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Attorneys for Plaintiff, DIVA ALFARO

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF RIVERSIDE

DIVA ALFARO on behalf of herself and
all similarly situated persons, and the
general public,

Plaintiff,

v.

PARAMOUNT RESIDENTIAL
MORTGAGE GROUP, INC.; and DOES
1 through 25, inclusive,

Defendants.

Case No. CVRI2103949

*Assigned for all purposes to the
Honorable Harold Hopp. Dept. 1*

**AMENDED DECLARATION OF JOHN
GLUGOSKI IN SUPPORT OF PLAINTIFF'S
UNOPPOSED MOTION FOR
PRELIMINARY APPROVAL OF CLASS
ACTION AND PAGA SETTLEMENT**

Hearing Date: July 7, 2023
Time: 8:30 a.m.

Reservation ID: 993285268943

[Complaint filed: August 27, 2021]

1 I, **JOHN GLUGOSKI**, hereby declare as follows:

2 1. I am an attorney licensed to practice law in the State of California with Righetti
3 Glugoski, P.C. (Formerly Righetti Law Firm P.C.), attorneys of record for Plaintiff. I have
4 personal knowledge of the following facts and if called as a witness would testify as follows:

5 **EDUCATION AND EXPERIENCE**

6 2. I graduated from the University of California at Berkeley in 1993 with a degree
7 in Political Science. I then graduated from the University of San Francisco, School of Law in
8 1997. I am admitted to practice law before the following courts: United States Court of Appeals,
9 Ninth Circuit, United States Court of Appeals, Federal Circuit, United States District Court,
10 Northern, Central, Eastern, and Southern Districts of California, and all of California's state
11 courts.

12 3. I have been practicing law full time for over twenty-six (26) years. My practice
13 has been devoted to complex class action and/or representative action litigation for the past
14 twenty-six years. Much of this litigation has involved class action and representative action
15 prosecution of wage and hour laws (state and federal), state and federal privacy laws (FCRA,
16 CCPA and CCCRA) and consumer laws. A sampling of some of the more significant
17 class/representative action cases (including wage and hour litigation) handled by Righetti
18 Glugoski, P.C., includes:

- 19 • Co-lead counsel in *Rocher v. Sav-On Drug Stores* (Hon. Victoria G. Chaney, Los
20 Angeles County Superior Court); See, *Sav-On Drug Stores, Inc. v. Superior Court*, (2004) 34
21 Cal.4th 319 (reversing the Second DCA, the California Supreme Court unanimously reinstated
22 the trial court's order granting class certification). The *Sav-On* litigation was settled after the
23 first phase of trial.
- 24 • Lead counsel in *Gentry v. Circuit City Stores, Inc.*, (2007) 42 Cal.4th 443 (reversing the
25 Court of Appeal, the California Supreme Court set forth the factors for trial courts to use in
26 determining whether or not to enforce bans on class actions in employment arbitration
27 agreements).

- 1 • Lead counsel in *Crab Addison v. Superior Court*, (2008) 169 Cal.App.4th 958 [affirming
2 the trial court, the Court of Appeal upheld an order compelling defendant to divulge names and
3 contact information of putative class members in wage and hour overtime action].
- 4 • Lead counsel in *Rutti v. Lojack Corp., Inc.* (2010) 596 F.3d 1046 [granting plaintiffs'
5 petition for rehearing, the Ninth Circuit reversed the district court's summary judgment order
6 setting parameters for the *de minimus* doctrine and compensable "hours worked" under both
7 state and federal law].
- 8 • Co-lead counsel in *In re Trans Union Privacy Litigation* (MDL, Northern District of
9 Illinois). We were appointed by the Hon. Marvin E. Aspen to serve as co-lead counsel in
10 multidistrict litigation against Trans Union. The litigation focused on Trans Union's use of its
11 vast database of financial information, which includes the confidential financial information of
12 most adults in the United States, to create and sell "target marketing" lists to advertisers in
13 violation of the FCRA. After nearly a decade of litigation the case resulted in a settlement with
14 Trans Union valued at more than \$100 million (including \$75 million in cash). The settlement
15 obtained final approval from the Hon. Robert Gettleman on September 17, 2008. In August
16 2009, all appeals of the order approving the settlement were dismissed and the settlement
17 became final. Pursuant to the terms of the settlement, credit monitoring relief was distributed
18 to class members as well as a cash payment to class members. We believe the Trans Union
19 certified class is the largest class of individuals ever certified in the United States.
- 20 • Counsel in *Elder v. Schwan Foods* (individual exemption misclassification) tried to a
21 jury verdict in the Los Angeles Superior Court. First Appeal: On May 12, 2011, the California
22 Court of Appeal reversed a trial court order that failed to award restitution and penalties
23 following a jury verdict in favor of our client. The Court of Appeal ordered the trial court to
24 reconsider the equitable remedies of restitution and civil penalties. Second Appeal: On
25 February 27, 2013, the employer contended it was deprived of its right to a statement of
26 decision because the trial court did not issue a tentative decision. The Court of Appeal rejected
27 the employer's appeal finding both that there was no prejudicial error and there was sufficient
28 evidence in the record to award restitution and civil penalties for violation of California's
overtime laws.

