

SETTLEMENT AND RELEASE AGREEMENT (“Agreement”) made subject to approval by the Court, as defined herein, by Minnie Pearl Landrum, (“Plaintiff Landrum”), individually and as the representative of the Settlement Class, as defined herein, and Meadows Credit Union (“Meadows” or “Defendant”). Plaintiff Landrum, Meadows Credit Union and the Class are collectively referred to as the “Parties.”

WHEREAS, Plaintiff Landrum filed the civil action currently pending before the United States District Court for the Western District of Missouri, styled *Minnie Pearl (Poe) Landrum v. Meadows Credit Union*, Case No. 08-441-CV-W-DW (the “Litigation”); and

WHEREAS, Plaintiff Landrum is asserting claims against Meadows Credit Union for alleged violations of Missouri’s Uniform Commercial Code, Chapter 400, RSMo Missouri’s Merchandising Practices Act, §§407.010 RSMo, *et seq.* and for conversion, and seeks compensatory damages, statutory damages, and punitive damages and other relief on her own behalf, and on behalf of a class of persons similarly situated as a result of having obtained a motor vehicle loan or financing from Meadows Credit Union in conjunction with a “Portfolio Management Program” administered by Centrix Financial, LLC, and who obtained a Missouri Certificate of Title for that motor vehicle identifying Meadows as the lienholder; and had said motor vehicle repossessed; and

WHEREAS, on August 4, 2010, the Court certified a Litigation Class in the Litigation comprising those persons who obtained a motor vehicle loan or financing from Meadows in conjunction with a “Portfolio Management Program” administered by Centrix Financial, LLC, who obtained a Missouri Certificate of Title for that motor vehicle identifying Meadows as the lienholder; and had said motor vehicle repossessed, and which Litigation Class is limited to the claims for violations of Uniform Commercial Code and Missouri Merchandising Practices Act;

Ex. 1

and

WHEREAS, notice was thereafter provided to the members of the Litigation Class of their opportunity to opt out and exclude themselves from the Litigation Class; and

WHEREAS, Meadows denies the claims and causes of action being asserted against it in the Litigation and denies any and all liability to Plaintiff Landrum and the Litigation Class; and

WHEREAS, counsel for Plaintiff Landrum (hereinafter, "Plaintiff's Counsel") and counsel for Meadows have thoroughly investigated the facts relating to the claims alleged in the Litigation and the events and transactions underlying the Litigation, through formal and informal discovery and have made a thorough study of the legal principles applicable to the claims being asserted against Meadows; and

WHEREAS, the Parties have reached an agreement, subject to Court approval, to resolve the Litigation as between Plaintiff Landrum and the Class and Meadows in accordance with the terms set forth herein; and

WHEREAS, Plaintiff's Counsel and counsel for Meadows have engaged in arm's length negotiations concerning the settlement of the claims and causes of action being asserted against Meadows in the Litigation; and

WHEREAS, Plaintiff Landrum and Plaintiff's Counsel have concluded that a settlement with Meadows as stated herein will be fair, just, equitable, reasonable, adequate and in the best interests of Plaintiff Landrum and the members of the Class based upon their investigation, study, negotiations and discovery taken in the Litigation, and taking into account the contested issues involved, the expense and time necessary to prosecute the Litigation against Meadows through trial, the delays and the risks and costs of further prosecution of the Litigation against Meadows, the uncertainties of complex litigation, and the benefits to be received pursuant to this

settlement agreement; and

WHEREAS, Meadows desires to settle the claims being asserted against it in the Litigation on the terms and conditions set forth herein for the purpose of avoiding the burden, expense, and uncertainty of continuing litigation, and for the purpose of putting to rest all controversies that have been or could be raised against Meadows in the Litigation; and

WHEREAS, the Parties acknowledge and agree that this Agreement constitutes a compromise in settlement of the claims and causes of action that have been or could be raised by Plaintiff Landrum and the Litigation Class against Meadows and the other “Released Persons,” as defined herein, as to, or in connection with, their motor vehicle loan or financing from Meadows in connection with the Portfolio Management Program, but shall in no way release or affect the existing or future claims, causes of action, remedies, and/or rights to relief of Plaintiff or member of the Class against any person, association or entity other than the “Released Persons” with respect to their motor vehicle loan or financing from Meadows in connection with the Portfolio Management Program, nor does this Agreement release or affect the existing or future claims, causes of action, remedies, and/or rights to relief of Meadows with respect to other credit unions who purchased any participation interests in any loans from Meadows.

NOW THEREFORE, the undersigned parties, each intending to be legally bound and acknowledging the sufficiency of the consideration and undertakings set forth herein, do hereby agree, subject to approval of the Court of this Agreement, that the Litigation and the “Released Claims” as defined herein, against the “Released Persons” as defined herein, are finally and fully compromised and settled and that the claims of the Litigation Class, as defined herein, against the “Released Persons” shall be dismissed with prejudice as against the “Released Persons” as follows:

1. **Denial of Liability; No Admissions; Effect of Court's Denial of Approval**

The Parties are entering into this Agreement for the purpose of resolving vigorously disputed claims that have arisen between them and in the interest of avoiding the burdens, expense, and risk of further litigation. The Parties expressly agree that, in the event the Court does not approve the Agreement, or any appellate court disapproves of the Agreement in any way that prevents the Settlement from becoming final and effective, no Party will use or attempt to use any conduct or statement of any other Party in connection with this Agreement, or any effort to seek approval of the Agreement, to affect or prejudice any other Party's rights in any ensuing litigation. Meadows expressly reserves all rights and defenses to all claims and causes of action and does not waive any such rights or defenses in the event that the Agreement is not approved for any reason.

2. **Definitions**

As used in this Agreement, the following terms shall be defined as set forth below:

2.1 **Class Counsel.** "Class Counsel" shall mean Plaintiff's Counsel, Walters Bender Strohbehn & Vaughan, P.C., 2500 City Center Square, 1100 Main Street, Kansas City, Missouri 64105.

2.2 **Class Mail Notice.** "Class Mail Notice" means a document in a form substantially the same as that attached hereto as **Exhibit A**.

