

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

DEANTHONY THOMAS AND SUSAN
JELINKE-THOMAS, et al.,

Plaintiffs,

vs.

U.S. BANK NATIONAL ASSOCIATION,
et al.,

Defendants.

Case No. 1216-cv20561

Division 16

**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 OBTAINED A “SECOND MORTGAGE LOAN” AS DEFINED UNDER MISSOURI LAW THAT WAS SECURED BY A MORTGAGE OR DEED OF TRUST ON RESIDENTIAL REAL PROPERTY LOCATED IN THE STATE OF MISSOURI, THAT WAS ORIGINATED BY A LENDER OTHER THAN U.S. BANK NATIONAL ASSOCIATION OR U.S. BANK NATIONAL ASSOCIATION ND, AND THAT WAS PURCHASED BY, ASSIGNED TO, OR OTHERWISE ACQUIRED OR SERVICED BY U.S. BANK NATIONAL ASSOCIATION OR U.S. BANK NATIONAL ASSOCIATION ND (THE SUBJECT LOANS ARE REFERRED TO AS THE “U.S. BANK DIRECT LOANS”).

YOU MAY BE ENTITLED TO RECEIVE A SUBSTANTIAL PAYMENT IN CONNECTION WITH A PROPOSED CLASS ACTION SETTLEMENT INVOLVING YOUR U.S. BANK DIRECT LOAN. CLASS MEMBERS WHO OBTAINED A U.S. BANK DIRECT LOAN AND WHO DO NOT EXCLUDE THEMSELVES FROM THE SETTLEMENT WILL BE ENTITLED TO RECEIVE A PAYMENT RANGING FROM AN ESTIMATED \$250.00 TO \$142,564.88 (\$33,499.25 ON AVERAGE). YOU CAN REVIEW WHAT CLASS COUNSEL CURRENTLY ESTIMATES THE AMOUNT OF YOUR PARTICULAR “U.S. BANK DIRECT LOANS SETTLEMENT CLASS MEMBER PAYMENT” TO BE BY VISITING THE WEBSITE, www.wbsvlaw.com, AND CLICKING THE LINK FOR “U.S. BANK DIRECT LOANS SETTLEMENT.”

IMPORTANT: YOU MUST SIGN AND TIMELY SUBMIT A CLAIM FORM TO RECEIVE THE SETTLEMENT PAYMENT TO WHICH YOU MAY BE ENTITLED. CLAIM FORMS MUST BE POSTMARKED OR DELIVERED BY December 17, 2012. CLAIMS FORMS POSTMARKED OR DELIVERED AFTER December 17, 2012 WILL

**NOT BE ACCEPTED. PLEASE SHARE THIS NOTICE WITH ANY CO-BORROWER
ON YOUR LOAN.**

THIS NOTICE MAY AFFECT YOUR RIGHTS. PLEASE READ IT CAREFULLY!

1. HOW DO I FILE A CLAIM?

Sign and mail or deliver the Claim Form enclosed with this Notice (and any amended Claim Form) on or before **December 17, 2012** to:

Walters Bender Strohhahn & Vaughan, P.C.
U.S. Bank Direct Loans Settlement
P.O. Box 26188
1100 Main Street, Ste. 2500
Kansas City, MO 64196

All borrowers on a loan (the persons who signed the Note) must sign the Claim Form included with this Notice. Co-borrowers do not have to sign the same Claim Form. Separate signed copies of the Claim Form may be submitted. If a borrower or co-borrower is deceased or unable to sign the Claim Form, the Claim Form must be signed by that person's heir, representative, successor or assign and documentation showing the authority of that person to sign the Claim Form must be provided. If the borrower or co-borrower is deceased, a copy of the Death Certificate must also be provided. If you obtained more than one U.S. Bank Direct Loan, a separate Claim Form must be signed and submitted for **each** of the loans. **See Question 6 (“What Do I Need to Do to Participate in the Settlement?”) for more information about filing your Claim.**

You may obtain additional copies of your Claim Form(s) from Class Counsel, by calling toll free, 1-877-472-6620, or (816) 421-6620, or at Class Counsel's website: www.wbsvlaw.com, or by e-mailing usbankdirectloans@wbsvlaw.com.

If the Settlement is approved, and you do not exclude yourself from the Settlement, you will be bound by the Settlement, the Agreement and the Releases whether or not you file a Claim and whether or not your Claim is approved.

2. WHY SHOULD I FILE A CLAIM?

You (and any co-borrower(s) on your U.S. Bank Direct Loan) may be entitled to receive money from a proposed settlement (the “Settlement”) in a class action lawsuit filed in the Circuit Court of Jackson County, Missouri styled “Thomas v. U.S. Bank National Association, Case No. 1216-cv20561” (the “Litigation”).