- 1 • Counsel in the matter *Roberto Martinez et al. v. Joe's Crab Shack Holdings et al.*, 231
2 Cal.App.4th 362 (2014) where the Court of Appeal reversed the trial court's denial of class
3 certification in an executive misclassification case.
- 4 • Co-counsel in cases against Home Depot and 99 Cent Only Stores where the trial courts
5 limited the California Private Attorney General Act (PAGA) only to claims under the Labor
6 Code and not to claims under the IWC Wage Orders. In both cases the Courts of Appeal
7 reversed in published decisions. See *Home Depot v. Superior Court* (2011) 191 Cal.App.4th
8 210 (review denied March 16, 2011) (holding PAGA applicable to seating claims on grounds
9 that Labor Code §1198 incorporates IWC Wage Order protections); *Bright v. 99 Cents Only*
10 *Stores* (2010) 189 Cal.App.4th 1472 (review denied February 16, 2011) (same).
- 11 • Co-counsel in a PAGA action against Bank of America on behalf of California bank
12 tellers. The case was twice dismissed by Judge Real. Judge Real's orders were both reversed
13 by the Ninth Circuit – *Green v. Bank of America, N.A.* (9th Cir. 2013) __ Fed. Appx., 2013 WL
14 _____ and *Green v. Bank of America, N.A.* (9th Cir. 2015) 634 Fed.Appx. 188. On remand
15 the Ninth Circuit removed the case from the docket of Judge Real and re-assigned the case to
16 Judge Percy Anderson.
- 17 • Class counsel in the certified class action *Hall v. Rite Aid Corporation* in San Diego
18 County Superior Court. In 2014 the Fourth District Court of Appeal reversed the trial court's
19 decertification order. See, *Hall v. Rite Aid Corporation*, 226 Cal.App.4th 278 (2014, review
denied August 27, 2014). The case settled for \$18M on the day of trial.
- 20 • I was co-counsel in litigation against Wal-Mart, JPMorgan Chase Bank and CVS
21 Pharmacy Inc. (*Henderson v. JPMorgan Chase Bank* (C.D. Cal.), No. 2:11-CV-03428), *Brown*
22 *v. Wal-Mart, Inc.* (N.D. Cal.), No. 5:09-cv-03339-EJD, and *Kilby v. CVS Pharmacy, Inc.* (S.D.
23 Cal.), No. 09-CV-2051-MMA. The district court in *Wal-Mart* granted class certification based
24 on plaintiffs' construction of the law, while the district courts in *CVS* and *JPMorgan Chase*
25 denied class certification after rejecting plaintiffs' construction of the same law. All three cases
26 were then appealed and coordinated before the Ninth Circuit in December 2013. The Ninth
27 Circuit panel asked the California Supreme Court to accept certification of three questions of
28 statutory construction (739 F.3d 1192). More than two years later, after extensive briefing by

1 the parties and *amici*, the California Supreme Court in April 2016 issued its unanimous opinion
2 in *Kilby* setting forth its definitive construction of the law. *Kilby v. CVS* (2016) 63 Cal.4th 1.
3 Based on this construction by the California Supreme Court, the Ninth Circuit affirmed the
4 grant of class certification in *Wal-Mart* (2016 WL 3212265) and reversed the district court
5 orders in *CVS* and *JPMorgan Chase*. Wal-Mart settled for \$65M.