2.3 **Defendant's Counsel.** "Defendant's Counsel" means Polsinelli Shughart, P.C., 120 West 12<sup>th</sup> Street, Kansas City, Missouri 64105.

2.4 **Deficiency Write-Off.** "Deficiency Write-Off" means the sum of all account balances and deficiency claims that Meadows cannot collect by operation of Missouri law as a result of the Court's finding that there was a failure to send a pre-sale notice to each of the Class

Members and/or that the pre-sale notices that were sent to the Class Members failed to comply with or contain the information required by 400.9-614 RSMo such that Meadows cannot collect any deficiency balances from the Class Members as set forth in Paragraphs 4(l), (m) and (n) below.

2.5 **Effective Date.** The “Effective Date” of this Agreement means the date when all of the conditions set forth in Paragraph 12 have occurred, provided that Meadows has not timely rescinded the Agreement pursuant to Paragraph 9 below.

2.6 **Final Approval Order.** “Final Approval Order” means an Order of the Court in a form substantially the same as that attached hereto as **Exhibit C**, finally approving this Agreement and the “Settlement” pursuant to Federal Rule 23.

2.7 **Final Hearing Date.** “Final Hearing Date” means the date set by the Court for the hearing on final approval of the “Settlement.”

2.8 **Final Judgment.** “Final Judgment” means a Judgment of the Court in a form substantially the same as that attached hereto as **Exhibit D**.

2.9 **Gross Cash Fund.** “Gross Cash Fund” means the amount to be delivered by Meadows in accordance with Paragraph 4(a) below.

2.10 **Gross Monetary Sum of Write-Offs.** “Gross Monetary Sum of Write-Offs” consists of the Additional Monetary Benefits to be provided by Meadows or performed by Meadows in accordance with Paragraphs 4(l), (m), (n), (o), and (p) below as consideration for the Settlement.

2.11 **Gross Settlement Fund.** “Gross Settlement Fund” is the Gross Cash Fund and Gross Monetary Sum of Write-Offs.

2.12 **Judgment Write-Off.** “Judgment Write-Off” means the sum of all Judgment

balances that Meadows cannot collect by operation of Missouri law as a result of the Court's finding that there was a failure to send a pre-sale notice to each of the Class Members and/or that the pre-sale notices that were sent to the Class Members failed to comply with or contain the information required by 400.9-614 RSMo as set forth in Paragraphs 4(l), (m) and (n) below.

2.13 **Litigation Class.** "Litigation Class" means the class of Missouri borrowers defined by the Court in the Order Certifying Plaintiffs' Class, entered February 18, 2010.

2.14 **Net Distributable Settlement Fund.** "Net Distributable Settlement Fund" means the "Gross Cash Fund" plus any interest earned and attributable to these awards, respectively, while in escrow, less the sum of (a) the amount of any incentive award approved by the Court and paid to Plaintiff Landrum; (b) the amount of any litigation expenses and/or costs approved by the Court and awarded to Plaintiff's Counsel; and (c) the amount of any award of attorneys' fees to Plaintiff's counsel.

2.15 **Plaintiff Landrum.** "Plaintiff Landrum" means Plaintiff Minnie Pearl (Poe) Landrum and any person(s) claiming by, through and/or under her.

2.16 **Plaintiff's Counsel.** "Plaintiff's Counsel" means, collectively, Walters Bender Strohhahn & Vaughan, P.C., 2500 City Center Square, 1100 Main Street, Kansas City, Missouri 64105.

2.17 **Preliminary Approval Order.** "Preliminary Approval Order" means an Order of the Court preliminarily approving the Settlement, conditionally or preliminarily certifying a class for settlement purposes, directing the issuance of a class notice and scheduling a settlement hearing in accordance with Federal Rule 23, in a form substantially similar to that attached hereto as **Exhibit B**.

2.18 **Released Persons.** "Released Persons" shall mean Meadows Credit Union -

individually and together with any of its parents or subsidiaries, and each of its respective, predecessors, successors and assigns, and each of their past and present officers, directors, shareholders, employees, attorneys (including any consultants hired by counsel), accountants, insurers (except that it does not release any potential or existing claims the Released Persons have against their insurers), heirs, executors, and administrators, and each of their respective predecessors, successors, and assigns.

2.19 **Releasors.** “Releasors” means Plaintiff Landrum and all 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 Settlement Class who opt out of the Settlement in accordance with Paragraph 9 below; or (b) any person(s) whom Meadows fails to identify as a member of the Meadows Settlement Class on **Exhibit E**.

2.20 **Released Claims.** “Released Claims” means any and all 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 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 Released Persons’ motor vehicle loans or repossessions of motor vehicles in connection with the Released Persons’ participation in the Portfolio Management Program, including but not limited to any claims related to the adequacy or



sufficiency of notices and disclosures related to the Portfolio Management Program, or claims for conversion, which any of the Releasers have or may have had, or now have, from the beginning of time up through and including the Effective Date, against the Released Persons.

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 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 Portfolio Management Program administered or created by Centrix Financial, LLC or some other conduct, transaction, loan or occurrence.

2.21 **Meadows.** “Meadows” means Meadows Credit Union.

2.22 **Settlement Class.** “Settlement Class” shall have the meaning set forth in Paragraph 3(a) below.

2.23 **Settlement Class Member.** “Settlement Class Member” means any member of the Settlement Class who does not timely opt out of the Settlement pursuant to Paragraph 9(a) below. If any Meadows Settlement Class Member has died then the person’s heir, representative, successor or assign shall be deemed a Meadows Settlement Class Member.

2.24 **Settlement Class Member Payment.** “Settlement Class Member Payment” means the portion of the “Net Distributable Settlement Funds” shown on Schedule A to be paid to the respective Settlement Class Member(s) pursuant to the Settlement, plus any interest earned and attributable to such sum while in escrow.

2.25 **Settlement.** Settlement means the compromise in settlement memorialized in this Agreement.

2.26 **Settlement Hearing.** “Settlement Hearing” means the hearing on final approval



of the partial class action settlement embodied in this Agreement.