You must sign and submit a Claim Form in order to receive the settlement payment to which you may be entitled. A signed Claim Form is necessary so that the parties can make sure that the persons to whom the settlement payments will be made are in fact persons who obtained U.S. Bank Direct Loans, that each such person is entitled to receive a payment, and that each such person understands that payment is being made in exchange for a release of claims as a part of the Settlement.

The Notice and Claim Form have been mailed to you because the parties' records show that you obtained a residential mortgage loan, secured by a second mortgage on your Missouri home, that was originated by a lender other than U.S. Bank National Association or U.S. Bank National

Association ND and that was purchased by, assigned to or otherwise acquired or serviced by U.S. Bank National Association or U.S. Bank National Association ND (such loans are referred to as the “U.S. Bank Direct Loans”).

Your U.S. Bank Direct Loan along with other U.S. Bank Direct Loans are currently the subject of the Litigation. Your U.S. Bank Direct Loan may also be the subject of an earlier-filed class action lawsuit currently pending before a Missouri court including, but not limited to: *Baker v. Century Financial Group, Inc.*, Case No. CV100-4294, filed June 28, 2000 (Cir. Ct. Clay County, Missouri); *Beaver v. First Consumers Mortgage, Inc.*, Case No. 00-CV-215097-01, filed June 23, 2000 (Cir. Ct. Jackson County, Missouri) (consolidated with *Beaver v. First Consumers Mortgage, Inc.*, Case No. 03-CV-213643, filed May 28, 2003 (Cir. Ct. Jackson County, Missouri)); *Couch v. SMC Lending, Inc.*, Case No. 7CV-100-4332, filed June 29, 2000 (Cir. Ct. Clay County, Missouri); *Gilmor v. Preferred Credit Corporation*, Case No. CV100-4263, filed June 27, 2000 (Cir. Ct. Clay County, Missouri), *removed*, Case No. 10-0189-CV-W-ODS (W.D. Mo.); *Hall v. American West Financial*, Case No. 00CV218553-01, filed July 28, 2000 (Cir. Ct. Jackson County, Missouri); and *Thomas v. U.S. Bank Nat. Ass’n, ND*, Case No. 04-CV-83549-01, filed June 2, 2004 (Cir. Ct. Platte County, Missouri), *removed*, Case No. 11-6013-CV-SJ-SOW (W.D. Mo.) (collectively referred to in this Notice as the “Missouri Cases”).

3. WHAT IS THE LITIGATION ABOUT?

The Litigation was filed on August 10, 2012 in the Circuit Court of Jackson County, Missouri at Independence (the “Court”). Plaintiffs DeAnthony Thomas and Susan Jelinke-Thomas, and others (the “Plaintiffs”) filed the Litigation on their own behalf, and on behalf of a proposed class of Missouri homeowner-borrowers who, like the Plaintiffs, obtained a junior or “second” mortgage loan secured by their Missouri home on or after May 16, 1994 that was originated by a lender other than U.S. Bank National Association or U.S. Bank National Association ND and that was purchased by, assigned to, or otherwise acquired or serviced by U.S. Bank National Association or U.S. Bank National Association ND (the “Settling Defendants”).

Plaintiffs filed the Litigation in order to consolidate and expeditiously and efficiently resolve in a single proceeding more than 1,500 individual but similar claims arising from the U.S. Bank Direct Loans.

The Plaintiffs allege in the Litigation that the U.S. Bank Direct Loans violated Missouri law, specifically the Missouri Second Mortgage Loans Act (“MSMLA”), §§ 408.231-408.241 RSMo. The alleged Missouri law violations stem from the fact that the various originating lenders that made the U.S. Bank Direct Loans directly or indirectly charged, contracted for or received a number of loan fees in connection with the loans in violation of § 408.233.1 RSMo. The Plaintiffs allege that each of the challenged U.S. Bank Direct Loans was sold and assigned to and/or serviced by either or both of the Settling Defendants and that, as the purchasers or assignees of the U.S. Bank Direct Loans, the Settling Defendants are derivatively liable for the originating lender’s violations of the MSMLA. The Plaintiffs additionally assert that the Settling Defendants, themselves, violated the MSMLA by directly or indirectly charging, contracting for, collecting or receiving the challenged loan fees, as well as interest, on the U.S. Bank Direct Loans. The Plaintiffs contend that, because the loans violated the MSMLA, the Plaintiffs, and

every other Missouri borrower like them, are entitled to recover the challenged fees and all of the interest paid (or to be paid) on the U.S. Bank Direct Loans, together with “prejudgment” interest on the challenged fees and interest paid amounts, plus punitive damages, reasonable attorneys’ fees and equitable relief as determined by the Court.

The Settling Defendants deny that all of the alleged settlement charges assessed in connection with the U.S. Bank Direct Loans violated the MSMLA. The Settling Defendants further deny that they are derivatively liable for any violations of Missouri law. The Settling Defendants still further deny that they directly or indirectly charged, contracted for or received any settlement charges or loan fees in violation of the MSMLA and also deny that there is liability under the MSMLA for interest on the loans.