6 4. Righetti Glugoski, P.C. acted as trial counsel in what we believe are the only four
7 class action overtime cases ever to have been tried under the quantitative executive exemption
8 standard articulated in *Ramirez v. Yosemite Water Company*, (1999) 20 Cal.4th 785. I was trial
9 counsel in a class action tried in Los Angeles County Superior Court before the Hon. J. Stephen
10 Czuleger, resulting in a finding that U-Haul had misclassified all California salaried “General
11 Managers” as exempt from overtime. I was also trial counsel in a certified class action tried in
12 San Diego County Superior Court before the Honorable Patricia Cowett, resulting in a
13 judgment finding that Party City had misclassified salaried employees as exempt and an award
14 of class wide damages, fees and costs. In the third case, I was trial counsel in the *Sav-on*
15 overtime litigation where, following remand after appeal, we completed the first phase of trial
16 before the Honorable Victoria G. Chaney in Los Angeles County Superior Court (complex).
17 The case was then settled before the second phase of trial. In the fourth trial I was class counsel
18 in a certified class action against Taco Bell alleging that its restaurant general managers were
19 misclassified as exempt under California law. The case was tried in the San Diego County
20 Superior Court before the Hon. Kevin Enright and settled after four weeks of trial.

21 5. I was awarded the Daily Journal 2010 CLAY Award (“California Lawyer of the
22 Year”) for my work on *Rutti v. Lojack*. I was also honored as one of the Daily Journal’s Top
23 Labor & Employment Lawyers for 2010. I regularly speak on panels that involve class action,
24 representative action and employment issues such as trial methodology, class certification,
25 discovery and privacy issues, arbitration agreements and releases, mediation and settlement
26 and recent developments in the field. Speaking engagements are typically for organizations
27 such as California Employment Lawyers Association, Bridgeport CEB, and a wide range of
28 Bar associations.

1 6. Over the years litigating these kinds of cases, we have developed a good deal of
2 appellate experience. It is quite common for our cases to traverse through the appellate courts
3 during the course of proceedings. We have also represented plaintiffs in many other appellate
4 court decisions in state and federal court and at the NLRB. Righetti Glugoski also represents
5 various amicus groups on occasion in court of appeal proceedings. We have handled appeals
6 throughout California and in the federal courts of the Ninth Circuit, the Seventh Circuit, the
7 Fourth Circuit and the Federal Circuit.

8 **INVESTIGATION AND RELEVANT LITIGATION HISTORY**

9 7. In 2019, PRMG hired Plaintiff to work in California as an exempt loan officer but
10 immediately converted her to a non-exempt employee. As a non-exempt employee and loan officer
11 Plaintiff job duties included working with customers to facilitate the completion and approval of
12 home loans and/or refinancing of existing home mortgage. As a non-exempt employee, Plaintiff
13 alleges that she and the other non-exempt employees and loan officers were not paid for all hours
14 worked, denied meal and rest breaks and not reimbursed for all business expenses, including but
15 not limited cell phones, utilities, and computers, incurred in carrying out their duties for Defendant.
16 The violations were consistent (i.e., not paid all wages owed, premium pay or reimbursed for
17 business-related expenses) throughout her employment. Plaintiff discussed the alleged wage and
18 hour violations with colleagues in various positions while she was employed (i.e., failure to be
19 reimbursed, not being paid all wages owed and shortened/interrupted rest breaks). Those
20 colleagues verified to Plaintiff that they had experienced the same violations that Plaintiff
21 complained of. Plaintiff also brought the issues to the attention of her manager.

22 8. The operative Third Amended Complaint (“TAC”) alleges that Defendant failed
23 to pay minimum, regular, and overtime wages, failed provide employees with compliant meal
24 and rest breaks, failed to reimburse business expenses, failed to timely pay wages, engaged in
25 unfair competition, and is liable for PAGA penalties.

26 9. The Operative Complaint is brought on behalf of “[a]ll current and former non-
27 exempt employees and loan officers who were employed by Paramount Residential Mortgage
28 Group, Inc., in the State of California, at any time from March 1, 2020 through the date of
preliminary approval. Plaintiff’s unpaid wage claim is based on allegations that non-exempt

1 employees were required to work approximately 2 overtime hours off-the-clock in any given
2 month (2 overtime hours on any given day for every month of employment) and rest breaks were
3 interrupted/shortened approximately 2 times a month in order to achieve company goals, and she
4 along with other non-exempt employees were required to work from home during the Covid
5 pandemic and pay home office expenses to perform their duties including the costs of using their
6 own personal telephones, computers, office space, and utilities while working remotely for
7 Defendant. The home office expenses were approximately \$105 every month.

8 10. The wage statement claim is derivative of the claim for unpaid wages and the
9 unfair business practices claim are predicated on the California Labor Code violations.

