member and representative of the Litigation Class whose SMC Loan was purchased by and assigned to RFC and other related entities) and RFC have now agreed to settle and resolve the Lawsuit as between them on terms that are summarized in this Notice. The complete details of the proposed Settlement are contained in a “Settlement Agreement and Release” filed with the Court (the “Agreement”) by Plaintiff Shirley D. Morrow and RFC on its own behalf and as attorney-in-fact for Homecomings Financial, LLC, GMAC Mortgage, LLC, the Home Loan Trust 1998-HI2, Home Loan Trust 1998-HI4, Home Loan Trust 1999-HI1, Home Loan Trust 1999-HI4, Home Loan Trust 1999-HI6, Home Loan Trust 1999-HI8, Home Loan Trust 2000-HI1, Home Loan Trust 2000-HI2, Home Loan Trust 2000-HI3, Home Loan Trust 2000-HI4, Home Loan Trust 2000-HI5, Mortgage Asset-Backed Pass-Through Certificate Series 1998-KS1 Trust, Residential Funding Mortgage Securities II Inc., Wilmington Trust Company and JPMorgan Chase Bank, N.A. (collectively, the “Settling Defendants”), all as the assignees, owners, holders, trustees, servicers and/or master servicers of the “SMC-RFC Loans,” as defined in the Agreement. Plaintiff Shirley D. Morrow and the Settling Defendants are collectively referred to in this Notice as the “Parties.”

On August 1, 2011, the Court preliminarily approved the proposed Settlement as fair, reasonable, and adequate. The Court will conduct a “fairness hearing” **on October 19, 2011** to consider, among other things, whether the Settlement should be finally approved. The proposed Settlement will become effective only if it is finally approved by the Court, provided all other terms and conditions of the Settlement are met.

3. WHO IS COVERED BY THE PROPOSED SETTLEMENT?

According to the parties’ records, you are a member of the RFC Settlement Class and will be covered by the Settlement. The Settlement Class includes all persons who, on or after June 29, 1994, obtained a “Second Mortgage Loan,” as defined in Mo.Rev.Stat. § 408.231.1, that was secured by a mortgage or a deed of trust on residential real property located in the state of Missouri, originated by SMC Lending, Inc., and purchased by, assigned to, serviced by, and/or master serviced by Residential Funding Company, LLC (formerly known as Residential Funding Corporation), and who did not timely exercise their right and option to exclude themselves from the Litigation Class.

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 6 of this Notice, or by visiting the website of Plaintiffs’ Counsel, www.wbsvlaw.com, and clicking on the link “Couch RFC Settlement.”

- A. The total amount that the Settling Defendants have agreed to pay in settlement (the “Settlement Fund”) is \$4,255,437.84. If the Court approves the proposed Settlement, the members of the RFC Settlement Class who do not exclude themselves from the Settlement will receive a settlement payment ranging from an estimated \$4,530.16 to \$109,527.26 (\$28,479.05 on average). The amount of each such “RFC Settlement Class Member Payment” represents a pro rata share of the “Net Distributable Settlement Fund” and is determined per loan based on the following: (a) the allegedly illegal loan fees charged, contracted for or received in connection with the loan; (b) the interest paid on the loan; and (c) prejudgment interest on those amounts.

The “Net Distributable Settlement Fund” will be 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 Plaintiff Shirley Morrow by the Court; and (b) the amount of any litigation expenses and/or court costs awarded to Plaintiffs’ Counsel by the Court. The “Net Distributable Settlement Fund” is estimated to be \$2,506,156.41 or 60% of the Net Settlement Fund. The Named Plaintiffs and Plaintiffs’ Counsel will ask the Court to award the remaining \$1,670,770.94 or 40% of the Net Settlement Fund as an attorney’s fee award to Plaintiffs’ Counsel for services and work in this case and the Settlement with RFC. The amount of the incentive, expense and attorney’s fees awards that the Named Plaintiffs and Plaintiffs’ Counsel will ask the Court to approve and make are explained in Section 10 of this Notice. RFC Settlement Class Members can review what Plaintiffs’ Counsel currently estimates the amount of their individual RFC Settlement Class Member Payment to be by visiting the website of Plaintiffs’ Counsel, www.wbsvlaw.com, and clicking on the link “Couch RFC Settlement.”

- B. If the Court approves the Settlement and it becomes effective in accordance with the terms of the Agreement, the members of the RFC Settlement Class who do not exclude themselves from the Settlement will receive their 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. **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 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 other terms and conditions as to effectiveness as stated in the Agreement are met. If the

proposed Settlement is approved and becomes effective, the Court will enter a judgment that releases and discharges RFC and certain other persons, including the other Settling Defendants, 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 RFC Settlement Class Member Payments 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 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 Settling Defendants' Counsel (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 Settling Defendants' Counsel at the addresses below on or before **September 2, 2011**. 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 "Couch v. SMC Lending, Case No. 7CV 100-4332." 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 and Judgment entered in the case with respect to the RFC Settlement Class. You will be free to continue pursuing whatever legal rights you may have against RFC and the other Settling Defendants in the Lawsuit.