Plaintiffs, as members and representatives of the proposed U.S. Bank Direct Loans Settlement Class whose Missouri Second Mortgage Loans were purchased by, assigned to, otherwise acquired or serviced by the Settling Defendants, as an assignee, owner, holder, and/or servicer of the U.S. Bank Direct Loans have agreed to settle and resolve the Litigation as between and among them pursuant to the terms and conditions that are summarized in this Notice. The complete details of the proposed Settlement are contained in a “Settlement and Release Agreement” filed with the Court (the “Agreement”).

4. WHO IS COVERED BY THE PROPOSED SETTLEMENT?

According to the parties’ records, you are a member of the “U.S. Bank Direct Loans Settlement Class” and will be covered by the Settlement unless you choose to exclude yourself from (“opt out of”) the Settlement. The U.S. Bank Direct Loans Settlement Class is comprised of all persons who,

- (1) Obtained a “Second Mortgage Loan,” as defined in Mo.Rev.Stat. § 408.231.1, on or after May 16, 1994, that was originated by a lender other than U.S. Bank National Association or U.S. Bank National Association ND, secured by a mortgage or deed of trust on residential real property located in the state of Missouri, and purchased by, assigned to, or otherwise acquired or serviced by U.S. Bank National Association ND or U.S. Bank National Association

and

- (2) Did not timely exclude themselves from a litigation class previously certified in any of the following cases:
 - *Baker v. Century Financial Group, Inc.*, Case No. CV100-4294, filed June 28, 2000 (Cir. Ct. Clay County, Missouri)
 - *Beaver v. First Consumers Mortgage, Inc.*, Case No. 00-CV-215097-01, filed June 23, 2000 (Cir. Ct. Jackson County, Missouri) (consolidated with *Beaver v. First Consumers Mortgage, Inc.*, Case No. 03-CV-213643, filed

May 28, 2003 (Cir. Ct. Jackson County, Missouri))

- *Couch v. SMC Lending, Inc.*, Case No. 7CV-100-4332, filed June 29, 2000 (Cir. Ct. Clay County, Missouri)
 - *Gilmor v. Preferred Credit Corporation*, Case No. CV100-4263, filed June 27, 2000 (Cir. Ct. Clay County, Missouri), *removed*, Case No. 10-0189-CV-W-ODS (W.D. Mo.)
 - *Hall v. American West Financial*, Case No. 00CV218553-01, filed July 28, 2000 (Cir. Ct. Jackson County, Missouri)
- (3) If any of the persons meeting the requirements of (1) and (2) above has died, became a debtor in a bankruptcy case under Chapter 7 or Chapter 13 after obtaining his or her U.S. Bank Direct Loan, or in some other way voluntarily or involuntarily transferred his or her rights under a U.S. Bank Direct Loan, that person's heir, representative, bankruptcy trustee, successor or assign also shall be deemed a member of the "U.S. Bank Direct Loans Settlement Class."

5. WHAT ARE THE TERMS OF THE PROPOSED SETTLEMENT?

On August 13, 2012, the Court preliminarily approved the proposed Settlement as fair, reasonable, and adequate. The Court will conduct a "fairness hearing" on **November 16, 2012** 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 after the Fairness Hearing, provided all of the other terms and conditions of the Settlement are met.

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 complete Agreement by contacting Class Counsel at the address in the answer to Question 7 of this Notice, or by visiting the website of Class Counsel, www.wbsvlaw.com, and clicking the link "U.S. Bank Direct Loans Settlement."

- A. **Gross Settlement Amount:** If the Court approves the Settlement, the Settling Defendants will make available to the members of the U.S. Bank Direct Loans Settlement Class a gross settlement amount of \$92 million subject to the terms of the Agreement.
- B. **U.S. Bank Settlement Class Member Payments:** If approved by the Court, the Settlement will provide the members of the U.S. Bank Direct Loans Settlement Class who do not exclude themselves, and whose loan is not a "Non-Qualifying Loan" described in Sub-paragraph E below, with an anticipated settlement payment ranging from an estimated \$2,516.92 to \$142,564.88 (\$34,015.27 on average). The amount of each such "U.S. Bank Direct Loans Settlement Class Member Payment" represents a pro rata share of the "Net Distributable Settlement Amount" (defined below) that is determined per loan based on: (a) the amount of the allegedly challenged 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.

U.S. Bank Direct Loans Settlement Class Members can review what Class Counsel currently estimates the amount of their particular U.S. Bank Direct Loans Settlement Class Member Payment to be by visiting the website of Class Counsel, www.wbsvlaw.com, and clicking on the link “U.S. Bank Direct Loans Settlement.” When reviewing these figures, you should keep in mind that the amounts are presumed to be valid, but are subject to challenge and may be different. If there is a successful challenge to your Claim, then the amount you may receive for your Claim could be less, nothing, or more than the estimate shown.