**3. Certification of the Meadows Settlement Class**

a. Plaintiff Landrum and Plaintiff's Counsel shall file a motion requesting that the Court approve a settlement for a Class of persons for purposes of settlement (referred to and defined herein as the "Settlement Class"), consistent with the Order Certifying Plaintiff Class dated entered February 18, 2010 and defined as follows:

Those persons who:

- (1) Obtained a motor vehicle loan or financing from Meadows in conjunction with a "Portfolio Management Program" administered by Centrix Financial, LLC; and
- (2) Who obtained a Missouri Certificate of Title for that motor vehicle identifying Meadows as the lienholder; and
- (3) Had said motor vehicle repossessed; and

b. A list of all members of the Settlement Class is attached hereto as **Exhibit E**, but said Exhibit shall be filed under seal with the Court pursuant to the terms of the Stipulated Protective Order dated November 5, 2008 to protect the privacy of the names and addresses of the members of the Settlement Class.

c. If this Agreement is not approved by the Court pursuant to the proposed Final Approval Order and Final Judgment, the Agreement, the conditional settlement class certification provided herein, the Settlement (including any modifications made with the consent of the Parties), and any action(s) taken or to be taken in connection therewith, shall be terminated and shall become null and void and have no further force or effect, the Preliminary Approval Order shall be vacated, the Parties shall be restored to their respective positions existing prior to the execution of this Agreement, and the Parties' rights and obligations with respect to the use of

this Agreement and the settlement contemplated hereby will be subject to Paragraph 1 hereof. In addition, neither this Agreement, the preliminary certification of the Settlement Class, the Preliminary Approval Order, nor any other document relating in any way to any of the foregoing, shall be relied on, referred to or used in any way for any purpose in connection with any further proceedings in this Litigation or any related action, except for use in any bankruptcy proceeding where the debtor is Centrix Financial LLC, or any other Centrix entity. In such case, or in the event that this Agreement shall terminate or the settlement embodied herein does not become effective for any reason, the Agreement and all negotiations, court orders and proceedings relating thereto shall be without prejudice to the rights of the Parties, and each of them, who shall be restored to their respective positions existing prior to the execution of this Agreement, and evidence relating to the Agreement, and all negotiations, shall not be discoverable or admissible in the Litigation or otherwise.

**4. Settlement Consideration and Distribution of the Settlement Fund to the Settlement Class Members**

***Gross Cash Fund***

a. Within two (2) business days after entry of the Final Approval Order and receipt by Defendant's Counsel in writing of appropriate wiring instructions and a completed W-9 Tax Form from Plaintiff's Counsel, Meadows shall deliver one million, eight hundred fifty thousand dollars and zero cents (\$1,850,000.00), subject to Paragraph 4(d) below (referred to and defined herein as the "Gross Cash Fund") to the Escrow Agent, as defined below, by wire transfer at its own expense.

b. The Gross Cash Fund shall be wired into an interest-bearing escrow account that the Parties shall establish, pursuant to mutually agreeable terms, at Missouri Bank & Trust, 1044 Main Street, Kansas City, Missouri, or some other insured depository institution in Missouri

selected by Plaintiff's Counsel (the "Escrow Agent"). All interest earned on the Gross Cash Fund while in escrow shall be added to and included within the definition of "Gross Cash Fund" and shall be allocated to the persons identified on Schedule A in proportion to his, her or their share of the Net Distributable Settlement Fund. The Gross Cash Fund, including any interest earned in escrow, shall be returned to Meadows in the event that the Settlement is rescinded, terminated, vacated, or the Effective Date does not arrive for any other reason. The Gross Cash Fund while in the escrow account shall be invested in a manner that generates the highest return that can be obtained without risk to the principal.

c. The Parties' escrow agreement shall provide that the Gross Cash Fund will be released to Plaintiff's Counsel from escrow the first business day after the Effective Date. Plaintiff's Counsel, subject to such supervision and direction of the Court as may be necessary, shall be responsible for and shall administer and oversee the distribution of the Gross Settlement Fund, Gross Cash Fund, and Net Distributable Settlement Fund in accordance with the terms of this Agreement and Schedule A, which shall be filed under seal with the Court pursuant to the terms of the Stipulated Protective Order dated November 5, 2008 to protect the privacy of the members of the Settlement Class.

d. Subject to the provisions in paragraph 9(b), if any member(s) of the Settlement Class timely opt out and exclude themselves from the Settlement, the name(s) of the "opt out" class member(s) shall be removed from Schedule A and the portion of the Net Distributable Settlement Fund attributable to said "opt outs" shall remain a part of the Net Distributable Settlement Fund and will be reallocated to the Settlement Class Members *pro rata*. The Parties shall submit any required revisions to Schedule A to the Court under seal prior to the Final Hearing Date.

e. The amount of the Gross Cash Fund shall not be reduced as a result of any member(s) of the Settlement Class electing to opt out or exclude themselves from the Settlement pursuant to Sub-Paragraph 4(d), or for any other reason.

f. Upon release of the Settlement Fund by the escrow agent, Plaintiff's Counsel shall calculate the Gross Settlement Fund, Gross Cash Fund and Net Distributable Settlement Fund and distribute the Net Distributable Settlement Fund, plus any interest earned on said fund while in escrow to the Settlement Class Members (*i.e.*, those members of the Settlement Class, if any, who did not timely opt out) in the amounts and to the addresses shown on Schedule A, or as the Court may otherwise determine and approve. Such distributions to the Settlement Class Members are referred to and defined as the "Settlement Class Member Payments." Plaintiff's Counsel shall distribute the Settlement Class Member Payments to the Settlement Class Members within 30 days of the Effective Date by checks mailed to the Settlement Class Members. Plaintiff's Counsel will re-mail any returned checks to any new address disclosed. To the extent any check is returned a second time, Plaintiff's Counsel shall undertake reasonable efforts to locate a current address for said Settlement Class Member. If any Settlement Class Member refuses to accept receipt of a Settlement Class Member Payment check, or does not cash a Settlement Class Member Payment check within 30 days of receipt, Plaintiff's Counsel shall undertake reasonable efforts to locate and/or contact the Settlement Class Member and inquire about receiving and/or cashing the check.