10 11. As the Operative Complaint shows, Plaintiff is also pursuing a representative
11 action under California's Private Attorneys General Act (PAGA), which requires "an aggrieved
12 employee or representative" to "give written notice by online filing with the Labor and
13 Workforce Development Agency and by certified mail to the employer of the specific provisions
14 of this code alleged to have been violated, including the facts and theories to support the alleged
15 violation" before that employee may pursue claims under PAGA. Cal. Lab. Code §
16 2699.3(a)(1)(A). On September 10, 2021 and October 5, 2021, Plaintiff provided written notice
17 to the LWDA and Defendant of the specific provisions of the Labor Codes she contends were
18 violated, and the theories supporting her contention.

19 12. On August 27, 2021 Plaintiff Alfaro filed her complaint in the Riverside County
20 Superior Court alleging claims under PAGA: (1) Failure to Pay Minimum and Overtime Wages;
21 (2) Failure to Provide Meal Periods and Authorize and Permit Rest Breaks; (3) Failure to Timely
22 Pay Wages During Employment; (4) Failure to Timely Pay Wages Upon Separation; (5) Failure
23 to Provide Complete and Accurate Wage Statements; (6) Failure to Maintain Accurate
24 Employment Records; (7) Unlawful Deduction of Wages; and (8) Failure to Provide Written
25 Notice Pursuant to California's Wage Theft Prevention Act. On November 11, 2021, Plaintiff
26 filed a First Amended Complaint and on May 4, 2022, Plaintiff filed a Second Amended
27 Complaint. Defendant PRMG moved to compel arbitration of Plaintiff Diva Alfaro's "individual"
28 claims and dismiss the PAGA action.

PARAGRAPH G(3)(a)(vi)-DISCOVERY (see paragraphs 13-22 below)

13. On October 17, 2022, the Court denied PRMG's Motion and ordered briefing on Plaintiff's simultaneous request for leave to propound formal discovery. Plaintiff obtained the names and contact information for the aggrieved employees and began conducting investigation.

14. Soon thereafter, over one hundred twenty (120) employees contacted Plaintiff's counsel about the PAGA action and inquired about filing their own arbitration to enforce their rights under the California Labor Code. Plaintiff obtained the names and contact information for the aggrieved employees and began conducting investigation. Soon after a letter was sent to the aggrieved employees about the Alfaro case, over 120 employees contacted Plaintiff's counsel. These employees offered their support but also inquired as to how and what they could do to pursue their non-PAGA Labor Code claims.

15. Plaintiff's counsel informed counsel for PRMG and the parties discussed both a potential coordinated adjudication of all the arbitrations and possibly entering into discussions about a global resolution of not just the PAGA claims but the employees California Labor Code claims as well. As the parties were discussing a potential resolution of the case, Plaintiff filed her Third Amended Complaint (the Operative Complaint) which alleges the following causes of action: (1) failing to pay all meal period wages and rest break wages, (2) failing to properly calculate and pay all minimum and overtime wages, (3) failing to provide accurate wage statements, (4) failing to pay all wages due and owing upon termination of employment, (5) failing to timely pay wages, (6) unlawful deductions, (7), failing to reimburse expenses, and (8) committing violations of the Private Attorneys General Act.

16. To streamline the process, Plaintiff's counsel informed PRMG of the intention of over 120 employees to file arbitrations. PRMG appreciated that it was not in the best interest of the parties to commence with hundreds of arbitrations. Thus, PRMG explored the idea of a joint prosecution as well as the potential for a global resolution. Plaintiff's counsel requested certain information from PRMG in order for the parties to have any meaningful discussion towards settlement. Specifically, Plaintiff's counsel sought and received information about the number of employees, the number of pay periods, the number of workweeks, dates of employment, the average pay rate, and any meal and rest break premiums paid.

1 17. All of Plaintiff’s counsel’s pre-filing investigation and discovery during litigation
2 including discussion with over 120 employees aided Plaintiff in evaluating this case. Plaintiff
3 was thus able to enter settlement negotiations armed with the information required to settle this
4 matter for a fair and reasonable amount, having thoroughly assessed the risks and prepared an
5 estimated class-wide damages model.

6 18. The parties negotiated the terms of the Memorandum of Understanding, followed
7 by the signing of the Class Action and PAGA Settlement Agreement and Release (“Settlement
8 Agreement”), and the notice packet. These negotiations lasted for close to six (6) months and the
9 parties encountered numerous difficulties in reaching agreement as to the terms of the settlement
10 and the language of the notice packet. Nevertheless, the parties worked together as best they
11 could to finalize the settlement terms, which are memorialized in the Settlement Agreement.
12 Marked and attached hereto as Exhibit 1 is a true and correct copy of the Class Action and PAGA
13 Settlement Agreement and Release and Notice Packet. The notice packet, which consists of a
14 Notice of Class Action Settlement, Objection Form, and an Opt-Out Form are attached hereto as
15 Exhibits 2, 3, and 4. They are also attached to the Proposed Order as Exs. 1-3.