- C. **Claim Challenges:** Class Counsel has estimated the amount of each U.S. Bank Direct Loans Settlement Class Member Payment to be made available for each U.S. Bank Direct Loan based on the loan fees and payment data described above (the “Estimated Claim Amount”). The Settling Defendants have agreed that the Estimated Claim Amounts are accurate for purposes of the Settlement. The Settling Defendants have the right to challenge your Claim on the grounds that (i) the Claim is fraudulent, (ii) the Claim Form was not signed and submitted by every “U.S. Bank Direct Loans Settlement Class Member” who must sign the Claim Form, or (iii) the Claim Form was not timely mailed or delivered to Class Counsel. If a borrower or co-borrower who signed your note is deceased or unable to sign the Claim Form, the Settling Defendants may also challenge your Claim on the grounds that: (i) the Claim Form has not been signed by a heir, representative, successor or assign of the borrower or co-borrower; or (ii) an affidavit, declaration, Power of Attorney, Order or other documentation showing the authority of the heir, representative, successor or assign to sign the Claim Form and, if the borrower or co-borrower is deceased, a copy of the death certificate, has not been provided within the time limits set by the Court. The Settling Defendants may not challenge your Claim for any other reason. As a member of the U.S. Bank Direct Loans Settlement Class, you have the right to challenge the Estimated Claim Amount if you think there is a mistake. A successful challenge may increase or decrease the amount of the Estimated Claim Amount. For more details about challenges and how challenges will be resolved, review Section 8 of the Agreement.
- D. **Net Distributable Settlement Amount:** The “Net Distributable Settlement Amount” will be a percentage of the “Net Settlement Amount,” which is determined by deducting the following amounts from the \$92,000,000.00 “Gross Settlement Amount”: (a) the amount of any incentive awards made to Plaintiffs by the Court; and (b) the amount of any litigation expenses and/or court costs awarded to Class Counsel by the Court. The portion of the “Net Distributable Settlement Amount” to be made available to the members of the U.S. Bank Direct Loans Settlement Class is estimated to be \$50,416,378.77 or 55% of the Net Settlement Amount. Plaintiffs and Class Counsel will ask the Court to award the remaining 45% of the Net Settlement Amount or \$41,249,764.45 as an attorneys’ fee to Class Counsel for their services and work with respect to the Settlement, the Litigation and their prior work in the six Missouri Cases combined. The amount of the incentive, expense and attorneys’ fees awards that Plaintiffs and Class Counsel will ask the Court to approve are explained in the answer to Question 10 below (“*What are the Reasons for Settlement?*”).

- E. **Non-Qualifying Loans:** The Settling Defendants have agreed to make available and pay \$250.00 to those U.S. Bank Direct Loan Settlement Class Members who obtained a U.S. Bank Direct Loan, even if the loan was not subject to the MSMLA because the interest rate charged for the loan was less than 10% or because the loan documents show that the loan did not violate the prohibition against excessive fees as provided in the MSMLA, Mo. Rev. Stat. § 408.233.1. Such payments will be made to those members of the U.S. Bank Direct Loans Settlement Class who obtained such Non-Qualifying Loans as provided in Subparagraph F below. Any person who obtained a Non-Qualifying Loan and who does not request to be excluded from the Settlement, must timely file a valid Claim to obtain this payment.
- F. **Distribution of Payments:** If the Court approves the Settlement and it becomes effective according to the terms and conditions of the Agreement, the members of the U.S. Bank Direct Loans Settlement Class who do not exclude themselves from the Settlement will receive their U.S. Bank Direct Loans Settlement Class Member Payment for the loan by check. The check will be mailed by first-class mail, postage prepaid, to the U.S. Bank Direct Loans Settlement Class Members, or to the bankruptcy trustee for those U.S. Bank Direct Loans Settlement Class Members who filed a Chapter 7 or Chapter 13 bankruptcy after obtaining their loan. The check will be mailed by the Settlement Administrator and will not come from the Settling Defendants directly. **Joint borrowers, such as a husband and wife, will receive a single payment per loan, even if they are separated or divorced. Any U.S. Bank Direct Loans 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 U.S. Bank Direct Loans Settlement Class Member's co-borrowers. U.S. Bank Direct Loans Settlement Class Members will also be responsible for paying any taxes due on any U.S. Bank Direct Loans Settlement Class Member Payment received. U.S. Bank Direct Loans 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. Class Counsel cannot provide you with any tax advice.**
- G. **Approval of Settlement:** 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 the Settling Defendants and certain other persons as of the Effective Date from certain claims that were or could have been asserted against them in the Litigation. The Releases are further discussed and set out in Question 11 of this Notice (*"Will Plaintiffs or Class Counsel be Compensated?"*).