g. Following the expiration of 180 days from the Effective Date, all checks issued to the Settlement Class members as a Settlement Class Member Payment that have not been cashed or negotiated will be deemed void and Plaintiff's counsel shall stop payment on such checks. All portions of the Net Distributable Settlement Fund remaining as of such date shall revert to and

become the property of Meadows.

h. If necessary, Plaintiff's Counsel shall be responsible for preparing, filing and addressing any requisite IRS Form 1099s with respect to the Net Distributable Settlement Fund and Class Members shall be responsible for any taxes due or any tax liability arising out of the distribution of the Settlement Funds.

i. The Released Persons shall have no responsibility for, interest in, or liability whatsoever with respect to or arising out of the investment, allocation or distribution of the Settlement Funds, the determination, administration, calculation, or payment of claims, the payment or withholding of taxes on the Net Distributable Settlement Fund, or any losses incurred in connection therewith.

j. Any Settlement Class Member who receives a payment pursuant to the Settlement shall be solely responsible for distributing or allocating such payment between or among all co-borrowers on his, her, or their Loan, regardless of whether a payment check has been made out to all or only some of the Settlement Class Members' co-borrowers and represents and warrants that he or she is entitled to receipt of the Settlement Class Member Payment and has not assigned by operation of law or otherwise the right to receipt of the Settlement Class Member Payment. The Settlement Class Members shall upon receipt of any Settlement Class Member Payment remit the Settlement Class Member Benefit to any persons having received by assignment or operation of law any right, title or interest to or in the Settlement Class Member Payment.

k. No person shall have any claim against the Released Persons, Plaintiff's Counsel, or any agent designated pursuant to this Agreement based upon any distributions made substantially in accordance with this Agreement or any Orders of the Court.

***Gross Monetary Sum of Write-Offs***

l. **State Laws Relating to Deficiency.** The parties acknowledge and agree that the Class members' claims are premised on state law which provides for a bar on the recovery of deficiency balances. The settlement consideration provided in this Agreement is determined by an application of state law.

m. **Write-Off of Class Members' Account Balances or Defendant's Deficiency Claims.** Based on the applicable law which prohibits collection of the deficiency balances Meadows shall, promptly upon the Effective Date of this Agreement, with respect to all Settlement Class Members, and notwithstanding the rights or potential claims of any other entity, close all accounts and write off any balances owed or claimed remaining as any deficiency on the Settlement Class Members' motor vehicle loans, including judgment balances, that are the subject of the Litigation. For purposes of determining the amount of any award to be made to the Plaintiff or Plaintiff's Counsel, the Deficiency Write-Off or the sum of all account balances and deficiency claims which are uncollectible pursuant to this paragraph is \$1,124,673.31 and shall be included as part of the Gross Settlement Fund.

n. **Satisfaction of Judgments.** Based on the applicable law which prohibits collection of the deficiency balances, Meadows will, at its cost, as soon as practicable upon Effective Date of this Agreement, file satisfactions of judgment for all members of the Class who Meadows is aware that have judgments have been entered against them that are the subject of the Litigation. For purposes of determining the amount of any award to be made to the Plaintiff or Plaintiff's Counsel, the Judgment Write-Off or the sum of all judgments deemed satisfied pursuant to this paragraph is \$ -0.00- and shall be included as part of the Gross Settlement Fund.

o. **Credit Reporting by Meadows.** After receipt of a fully-executed copy of this Agreement, Meadows will use its best efforts to request that the national credit reporting

agencies (Experian, Equifax and TransUnion)(the “Credit Bureaus”) delete any reporting of the trade line(s) with respect to the Settlement Class members’ accounts concerning a motor vehicle loan or financing from Meadows in connection with the Portfolio Management Program administered by Centrix Financial.

The parties acknowledge that Centrix Financial, Flatiron Financial and Peak5 and other servicers and the Credit Bureaus are separate entities from Meadows. Accordingly, the Parties acknowledge that Meadows cannot guarantee, warrant, or take responsibility for the performance of Centrix Financial, Flatiron Financial Peak5, or other servicers, or the Credit Bureaus with respect to changing, deleting, suppressing, or making entries regarding any credit information or other information regarding the Settlement Class Members’ accounts concerning their motor vehicle loans or financing from Meadows in connection with the Portfolio Management Program administered by Centrix Financial. Landrum and the Settlement Class Members acknowledge that the Credit Bureaus’ processes for acting on Meadows’s requests may take up to 120 days to be completed provided that Meadows has undertaken its obligations set forth in this paragraph, Landrum, and the Settlement Class Members hereby waive any and all potential or existing claims, whether arising in contract or tort, common law or statute, and/or federal or state law (including, but not limited to, claims for any damages, attorneys’ fees and/or costs) against Released Parties that may arise subsequent to the date of this Agreement or which arise out of or relate to actions required to be taken by Meadows pursuant to this provision. In the event that the trade line fails to get deleted or the trade line reporting reoccurs on any account in this Action after Meadows’s initial request, Meadows’s only responsibility, upon written notice, will be to resubmit the trade line deletion request to the Credit Bureaus.

- p. **Private-Letter Ruling.** Within 30 days of the execution of this Agreement



Meadows will submit, at its cost, a request for a Private Letter Ruling to the IRS, seeking guidance to support the parties' position that Meadows is not required to file information returns with the IRS or furnish Forms 1099 to affected Settlement Class Members relating to relief being provided to such Class members pursuant to Paragraph 4(m) of this Agreement. Both parties shall assist in the drafting of such letter, to obtain the mutual goal of obtaining a favorable and beneficial ruling from the IRS. Should a dispute arise about the content of the letter, the parties shall make their best efforts to amicably resolve such dispute. Should the dispute not be resolved, the parties agree to submit the dispute to a mutually agreed upon third party tax attorney with private letter ruling experience for binding arbitration. Meadows will refrain from filing Form 1096s and Form 1099s with the IRS and furnishing copies of Forms 1099 to affected Settlement Class Members with respect to the relief provided pursuant to paragraph 4(h) until the earlier of: (i) when Meadows receives a response from the IRS communicating its view that such information returns must be filed with the IRS and such Forms 1099 must be furnished to affected Class members, or (ii) the reporting time period for 2011, which is no later than January 31, 2012. If, prior to the reporting time period for 2011, Meadows receives a response from the IRS communicating its view that such information returns and Forms 1099 need not be filed or furnished to affected Settlement Class Members, then Meadows will permanently refrain from filing or furnishing such returns and forms.