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 K. Elizabeth Davis of the Circuit Court of Clay County, Missouri (Division 03) on **October 19, 2011**, at **10:00 a.m.**, in the Clay County Courthouse, 11 S. Water, Liberty, MO 64068 (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 Named Plaintiff Shirley D. Morrow is an adequate representative 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 Named Plaintiff Shirley D. Morrow should be entitled to a payment for her services as class representative and, if so, how much; and (e) whether the Final Order and Judgment should be entered dismissing the Lawsuit with prejudice on the merits as to the Settling Defendants.

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 proposed Settlement. If you want to object, you must file a written objection with the Clerk of Court, Clay County Courthouse, 11 S. Water, Liberty, MO 64068, no later than **September 2, 2011**. All persons wishing to object must also send a copy of their written objection to Plaintiffs' Counsel and Settling Defendant's Counsel (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 "Couch v. SMC Lending, Case No. 7CV 100-4332"; (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 no later than **September 2, 2011**; and (b) serve the Notice of Appearance on Plaintiffs' Counsel and Settling Defendants'

Counsel. Any subjects to be raised at the Fairness Hearing must be contained in a written objection filed with the Court in the manner set out above. If you wish to call witnesses or present other evidence at the Fairness Hearing, you must identify the witnesses in your written objection. You must also attach any documents to your objection and describe any other evidence you intend to present at the Hearing.

The addresses for Plaintiffs' Counsel and Settling Defendants' Counsel are as follows:

Plaintiffs' Counsel

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

Settling Defendants' Counsel

Irvin V. Belzer
Bryan Cave, LLP
One Kansas City Pl., 1200 Main St.,
Ste. 3500
Kansas City, MO 64105-2100

Any member of the RFC Settlement Class who has not filed a timely written request for exclusion may also 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 "Couch v. SMC Lending, Case No. 7CV 100-4332" 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, Clay County Courthouse, 11 S. Water, Liberty, MO 64068, no later than **September 2, 2011**. Any persons wishing to intervene must also send a copy of their written request to intervene to Plaintiffs' Counsel and Defendants' Counsel 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 proposed 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 KC Metro Area) or by visiting the website of Plaintiffs' Counsel, www.wbsvlaw.com and clicking on the link "Couch RFC Settlement."

9. WHAT ARE THE REASONS FOR SETTLEMENT?

Named Plaintiff Shirley Morrow and the Settling Defendants have agreed to the Settlement after considering, among other things, (i) the substantial benefits available to the RFC Settlement Class under 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 the Settling Defendants; and (iv) the desirability of consummating the Settlement promptly to provide effective relief to the RFC Settlement Class.

The Court has not ruled on the merits of the claims or defenses in this case, and the Settling Defendants have denied and continue to deny each and every claim asserted against them. They deny and continue to deny all charges of wrongdoing or liability against it arising out of or relating to any of the conduct, statements, acts, or omissions alleged, or that could have been alleged in the Lawsuit. Nonetheless, the Settling Defendants have concluded that further litigation and a trial of the claims would be protracted, burdensome, and expensive, and that it is desirable that the Lawsuit be fully and finally settled as against them in the manner and on the terms and conditions set forth in the Agreement.

10. WILL NAMED PLAINTIFF SHIRLEY MORROW OR PLAINTIFFS' COUNSEL RECEIVE COMPENSATION?

Yes. Named Plaintiff Shirley D. Morrow, as representative 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 Ms. Morrow to file and prosecute class action lawsuits for the benefit of a class of people they do not know. The award also compensates the representative of a class for her or his work and time (over 10 years of service in this case) as class representative (being interviewed and deposed, reviewing documents, meeting and conferring with class counsel, etc.) Plaintiff Morrow will ask the Court to approve and make an incentive award to her in this case of up to \$20,000 for her time, services and expenses throughout the course of the Lawsuit. The Settling Defendants will not object to Plaintiff Morrow's 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 Plaintiff Morrow 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 "RFC Settlement Class Member Payments" as described in Section 4 above.

Plaintiffs' Counsel has prosecuted this litigation on a contingency fee basis and has incurred or advanced all of the costs associated with the Lawsuit since it was first filed in June 2000. Plaintiffs' Counsel has not yet been paid for their work or received reimbursement for the expenses incurred or advanced on behalf of the Plaintiffs and the members of the RFC Settlement Class and the other members of the Litigation Class. The Court must determine and approve the amount of any such awards of attorney's fees and litigation expenses to be made to Plaintiffs' Counsel. The amount of any such award must be 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, and the amount involved in the controversy and the benefits resulting to the client.

Based on these and other factors, and as a part of the Settlement, Plaintiffs' Counsel and/or Plaintiff Shirley D. Morrow will request the Court to approve an award of attorney's fees and litigation expenses not to exceed the following amounts: (a) \$58,510.50 for an allocated share of the more than \$100,000 of litigation expenses and court costs that Plaintiffs' Counsel has incurred and advanced in connection with the Lawsuit/Claims as of February 28, 2011; and (b) 40% of the "Net Settlement Fund" as defined above in Section 4 of this Notice. The amounts of any such expense and attorney's fees awards made to Plaintiffs' Counsel will be deducted and paid from the Settlement Fund and Net Settlement Fund, respectively, before the RFC Settlement Class Member Payments are distributed to the RFC Settlement Class Members as described in Section 4 above.