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

Sign and mail or deliver the Claim Form enclosed with this Notice (and any amended Claim Form) to Class Counsel on or before **December 17, 2012**. The Claim Form (and any amended Claim Form) must be signed by every borrower who signed the note for the second mortgage

loan. Every borrower must sign the Claim Form or Amended Claim Form even if they are no longer living together. If a borrower has died or is no longer able to sign a Claim Form, his or her heir, representative, successor or assign may do so. If an heir, representative, successor or assign of a deceased borrower or co-borrower signs a Claim Form, a copy of the death certificate and an affidavit, declaration or other documentation showing the authority of such heir, representative, successor or assign to sign the Claim Form must be mailed or delivered to Class Counsel on or before **December 17, 2012**. If a representative, successor or assign of a borrower or co-borrower who is not deceased signs the Claim Form, he or she must mail or deliver to Class Counsel on or before **December 17, 2012**, a copy of the Power of Attorney, Order or other documentation showing his or her authority to sign the Claim Form. **A valid Claim Form (and any amended Claim Form) must be signed and timely submitted and any required documentation must also be timely submitted for you to participate in the Settlement and receive your U.S. Bank Direct Loans Settlement Class Member Payment.**

If you filed for bankruptcy protection after you obtained your U.S. Bank Direct Loan, you are still a member of the U.S. Bank Direct Loans Settlement Class. Your bankruptcy trustee, will also receive a copy of this Notice. If you filed for bankruptcy protection after you obtained your U.S. Bank Direct Loan, you should consult with a bankruptcy attorney about this Notice and your options.

7. 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.

If you want to receive your U.S. Bank Direct Loans Settlement Class Member Payment as described in Question 5 of this Notice (“*What are the Terms of the Proposed Settlement?*”), **SIGN AND SUBMIT THE CLAIM FORM AND ANY REQUIRED DOCUMENTATION ON OR BEFORE DECEMBER 17, 2012. DO NOT SUBMIT A REQUEST FOR EXCLUSION.**

If, however, you do wish to exclude yourself from the Settlement, you must send a request for exclusion by first-class mail, postage prepaid, to Class Counsel and Settling Defendants’ Counsel (the names and addresses are provided in Question 8 below). To be effective, your request for exclusion must be in writing and be **received** by Class Counsel and Settling Defendants’ Counsel at the addresses below on or before **October 15, 2012**. The request for exclusion must include: (a) your name, address, telephone number and the last four digits of your social security number; (b) a statement that you and all other borrowers named on the promissory note for your loan are seeking exclusion from the Settlement; (c) your signature and the signature of any other borrower(s) named on the promissory note for your loan; and (d) a reference to “Thomas v. U.S. Bank National Association, Case No. 1216-cv20561.” 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 heir, representative, successor or assign of any such person who has died or in some other way has voluntarily or involuntarily transferred his or her rights under the U.S. Bank Direct Loan. If the request for exclusion is signed by the heir, representative, successor or assign, sufficient documentation showing his or her authority to sign must be received on or before **October 15,**

2012. No request for exclusion may be made on behalf of a group of U.S. Bank Direct Loans Settlement Class members. Nor may any member(s) of the U.S. Bank Direct Loans Settlement Class opt out or exclude themselves from the U.S. Bank Direct Loans 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 orders or judgments that may be entered with respect to the U.S. Bank Direct Loans Settlement Class. You will be free to pursue whatever legal rights you have against the Settling Defendants at your own risk and expense.

8. 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 Marco A. Roldan of the Circuit Court of Jackson County, Missouri (Division 16) on **November 16, 2012 at 1:15 p.m.**, in the Jackson County Courthouse, 308 W. Kansas, Independence, Missouri 64050 (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 Plaintiffs are adequate representatives of the proposed U.S. Bank Direct Loans Settlement Class; (c) whether Class Counsel is entitled to attorneys' fees and expenses and, if so, how much; (d) whether Plaintiffs should be entitled to a payment for their services as class representatives and, if so, how much; and (e) whether the Final Approval Order and Final Judgment as proposed by the Parties should be entered to dismiss the Litigation and claims against the Settling Defendants with respect to the U.S. Bank Direct Loans on the merits and with prejudice.

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 U.S. Bank Direct Loans 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, Jackson County Courthouse, 308 W. Kansas, Independence, Missouri 64050, no later than **October 15, 2012**. All persons wishing to object must also send a copy of their written objection to Class Counsel and Settling Defendants' 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 "Thomas v. U.S. Bank National Association, Case No. 1216-cv20561"; (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 U.S. Bank Direct Loans 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 **October 15, 2012**; and (b) serve the Notice of Appearance on Class 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 Class Counsel and Settling Defendants' Counsel are as follows:

Class Counsel

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

Settling Defendants' Counsel

Peter W. Carter
Dorsey & Whitney LLP
50 South Sixth Street
Suite 1500
Minneapolis, MN 55402

Any member of the U.S. Bank Direct Loans Settlement Class who has not filed a timely written request for exclusion may also request to intervene in the Litigation, in person or through an attorney retained at the U.S. Bank Direct Loans Settlement Class Member's own expense. A request or motion to intervene must be in writing and reference "Thomas v. U.S. Bank National Association, Case No. 1216-cv20561" and otherwise comply with the Missouri Rules of Civil Procedure and applicable law. A request to intervene must be filed with the Clerk of Court, Jackson County Courthouse, 308 W. Kansas, Independence, Missouri 64050, no later than **October 15, 2012**. Any persons wishing to intervene must also send a copy of their written request to intervene to Class Counsel and Defendants' Counsel at the above addresses.