16 **PARAGRAPH G(3)(a)(i)-NUMBER OF POTENTIAL CLASS MEMBERS**

17 19. Plaintiff’s counsel is very familiar with wage and hour class actions that arise in
18 the context of the mortgage industry with similar claims alleged herein. Plaintiff’s counsel have
19 been counsel of record and settled numerous cases that involve the same groups of employees,
20 issues and industry, including but not limited cases against Loan Depot, Nationstar, Guaranteed
21 Rate, and Home Point. Each of the classes in these other cases involved a similar number of
22 employees (i.e., around 1,000-1500 employees). **Here there are 1,132 employees.**

23 **PARAGRAPH G(3)(a)(iii)-POTENTIAL RECOVERY (see paragraphs 19-23)**

24 During the course of the parties’ settlement discussions, PRMG was forthcoming with all
25 the necessary information to evaluate the claims in this case. PRMG brought to Plaintiff’s
26 counsel’s attention potential financial solvency issues. It is no secret that the mortgage industry
27 has taken a huge hit with certain news agencies reporting that “new mortgages are down 47%”
28 and explaining that “while the chill in the market affects all lenders, non-bank lenders —
especially those who deal in NQM — are bearing the brunt of it.” PRMG explained that

1 protracted litigation was neither in the best interest of the class members nor PRMG given their
2 financial position. Marked and attached hereto as Exhibit 6 is a true and correct copy of an article
3 entitled: *New mortgages down 47%, US lenders are starting to go bankrupt — could this one*
4 *factor trigger the worst surge of failures since 2008*, as well as several other articles detailing the
5 problems and financial woes facing the industry and companies in the industry.

6 20. In support of their disclosure of financial woes, PRMG provided the Declaration
7 of its CEO Paul Rozo, who detailed their financial position, explaining among other things that
8 PRMG's profit margins have decreased 110% and that its transaction volume has dropped 40%.
9 Marked and attached hereto as Exhibit 7 is a true and correct copy of the Declaration of PRMG
10 CEO Paul Rozo.

11 21. The negotiations were conducted at more than arm's-length and the resulting
12 settlement was the outcome of an informed and educated analysis regarding certification and
13 liability issues and the total exposure in relation to the costs and risks affecting Plaintiff and the
14 Class. This settlement was accomplished after discovery and investigation, with Plaintiff having
15 invested in extensive factual and legal research, engaged in numerous discussions and exchanges
16 of correspondence, reviewed and analyzed time and payroll records and data, policy documents
17 and other relevant documents, and conducted extensive negotiations thereafter. It was only after
18 the parties thoroughly assessed the risks that they entered into a well-reasoned settlement.

19 22. There were risks and uncertainty regarding a number of factors in the case, which
20 gave the parties the perspective and the incentive to thoroughly assess the risks of the case. In
21 addition to PRMG's financial position, it is possible that Plaintiff would not be able to certify all
22 of the claims. Plaintiff believed it would be straightforward to certify the claim for reimbursement
23 of expenses for cell phones; however, the off-the-clock claim would likely prove more challenging
24 to certify since the payroll records and wage statements on their face appear accurate and
25 employees logged out of the system. Further, many of the rest break policies appeared to be
26 facially compliant, which would present challenges, which is supported by complaint meal breaks
27 policies and records. Even if Plaintiff succeeded in certifying some or all of the claims, there was
28 no guarantee that Plaintiff would win on the merits, and surviving any post-trial motions or appeals
would have come at great litigation costs and expenses to the Class. These factors also support a

1 finding that the settlement is fair and reasonable.

2 23. Plaintiff's counsel thoroughly analyzed all of the available information and
3 documents to evaluate the strength of each claim and prepare a class-wide damages analysis,
4 taking into account the strengths and weaknesses of the parties' positions, the risks of litigation,
5 and PRMG's financial position to arrive at this settlement. With the threat of bankruptcy looming,
6 Plaintiff understood that there was a strong likelihood that regardless of any monetary judgment,
7 the availability to collect on that judgment was small.