**5. Incentive Award and Attorney's Fees and Costs**

a. Plaintiff Landrum may petition the Court for the payment of an incentive award in a total amount not to exceed \$15,000 in recognition of services rendered for the benefit of the Meadows Settlement Class throughout the course of the Litigation. Any such incentive award shall be in addition to the amount to be paid on her individual claims. The amount of any

incentive award approved by the Court, and any interest attributable to said amount while in escrow, shall be deducted from the Gross Cash Fund. Meadows will not object to Plaintiff Landrum applying to the Court for and/or receiving an incentive award in the above-stated amount.

b. Plaintiff's Counsel and/or Plaintiff Landrum may petition the Court for an award of litigation expenses and/or court costs not to exceed \$19,929.56. The amount of any such expense and/or award, and any interest attributable to said amount(s) while in escrow, shall also be deducted from the Gross Cash Fund. Meadows will not object to Plaintiff's Counsel and/or Plaintiff Landrum applying to the Court for, and receiving, an award of expenses and/or costs in the above amount.

c. Plaintiff's Counsel and/or Plaintiff Landrum may also petition the Court for an award of attorney's fees which shall be a percent of the Gross Settlement Fund but shall not exceed eight hundred twenty five thousand dollars (\$825,000.00). The amount of any such fee award approved by the Court, and any interest attributable to said amount while in escrow, shall be deducted from the Net Settlement Fund to determine the Net Distributable Settlement Fund and the individual Meadows Settlement Class Member Payments. Meadows will not object to Plaintiff's Counsel and/or Plaintiff Landrum applying to the Court for, and receiving, an award of attorney's fees in the above amount.

d. Except as provided in this Paragraph 5, each Party shall bear its own attorney's fees, costs, and expenses incurred in the prosecution, defense, or settlement of the Litigation, and specifically, without limitation, Defendant Meadows shall bear no other attorney's fees, court costs or expenses.

## **6. Releases**

a. On the Effective Date, in exchange for the agreement by Meadows to make available and pay the Gross Settlement Fund pursuant to the terms and conditions of this Agreement, and for other good and valuable consideration, Releasers, by operation of this Release and the judgment set forth in the Final Order and Judgment, shall be deemed without further action by any person or the Court (i) to have fully, finally and forever released, settled, compromised, relinquished, and discharged any and all of the Released Persons of and from any and all Released Claims; (ii) to have consented to dismiss with prejudice the Released Claims of the Releasers against the Released Persons in the Litigation; and (iii) to be forever barred and enjoined from instituting or further prosecuting in any forum whatsoever including, but not limited to, any state, federal, or foreign court, or regulatory agency, the Released Claims. The Parties agree that the Released Persons will suffer irreparable harm if any Settlement Class Member takes action inconsistent with this Paragraph 6(a), and that, in such event, the Released Persons may seek an injunction as to such action without further showing of irreparable harm.

b. The Releasers acknowledge and agree that they are aware that they may hereafter discover material or immaterial facts in addition to or different from those which they now know or believe to be true with respect to the subject matter of this Release, but that it is their intention to, and they do hereby, upon the Effective Date of this Agreement, fully, finally and forever settle and release each and every of the Released Persons from each and every Released Claim, known or unknown, suspected or unsuspected, accrued or not accrued contingent or matured, which now exist, may hereafter exist, or may heretofore have existed, without regard to the subsequent discovery or existence of such different or additional facts.

c. Subject to Court approval, each Settlement Class Member shall be bound by this Agreement and all of their claims shall be dismissed with prejudice and released even if they

never received actual, prior notice of the Litigation or the Settlement in the form of the Class Mail Notice or otherwise. The Release and agreements contained in this Paragraph 6 shall apply to and bind all Settlement Class Members, including those Settlement Class Members whose Class Mail Notices are returned as undeliverable, and those for whom no current address can be found, if any.

d. Notwithstanding any other provision or term in this Agreement, Meadows does not waive any potential or existing claims against any credit unions who purchased any participating interest of any loans from Meadows.

## 7. Representations and Stipulations

a. Meadows represents, warrants and declares that:

(i) it has acted in good faith and has used its best efforts in identifying the members of the Settlement Class and in producing the Class Members' Retail Installment Contracts and Security Agreements and loan payment and servicing records on which the distribution of the individual Settlement Class Member Payments shown on Schedule A is based;

(ii) there are no members of the Settlement Class other than those identified on **Exhibit E**;

(iii) that the Court's finding that there was a failure to send a pre-sale notice to each of the Class Members and/or that the pre-sale notices that were sent to the Class Members failed to comply with or contain the information required by 400.9-614 RSMo with or contain the information required by §400.9-614 RSMo prohibits Meadows from collecting any deficiency balances from the Class Members identified on **Exhibit E** by Missouri law;

(iv) the total amount of the deficiencies that Meadows is prohibited from collecting by Missouri law as a result of the above is \$1,124,673.31;

(v) Meadows is not aware of any judgments that have been taken against Class Members. Meadows states that it is possible that other litigation may have been taken against other Settlement Class Members but Meadows is unaware of such actions; and

b. Upon the Effective Date, the following stipulations shall be made:

i. No Privilege Waiver. Each Party stipulates and acknowledges that neither this Agreement nor a Party's decision to negotiate and/or execute the Agreement can be used to show or establish that a Party's conduct during this Litigation, including that of counsel, gives rise to or constitutes a waiver of the attorney-client, common interest or joint defense privilege or work product doctrines.

ii. Use of Discovery Information. The Parties agree to comply with the terms of the Stipulated Protective Order entered November 4, 2008, except as the Parties have previously agreed or may hereafter agree.

c. Plaintiff's Counsel represents and warrants to Meadows that they have not been retained by any existing client to commence a new lawsuit or pursue any claims or right of relief against Meadows with respect to any of the Released Claims. In addition, Plaintiff's Counsel agree that they will not solicit the right to legally represent any member or members of the Settlement Class who opt(s) out of the Settlement Class and Settlement with respect to the Released Claims, but this agreement does not (and shall not) in any way prohibit or restrict Plaintiff's Counsel from undertaking such representation if requested by any such member of the Settlement Class.

d. Claims Against Loan Servicers. This Agreement is not intended, nor should it be construed, to affect or limit the claims any of the Parties may have in *In re Centrix Financial, L.L.C.*, pending in the United States Bankruptcy Court for the District of Colorado, Case No. 06-

16403.