Any member of the U.S. Bank Direct Loans 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.

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

9. WHO REPRESENTS THE SETTLEMENT CLASS?

The U.S. Bank Direct Loans Settlement Class is represented by Class Counsel: R. Frederick Walters, Kip D. Richards, David M. Skeens, and J. Michael Vaughan of the law firm Walters Bender Strohbehn & Vaughan, P.C. If you have questions regarding the Settlement, this Notice or your options, you can contact Class Counsel without charge by writing to them at the address provided above, or by calling toll free, 1-877-472-6620, or (816) 421-6620, or by visiting the website of Class Counsel, www.wbsvlaw.com and clicking on the link "U.S. Bank Direct Loans

Settlement.”

10. WHAT ARE THE REASONS FOR SETTLEMENT?

The Plaintiffs and Settling Defendants have agreed to the Settlement after considering, among other things: (i) the substantial benefits being made available to the U.S. Bank Direct Loans Settlement Class pursuant to the Settlement; (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 possibility and risk of beneficial or adverse future rulings that could affect the Parties’ respective claims and defenses; (iv) the vigorousness of the defenses asserted by the Settling Defendants; (v) the desirability of consummating the Settlement promptly to provide effective relief to the U.S. Bank Direct Loans Settlement Class; and (vi) the perceived relative merits, risks and available recoveries associated with the loans at the time of the Settlement.

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. The Settling Defendants deny and continue to deny all charges of wrongdoing or liability against them arising out of or relating to any of the conduct, statements, acts, or omissions alleged, or that could have been alleged in the Litigation or the Missouri Cases. Nonetheless, the Settling Defendants have concluded that further litigation and a trial of the claims in the Litigation and the Missouri Cases would be protracted, burdensome, and expensive, and that it is desirable that the Litigation and all claims arising from the U.S. Bank Direct Loans be fully and finally settled as against them in the manner and on the terms and conditions set forth in the Agreement.

11. WILL PLAINTIFFS OR CLASS COUNSEL BE COMPENSATED?

Yes. Plaintiffs, as representatives of the U.S. Bank Direct Loans Settlement Class, will make applications to the Court for approval of what is called an “incentive award.” Such awards are used and made in class action lawsuits to provide an “incentive” to individuals like the Plaintiffs to file and prosecute class action lawsuits for the benefit of a class of people they do not know. The award also compensates the representatives of a class for their work and time as class representatives. Plaintiffs will ask the Court to approve and make incentive awards not to exceed a total of \$110,000.00, to be apportioned among the ten (10) different sets of Plaintiffs for their time, efforts and service in the Litigation and the Missouri cases as representatives on behalf of the U.S. Bank Direct Loans Settlement Class, which included being interviewed, deposed by the defendants, reviewing documents, meeting and conferring with Class Counsel, etc. The Settling Defendants do not object to Plaintiffs’ applications, but the Court must still determine and approve the amount of any incentive award to be made as “reasonable.” Any incentive award made to Plaintiffs will be paid from the Gross Settlement Amount in order to determine the Net Settlement Amount and Net Distributable Settlement Amount, the latter of which will be distributed to the U.S. Bank Direct Loans Settlement Class Members as “U.S. Bank Direct Loans Settlement Class Member Payments” as described in the answer to Question 5 above (“*What are the Terms of the Proposed Settlement?*”).

Class Counsel has prosecuted the subject claims against the Settling Defendants in the six (6) Missouri Cases and the Litigation on a contingency fee basis and has incurred and advanced all of the costs associated with the claims for over 12 years. Class Counsel has not yet been paid for the work attributable to the claims against the Settling Defendants or received reimbursement for the expenses incurred and advanced on behalf of Plaintiffs and the U.S. Bank Direct Loans Settlement Class in connection with those claims. The Court must determine and approve the amount of any such awards of attorneys' fees and litigation expenses to be made to Class 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, Class Counsel and/or Plaintiffs will request the Court to approve an award of attorneys' fees and litigation expenses not to exceed the following amounts: (a) \$223,856.78, representing the allocated share of the more than \$896,449.13 of total litigation expenses and court costs that Class Counsel has incurred and advanced in connection with the six (6) Missouri Cases as of June 1, 2011; and (b) 45% of the "Net Settlement Amount" attributable to the U.S. Bank Direct Loans as explained in part D of the answer to Question 5 above. The amounts of any such expense and attorneys' fees awards made to Class Counsel will be deducted and paid from the Gross Settlement Amount and Net Settlement Amount, respectively, before the U.S. Bank Direct Loans Settlement Class Member Payments are distributed to the U.S. Bank Direct Loans Settlement Class Members as described in the answer to Question 5 above.