The Settling Defendants will not object to the above application for expenses and attorney's fees by Plaintiffs' Counsel, but the Court must also determine and approve the amount of any expense and attorney's fee awards as "reasonable." If the Court approves and makes the expense and attorney's fees awards as proposed, the RFC Settlement Class Members will receive \$2,506,156.41 or 60% of the Net Settlement Fund and Plaintiffs' Counsel will receive the remaining \$1,670,770.94 (or 40 %) of the Net Settlement Fund. Under this proposal, the amount of the Net Settlement Fund to be paid to the RFC Settlement Class Members will compensate the RFC Settlement Class Members for the following: (1) all (100%) of the allegedly illegal loan fees sought in the Lawsuit, which totals \$131,030.72; (2) all (100%) of the interest that the Class Members paid (or have yet to pay) on their second mortgage loans, which totals \$1,295,896.47; and (3) prejudgment interest on both the loan fee and loan interest amounts at the legal rate of 9% per year, calculated from the date of the Notes and interest payment dates over the past 10 or more years, which totals \$1,079,229.21.

The range and average of the Settlement Payments described above 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 given, among other things, Named Plaintiff Shirley Morrow's years of service, the complexity of the case, the nature and extent of the legal work provided by Plaintiffs' Counsel since 2000, and the extraordinary results obtained for the RFC Settlement Class. If the Court approves an incentive award or an award of expenses or attorney's fees in an amount less than that applied for, the difference shall 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 exclusion 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 “**Releasers**” is defined in the Agreement at paragraph 2.14 as:

“Releasers means Plaintiff Morrow and all 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 Releasers 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 person(s) whom RFC fails to identify 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 2.15 as:

“Released Persons shall mean the Settling Defendants, individually and together with the RFC affiliates, parent companies and subsidiaries listed on Exhibit G, and each of their past and present officers, directors, shareholders, employees, attorneys (including any consultants hired by counsel), accountants, insurers, heirs, executors, and administrators, and each of their respective predecessors, successors, and assigns. Notwithstanding anything in this Agreement to the contrary, the term “Released Persons” does not include any of the following: (a) SMC Lending, Inc.; (b) Wilmington Trust Company in its capacity as an assignee, holder, trustee, servicer and/or master servicer of loans other than the SMC-RFC Loans; (c) J.P. Morgan Chase Bank, NA, individually and/or formerly and/or as successor to Banc One, NA, Chase Manhattan Bank and others, in its capacity as an assignee, holder, trustee, servicer and/or master servicer of loans other than SMC-RFC Loans; (d) the “U.S. Bank Defendants” and any other current and/or former defendant named in the Litigation, other than the Settling Defendants; (e) any person, association or entity who is not a Released Person, including, but not limited to, Franklin Credit Management Corporation and Wells Fargo Bank, N.A., including any predecessor or other companies acquired or merged into Wells Fargo; (f) any person, association or entity, who is not a Released Person, that serviced any of the SMC-RFC Loans; (g) any person, association or entity that serviced any of the loans of any of the Non-RFC Plaintiff Borrowers; (h) any person, association or entity to whom any of the SMC-RFC Loans were sold, assigned, transferred and/or conveyed prior to the sale, assignment, transference or conveyance to RFC; or (i) any person, association or entity to whom any of the loans of any of the Non-RFC Plaintiff Borrowers were sold, assigned or otherwise transferred or conveyed.”

The term “**Released Claims**” is defined in the Agreement at paragraph 2.16 as:

“Released Claims means any and all claims, demands, actions, causes of action, rights, offsets, setoffs, suits, damages, lawsuits, liens, costs, surcharges, losses, attorney’s 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, attorney’s 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 SMC-RFC Loans and which any of the Releasers have had, or now have, from the beginning of time up through and including the Effective Date, against the Released Persons (“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’ SMC-RFC Loans; (2) any activities of the Released Persons with respect to the SMC-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, Mo.Rev.Stat. § 408.231, *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 this 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 SMC-RFC Loans or some other conduct, transaction, loan or occurrence; (2) 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 SMC, 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 (3) any claims of any kind or type by the Non-RFC Plaintiff Borrowers with respect to the SMC 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 against RFC, the Settling Defendants and the other Defendants in the Lawsuit. In that event, no payments will be made under the terms of the Agreement; however, RFC and the other Settling Defendants 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 "Couch RFC Settlement."

14. WHAT ARE THE RELEVANT DATES?

If you wish to request exclusion from the RFC Settlement Class or appear at the Fairness Hearing, these are the relevant dates:

- **Deadline for mailing a request for exclusion (must be received by): September 2, 2011**
- **Deadline for filing and serving a notice of appearance, a motion to intervene or any written objection (must be received by the court by): September 2, 2011**
- **Date and time of Fairness Hearing: October 19, 2011 at 10:00 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: August 1, 2011