**8. Preliminary Approval Order**

The Parties shall promptly move the Court in the Litigation for a Preliminary Approval Order substantially similar to **Exhibit B** that accomplishes the following:

- a. Certifying the proposed Settlement Class pursuant to Federal Rule 23 for settlement purposes;
- b. Preliminarily approving the Agreement as fair, reasonable and adequate under Federal Rule 23 subject to a final determination by the Court;
- c. Approving the appointment of Plaintiff Landrum as representative of the Settlement Class;
- d. Approving the appointment of Plaintiff's Counsel as counsel for the Settlement Class;
- e. Approving a form of mailed notice substantially similar to the Class Mail Notice attached hereto as **Exhibit A** to be sent to the members of the Settlement Class shown on **Exhibit E**;
- f. Directing Plaintiff's Counsel to mail, at Plaintiff's Counsel's cost, the Class Mail Notice promptly after entry by the Court of the Preliminary Approval Order to the Settlement Class by first-class mail to the last known address of such persons;
- g. Scheduling a hearing on final approval of this Agreement;
- h. Establishing a procedure for members of the Settlement Class to opt out and setting a date, approximately thirty (30) days after the mailing of class notice, after which no member of the Settlement Class shall be allowed to opt out of the Settlement Class;
- i. Establishing a procedure for the members of the Settlement Class to appear and/or

object to the Settlement and setting a date, approximately thirty (30) days after the mailing of the Class Mail Notice, after which no member of the Settlement Class shall be allowed to object; and

j. Containing as a material finding that there was a failure to send a pre-sale notice to each of the Class Members and/or that the pre-sale notices that were sent to the Class Members failed to comply with or contain the information required by 400.9-614 RSMo such that Meadows is prohibited from collecting any deficiency balances from the Class Members identified on **Exhibit E**; and

k. Containing such other and further provisions consistent with the terms and provisions of this Agreement as the Court may deem advisable.

**9. Opt Outs and Objections By Members of the Settlement Class**

a. Procedure for Opt Outs. The deadline for opt out requests shall be set forth in the Preliminary Approval Order. Any request to opt out must be in writing and must include the name, address, telephone number, and last four digits of the Social Security Number of the Settlement Class Member seeking to opt out and a statement that the Settlement Class Member and all other borrowers named on the Settlement Class Member's Retail Installment Contract and Security Agreement are seeking exclusion. Any opt out request must be personally signed by each person who was a party to the Retail Installment Contract and Security Agreement in connection with the Settlement Class Member's motor vehicle purchase, unless such person is deceased. In the event a party to the Retail Installment Contract and Security Agreement is deceased, a copy of the death certificate for such person shall be submitted with the opt out request. Any opt out request must include a reference to "*Landrum v. Meadows Credit Union*, Case No. 08-441-CV-W-DW" and be mailed to:

R. Fredrick Walters  
Garrett M. Hodes



Walters Bender Strohbehn & Vaughan, P.C.  
2500 City Center Square  
1100 Main Street  
Kansas City, Missouri 64105

(on behalf of the Settlement Class)

and

Ms. Cathy J. Dean  
Mr. Travis Salmon  
POLSINELLI SHUGHART PC  
Twelve Wyandotte Plaza  
120 West 12<sup>th</sup> Street  
Kansas City, Missouri 64105

(on behalf of Defendant Meadows)

To be considered timely and effective, any opt out request must be received on or prior to the date established by the Court in the Preliminary Approval Order. No member of the Settlement Class may opt out by having a request to opt-out submitted by an actual or purported agent or attorney acting on behalf of the Class member. No opt out request may be made on behalf of a group of Settlement Class Members. Each member of the Settlement Class who does not submit an opt out request substantially in compliance with this Paragraph 9 shall be included in the Settlement Class and deemed a Settlement Class Member. For purposes of determining timeliness, an opt out request shall be deemed to have been submitted when received by either Class Counsel or Defendant's Counsel. Class Counsel shall provide to the Court, on or before the date of the Final Approval Hearing, a list of all persons who have timely and adequately filed a request to be excluded from the Settlement.

b. Effect of Opt Outs By Members of the Settlement Class. If Settlement Class member opt outs result in the exclusion from the settlement of 5% (five percent) or more Settlement Class Members, Meadows, in its sole discretion, may either rescind this Agreement,

in which event each and every obligation under the Agreement shall cease to be of any force and effect, and this Agreement and any orders entered in connection therewith shall be vacated, rescinded, canceled, and annulled, or may obtain a *pro rata* reduction of the Net Distributable Settlement Cash Fund. If Meadows exercises the option of rescinding the Agreement, the Parties shall return to the status quo in the Litigation as if the Parties had not entered into this Agreement. In addition, and in such event, this Agreement and all negotiations, court orders and proceedings relating thereto, shall be without prejudice to the rights of the Parties, and each of them, and evidence of or relating to the Agreement and all negotiations shall not be admissible or discoverable in the Litigation or otherwise. Meadows must exercise its option pursuant to this Paragraph 9(b) at least ten (10) business days prior to the Final Hearing Date, by giving written notice of such exercise to Plaintiff's Counsel.

c. Procedure for Objections to Settlement. Any member of the Settlement Class who wishes to object to the Settlement or to the incentive awards or the awards of expenses, costs and/or attorney's fees must file a written notice of objection, including supporting papers as described further below (hereinafter collectively referred to as the "Notice of Objection"), with the Court on or prior to the date established by the Court in the Preliminary Approval Order. For purposes of determining timeliness, a Notice of Objection shall be deemed to have been submitted when received and filed by the Clerk of Court. Copies of the Notice of Objection must also be mailed to the following on or prior to the date established by the Court in the Preliminary Approval Order, which shall be no later than ten (10) days prior to the Final Hearing Date:

R. Fredrick Walters  
Garrett M. Hodes  
Walters Bender Strohbahn & Vaughan, P.C.  
2500 City Center Square  
1100 Main Street  
Kansas City, Missouri 64105

(on behalf of the Settlement Class)

and

Ms. Cathy J. Dean  
Mr. Travis Salmon  
POLSINELLI SHUGHART PC  
Twelve Wyandotte Plaza  
120 West 12<sup>th</sup> Street  
Kansas City, Missouri 64105

The Notice of Objection must be in writing, and shall specifically include:

- (i) The name, address, and telephone number of the Class member filing the objection;
- (ii) A statement of each objection asserted;
- (iii) A detailed description of the facts underlying each objection;
- (iv) Any loan documents in the possession or control of the objector and relied upon by the objector as a basis for the objection;
- (v) If the objector is represented by counsel, a detailed description of the legal authorities supporting each objection;
- (vi) If the objector plans to utilize expert opinion and/or testimony as part of the objection(s), a written expert report from all proposed experts;
- (vii) If the objector plans to call a witness or present other evidence at the hearing, the objector must state the identity of the witness and identify any documents by attaching them to the objection and provide any other evidence that the objector intends to present;
- (viii) A statement of whether the objector intends to appear at the hearing; and
- (ix) A copy of any exhibits which the objector may offer during the hearing.
- (x) A reference to "*Landrum v. Meadows Credit Union*, Case No. 08-441-CV-W-DW."

Attendance at the final hearing is not necessary. Any member of the Settlement Class who does not make his or her objection in the manner provided shall be deemed to have waived

such objection and shall forever be foreclosed from making any objection to the fairness, adequacy, or reasonableness of the proposed settlement or any other provision of this Agreement.

#### **10. Final Approval Order and Final Judgment**

a. Plaintiff Landrum and Plaintiff's Counsel agree that they will request the Court to enter, after the hearing on final approval of this Agreement, an Order substantially in the form attached as **Exhibit C**. In accordance with **Exhibit C**, the Final Approval Order will certify the Settlement Class and find that this Agreement is fair, reasonable, and adequate and in the best interest of the Settlement Class. The Final Approval Order will require the Parties to carry out the provisions of this Agreement.

b. Plaintiff Landrum and Plaintiff's Counsel agree that they will request the Court to enter a Final Judgment in the Litigation in a form substantially the same as that attached as **Exhibit D** after the Final Approval Hearing. In accordance with **Exhibit D**, the Final Judgment will dismiss all claims and motions of the Settlement Class Members pending against Meadows in the Litigation on the merits and with prejudice as to the Releasers, declare that the Settlement Class Members are bound by the Releases set forth in Paragraph 6 of this Agreement, and reserve continuing jurisdiction over the enforcement of this Agreement and the administration and distribution of the Settlement Funds.

#### **11. Certifications to the Court**

a. On or before the Final Hearing Date, Plaintiff's Counsel shall file with the Court in the Litigation an affidavit verifying that the court-approved Class Mail Notices have been sent by first-class mail.

b. On or before the Final Hearing Date, Plaintiff's Counsel shall file with the Court

an affidavit verifying that they have complied with the procedures described in Paragraph 14(a) with respect to all Class Mail Notices returned as undeliverable.

## **12. Effectiveness of Settlement Agreement**

The “Effective Date” of this Agreement shall be the date when each and all of the following conditions have occurred:

- a. This Agreement has been signed by the Plaintiff Landrum, Meadows, Plaintiff’s Counsel, and Defendant’s Counsel; and
- b. A Preliminary Approval Order has been entered by the Court in a form substantially similar to that attached as **Exhibit B**, granting preliminary approval of this Agreement, and approving a form of Class Mail Notice, as provided in Paragraph 8; and
- c. The Court-approved Class Mail Notices have been duly mailed to the Settlement Class as ordered by the Court in the Litigation; and
- d. A Final Approval Order has been entered by the Court in a form substantially similar to that attached as **Exhibit C** as provided in Paragraph 10(a); and
- e. A Final Judgment has been entered by the Court, in a form substantially similar to that attached as **Exhibit D**, as provided in Paragraph 10(b); and
- f. The Final Approval Order and the Final Judgment entered as provided in Paragraphs 10(a) and 10(b) have become final because of (i) the expiration of the time for appeals therefrom without any appeal having been taken or, (ii) if review of the order, or any portion thereof, is sought by any person, the matter has been fully and finally resolved by the appellate court(s) and the time for seeking any higher level of appellate review has expired.
- g. If any material portion of the Agreement, the Final Approval Order, or the Final Judgment is vacated, modified, or otherwise altered on appeal, any Party may, in its sole

discretion, within seven (7) calendar days of such appellate ruling, declare that the Agreement has failed to become effective and in such circumstances the Agreement shall cease to be of any force and effect as provided in Paragraph 13.

**13. Failure of Condition**

If, for any reason, this Agreement fails to become effective pursuant to Paragraph 12, the orders, judgment, and dismissal to be entered pursuant to this Agreement shall be null and void or otherwise vacated, and the Parties will be returned to the status quo prior to entering into this Agreement with respect to the Litigation as if this Agreement had never been entered into. In addition, in such event, the Agreement and all negotiations, court orders and proceedings relating thereto shall be without prejudice to the rights of any and all parties hereto, and evidence relating to the Agreement and all negotiations shall not be admissible or discoverable in the Litigation or otherwise.

**14. Class Notice Forms**

a. **Exhibit E** constitutes a list of the members of the Settlement Class to whom notice pursuant to this Agreement shall be provided. Prior to mailing, Plaintiff's Counsel will update the addresses by use of the United States Postal Service's National Change of Address database or another address database service (e.g., Accurint, Intelius). Plaintiff's Counsel will re-mail any returned notices to any new address disclosed. To the extent any notice is returned a second time, Plaintiff's Counsel shall undertake reasonable efforts to locate current addresses for said Settlement Class Member(s). The notices shall be mailed within five (5) days of the Preliminary Approval Order.

b. Subject to Court approval, all Settlement Class Members shall be bound by this Agreement and the Released Claims shall be dismissed with prejudice and released, even if a

Settlement Class Member never received actual notice of the Litigation or the Settlement. Further, the Parties expressly acknowledge and agree that a Final Judgment shall be entered by the Court dismissing the Released Claims and barring the relitigation of the Released Claims as provided herein, regardless of whether they were actually asserted, to the fullest extent of the law and that any dismissal order or judgment shall be entitled to Full Faith and Credit in any other court, tribunal, forum, including arbitration fora, or agency.