The Settling Defendants do not object to the above applications for expenses and attorneys' fees by Class Counsel, but the Court must still determine and approve the amount of any expense and attorneys' fee awards as "reasonable."

If the Court approves and makes the expense and attorneys' fees awards as proposed, the U.S. Bank Direct Loans Settlement Class Members will receive \$50,416,378.77 or 55% of the Net Settlement Amount subject to the terms of the Agreement and Class Counsel will receive the remaining \$41,249,764.45 (or 45%) of the Net Settlement Amount. Notably, under this proposal, and with the exception of the "Non-Qualifying Loans" described in Question 5.E, the amount of the Net Distributable Settlement Amount to be paid to the U.S. Bank Direct Loans Settlement Class Members, subject to the Agreement's terms, will compensate those Class Members – net of the proposed attorneys' fees award – for: (1) all (100%) of the allegedly challenged loan fees sought from the Settling Defendants for the U.S. Bank Direct Loans; (2) all (100%) of the interest that the Class Members paid (or have yet to pay) on the U.S. Bank Direct Loans; and (3) an additional amount constituting a portion of the prejudgment interest on the loan fee and interest paid amounts at the legal rate of 9% per year, calculated from the date of the Notes and interest payment dates for a period of at least 10 years.

The range and average of the Settlement Payments described above and in the answer to Question 5 above have been estimated with the expectation that the Court will approve as

reasonable the applications for the above stated incentive, expense and attorneys' fees awards given, among other things, Plaintiffs' service and work in all of the Missouri Cases and the Litigation, the complexity of the Missouri Cases, the nature and extent of the legal work provided by Class Counsel since 2000, the extraordinary results obtained for the U.S. Bank Direct Loans Settlement Class pursuant to the Settlement, the complexity of the Settlement and Agreement, and the simplicity of the Claims Process. If the Court approves an incentive award or an award of expenses or attorneys' fees in an amount less than that applied for, the difference shall be reallocated to the Net Settlement Amount or the Net Distributable Amount, as applicable.

12. 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 U.S. Bank Direct Loans Settlement Class who did not timely request exclusion from the U.S. Bank Direct Loans Settlement Class. The Settlement will fully, finally and forever release, settle, compromise, relinquish and discharge any and all of the Released Persons from the Released Claims as of the Effective Date, all as defined in the Agreement.

The Releases will mean that you will not be able to bring any lawsuit against the Settling Defendants or any of the other Released Persons identified in the Agreement for any reason whatsoever relating to the Released Claims; but you will of course be able to enforce your rights under the Agreement, if necessary. If you are currently litigating any claims against either or both of the Settling Defendants, 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 in this case from the U.S. Bank Direct Loans Settlement Class. If you are currently litigating any such claims, you should consult with an attorney concerning your rights immediately.

You should also note that the Settlement with the Settling Defendants does not cover or discharge the claims that you may have against any person, association or entity, other than the Settling Defendants and other "Released Persons" as defined in the Agreement with respect to the U.S. Bank Direct Loans. All other Claims with respect to all of the Missouri Second Mortgage Loans are preserved and will not be released. This includes, but is not limited to any claims of the Plaintiffs or the U.S. Bank Direct Loans Settlement Class Members against the Settling Defendants and other any person, association, entity, whether or not a "Released Person" as defined in the Agreement, for any Missouri Second Mortgage Loans that are not U.S. Bank Direct Loans.

The term "**Releasors**" is defined in the Agreement at Paragraph 2.28 as:

"Named Plaintiffs Steven M. Rich, DeAnthony Thomas and Susan Jelinek-Thomas, as to their October 5, 1998 Missouri Second Mortgage Loan, and Ted Varns and Raye Ann Varns and all U.S. Bank Direct Loans Settlement Class Members and each of their respective heirs, executors, administrators, assigns, legal representatives, trustees, guardians, 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 U.S. Bank Direct Loans Settlement Class, whether or not identified on **Exhibit F**, who opt out of and exclude themselves from the Settlement in accordance with Section 11; and (b) the Non-U.S. Bank Direct Loans Borrowers, including, but not limited to the Named Plaintiffs identified as Non-U.S. Bank Direct Loans Borrowers in Section 2.25 above:. It is understood that the releases to be given by the Releasors shall only release the Released Persons from the Released Claims, and nothing more, as provided herein.”