## **15. General Provisions**

a. Entire Agreement. This Agreement constitutes the full, complete and entire understanding, agreement and arrangement of and between the Plaintiff Landrum and the Settlement Class Members and Meadows with respect to the Settlement and the Released Claims against the Released Persons. This Agreement supersedes any and all prior oral or written understandings, agreements, and arrangements between the Parties with respect to the Settlement and the Released Claims against the Released Persons. Except for those set forth expressly in this Agreement, there are no agreements, covenants, promises, representations or arrangements between the Parties with respect to the Settlement and/or the Released Claims against the Released Persons.

b. Modification in Writing. This Agreement may be altered, amended, modified or waived, in whole or in part, only in a writing signed by all Parties. This Agreement may not be amended, altered, modified or waived, in whole or in part, orally.

c. Ongoing Cooperation. The Parties hereto shall execute all documents and perform all acts necessary and proper to effectuate the terms of this Agreement. The execution of documents must take place prior to the Final Hearing Date.

d. Duplicate Originals/Execution in Counterpart. All Parties, Plaintiff's Counsel and



Defendant's Counsel shall sign two copies of this Agreement and each such copy shall be considered an original. This Agreement may be signed in one or more counterparts. All executed copies of this Settlement Agreement, and photocopies thereof (including facsimile copies of the signature pages), shall have the same force and effect and shall be as legally binding and enforceable as the original.

e. No Reliance. Each Party to this Agreement warrants that he, she or it 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, of any nature or kind by any other party, other than the warranties and representations expressly made in this Agreement.

f. Governing Law. This Agreement shall be interpreted, construed, enforced, and administered in accordance with the laws of the state of Missouri, without regard to conflict of laws rules. This Agreement shall be enforced in the United States District Court for the Western District of Missouri. Meadows, Plaintiff Landrum and the Settlement Class Members waive any objection that each such party may now have or hereafter have to the venue of such suit, action, or proceeding and irrevocably consent to the jurisdiction of the United States District Court for the Western District of Missouri in any such suit, action or proceeding, and agree to accept and acknowledge service of any and all process which may be served in any such suit, action or proceeding.

g. Reservation of Jurisdiction. Notwithstanding the dismissal of and entry of a judgment on the Released Claims, the Court shall retain jurisdiction for purposes of enforcing the terms of this Agreement.

h. Binding on Successors. This Agreement shall be binding on and shall inure to the

benefit of the Parties and their respective successors, assigns, executors, administrators, heirs and legal representatives.

i. Mutual Preparation. This Agreement shall not be construed more strictly against one party than another merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being recognized that because of the arm's length negotiations between the Parties, all Parties have contributed to the preparation of this Agreement.

j. Gender Neutrality. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, and the singular shall include the plural and vice versa.

k. Taxes. All Settlement Class Members shall, as necessary given, be responsible for paying and/or reporting any and all federal, state and local income taxes due on the payments made to them pursuant to the Settlement.

l. No Other Financial Obligations on Meadows. Meadows shall not be liable or obligated to pay any fees, expenses, costs or disbursements to Plaintiff Landrum, Plaintiff's Counsel or the Settlement Class Members, either directly or indirectly, in connection with the Litigation or the administration of this Agreement, other than the amounts expressly provided for herein. Any miscellaneous settlement administration expenses of any kind shall be advanced by Plaintiff's Counsel and reimbursed from the Settlement Funds, subject to the Court's approval.


m. Authority. With respect to themselves, each of the Parties to this Agreement represents, covenants and warrants that (a) they have the full power and authority to enter into and consummate all transactions contemplated by this Agreement and have duly authorized the execution, delivery and performance of this Agreement and (b) the person executing this

Agreement has the full right, power and authority to enter into this Agreement on behalf of the party for whom he/she has executed this Agreement, and the full right, power and authority to execute any and all necessary instruments in connection herewith, and to fully bind such party to the terms and obligations of this Agreement.

n. Exhibits. The exhibits attached to this Agreement are incorporated herein as though fully set forth.

IN WITNESS WHEREOF, the undersigned, being duly authorized, have caused this Agreement to be executed as of this 13<sup>th</sup> day of October 2011.

Dated: 9/21/, 2011

MINNIE PEARL LANDRUM  
  
Minnie Pearl Landrum, on her own behalf and on behalf of the Settlement Class Members.

Dated: \_\_\_\_\_, 2011

MEADOWS CREDIT UNION  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

Dated: 9/22/ 2011

Plaintiff's Counsel  
By: 

Dated: \_\_\_\_\_, 2011

Defendant's Counsel  
By: \_\_\_\_\_

IN WITNESS WHEREOF, the undersigned, being duly authorized, have caused this Agreement to be executed as of this \_\_\_\_\_ day of \_\_\_\_\_, 2011.


MINNIE PEARL LANDRUM

Dated: \_\_\_\_\_, 2011

\_\_\_\_\_  
Minnie Pearl Landrum, on her own behalf and on behalf of the Settlement Class Members.

MEADOWS CREDIT UNION

Dated: 10 / 13, 2011

By: 

Title: CEO

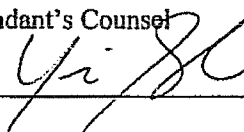
Plaintiff's Counsel

Dated: \_\_\_\_\_, 2011

By: \_\_\_\_\_

Defendant's Counsel

Dated: 10/13, 2011

By: 

**EXHIBITS AND SCHEDULES**

Schedule A – Proposed Distribution Schedule of Net Distributable Settlement Fund/  
Settlement Class Member Payments

Exhibit A – Class Mail Notice

Exhibit B – Preliminary Approval Order

Exhibit C – Final Approval Order

Exhibit D – Final Judgment

Exhibit E – Settlement Class List