The term “**Released Persons**” is defined in the Agreement at Paragraph 2.29 as:

“(a) the Settling Defendants, individually and together with the affiliates, parent companies and subsidiary companies listed on **Exhibit G**; (b) all servicers who serviced the U.S. Bank Direct Loans after they were sold, assigned, or conveyed to the Settling Defendants or either of them; (c) any person, association, or entity to whom any of the Settling Defendants or either of them sold, assigned, or conveyed the U.S. Bank Direct Loans, and any subsequent purchaser or assignee of the U.S. Bank Direct Loans; (d) any loan servicer who serviced the U.S. Bank Direct Loans after they were conveyed to another person, association, or entity by any of the Settling Defendants or either of them; and (e) said Released Persons’ respective past and present officers, directors, shareholders, employees, attorneys (including any consultants hired by counsel), accountants, insurers, heirs, executors, and administrators, predecessors, successors, and assigns. Notwithstanding anything in this Agreement to the contrary, the term “Released Persons” **does not include any of the following**: (i) FirstPlus Bank, FirstPlus Financial, Inc., SMC Lending, Inc., Century Financial Group, First Consumers Mortgage Corporation FCMC Financial, Preferred Credit Corporation, Premier Associates Mortgage Co., American West Financial, or any other person, association and/or entity that originated or made any Missouri Second Mortgage Loans who is not a Released Person; (ii) the Master Financial Defendants, Franklin Credit Management Corporation, Wells Fargo Bank, N.A., including any predecessor or other companies acquired or merged into Wells Fargo, German American Capital Corporation (“GACC”), Ace Securities Corporation (“Ace”), Ace Securities Corp. Home Loan Trust 1999-A and its trustees with respect to the loans sold to, assigned to or otherwise acquired by the Ace Securities Corp. Home Loan Trust 1999-A (collectively, “Ace Trust”), Sovereign Bank, and any other current and/or former defendant named in any of the Missouri Cases other than the Settling Defendants and the other Released Persons as defined herein; (iii) any person, association or entity, who is not a Released Person, that serviced any of the U.S. Bank Direct Loans before the U.S. Bank Direct Loans were sold, assigned, transferred or conveyed to the Settling Defendants; (iv) any person, association or entity that serviced any of the loans of any of the Non-U.S. Bank Direct Loans Borrowers as to those loans; (v) any person, association or entity to whom any of the U.S. Bank Direct Loans were sold, assigned, transferred and/or conveyed prior to the sale, assignment, transference or conveyance to the Settling Defendants, or either of them; or (vi) any person, association or entity to whom any of the loans of any of the Non-U.S. Bank Direct Loans Borrowers were sold, assigned or otherwise transferred or conveyed.”

The term “**Released Claims**” is defined in the Agreement at paragraph 2.30 as:

“[A]ny 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, interest, attorney's fees, costs or expenses, whether known or unknown, alleged or not alleged in the Missouri Cases or 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 U.S. Bank Direct Loans and which any of the Releasors have had, or now have, from the beginning of time up through and including the Effective Date, against the Released Persons, 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 Missouri Cases or the Litigation in any way relating to the U.S. Bank Direct Loans Settlement Class Members' U.S. Bank Direct Loans; (2) any activities of the Released Persons with respect to the U.S. Bank Direct 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 Missouri Cases or 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 Releasors 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 Named Plaintiffs and/or any other Releasor against any person, association or entity that is not a Released Person, whether such claims arise out of or relate to U.S. Bank Direct Loans or some other conduct, transaction, loan or occurrence; or (2) any claims of any kind or type by any Non-U.S. Bank Direct Loans Borrower including, but not limited to, any claims against the Settling Defendants with respect to any Missouri Second Mortgage Loan that is not a U.S. Bank Direct Loan.”

13. WHAT IF THE SETTLEMENT IS NOT FINALLY 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 Plaintiffs will dismiss

the Litigation without prejudice and will continue to prosecute their claims against the Settling Defendants and other defendants in the Missouri Cases. In such event, no payments will be made pursuant to the Settlement; however, the Settling Defendants and Plaintiffs could attempt to enter into another settlement.

14. 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 Class Counsel, or by visiting Class Counsel’s website, www.wbsvlaw.com, and clicking on the link to “U.S. Bank Direct Loans Settlement.”

IMPORTANT DATES TO REMEMBER

- **December 17, 2012 – Deadline to mail or deliver your Claim Form or any Amended Claim Form.**
- **October 15, 2012 – Deadline for mailing any requests for exclusion.**
- **October 15, 2012 – Deadline for filing and serving any written objections motions to intervene and/or notices of appearance.**
- **November 16, 2012 at 1:15 p.m. – Date and Time of Fairness Hearing.**

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This Notice provides only a summary of matters about the Litigation. If you have any questions or concerns, please contact Class Counsel in writing at the address listed in Question 8 of this Notice or call toll free, 1-877-472-6620, or (816) 421-6620.

DO NOT CALL OR CONTACT THE COURT FOR INFORMATION.

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

DATED: August 13, 2012