8 **PARAGRAPH G(3)(c)-UNCASHED CHECKS (see also paragraph 39 below)**

9 **PARAGRAPH G(3)(h) – NON-REVERSIONARY SETTLEMENT**

10 **PARAGRAPH G(3)(i) – EMPLOYER TO PAY ITS SHARE OF WITHHOLDING**

11 24. The Total Settlement Amount is \$1,000,000.00, which will be used to compensate
12 Class Members, make a \$21,937.50 payment to the LWDA (75% of the \$29,250 PAGA
13 allocation), and pay the Settlement Administrator's Expenses, the Class Representative's service
14 payment, and Class Counsel's attorneys' fees and costs. Sett. Agmt. ¶¶ 14 and 52. The employer-
15 side payroll taxes on the wage portion of the settlement will be paid separately and in addition to
16 the Total Settlement Amount. Sett. Agmt. ¶ 14. This is a non-reversionary settlement. Sett. Agmt.
17 ¶ 14. To make the relief provided by the Settlement as accessible to Class Members as possible,
18 the Parties have agreed to eliminate the claims process. Sett. Agmt. ¶ 52. Each Class Member
19 who does not submit a timely and valid opt-out request within 45 days after the Notice Packet is
20 first mailed will be automatically mailed a check for his or her pro rata portion of the Settlement.
21 Sett. Agmt. ¶¶ 50 (a) &(f) and 52. The Settlement Agreement provides that Class Members shall
22 have one-hundred eighty (180) calendar days from the postmark date of the checks to deposit or
23 otherwise cash their settlement checks. Sett. Agmt. ¶ 52 (c) As to the funds that remain in the
24 Settlement Fund Account after 180 days due to Class Participants' failure to deposit or cash their
25 settlement checks, those funds will be sent to the State of California's Unclaimed Property Fund
26 in the Class Participants' names. *Id.* Class Participants will release all claims arising from the
27 same set of facts alleged in the TAC or in the LWDA letters, including claims for: failure to
28 provide rest periods and meal periods; failure to pay minimum, regular, and overtime wages;
failure to timely pay wages during employment and/or upon termination; unreimbursed business

1 expenses; improperly itemized wage statements; unfair competition; and violations of the Private
2 Attorneys General Act. Sett. Agmt. ¶¶ 29 and 32. For tax purposes, the settlement payments are
3 treated as one-third wages, one-third penalties and one-third interest. Sett. Agmt. ¶ 52.

4 **PARAGRAPH G(3)(e)(i)-(iv) -RELEASE of PARTIES AND CLAIMS**

5 The time period covered by the release is March 1, 2020 through the date the Court
6 grants preliminary approval. Sett. Agmt. ¶¶ 29 and 32. The released parties are defined as:

7 (i) Defendant; (ii) Defendant’s respective past, present and future
8 heirs, executors, administrators, parents, subsidiaries and affiliates,
9 successors and assigns; and (iii) the past, present and future owners,
10 shareholders, managers, officers, partners, members, agents,
11 employees, attorneys, insurers, predecessors, successors and assigns
12 of any of the foregoing.

13 Sett. Agmt. ¶ 30.

14 There are no other parties released.

15 The PAGA Employees will release all claims for PAGA penalties that were alleged or
16 could have been alleged by Plaintiff based on the facts alleged in the TFAC or in Plaintiff’s
17 LWDA letter dated August 26, 2021. Sett. Agmt. ¶ 32.

18 Settled PAGA Claims”, means penalties only under the Private Attorneys
19 General Act (“PAGA”), based upon the Released Claims by PAGA Members
20 that serves the basis for penalties only pursuant to Labor Code § 2699 et seq.,
21 for claims for violation of California Labor Code §§ 201, 202, 203, 204, 210
22 226, 226.2, 226.3, 226.7, 510, 512(a), 558, 1174, 1194, 1197, 1198, 2800, et
23 seq., 2810.5, 2698 et seq., inclusive of any claim for (a) failure to provide
24 required meal periods, California Labor Code §§ 226.7, 510 and 512; (b) failure
25 to provide required rest periods, California Labor Code §§ 226.7 and 512; (c)
26 failure to pay overtime wages, California Labor Code §§ 510, 1194 and 1198;
27 (d) failure to pay minimum wages, California Labor Code §§ 1194 and 1197; (e)
28 failure to timely pay wages §§ 204 and 210; (f) failure to timely pay all wages
during employment and to discharged and quitting employees, California Labor
Code §§ 201-204, 210; (f) failure to furnish accurate, itemized wage statements,
California Labor Code §§ 226 and 226.3; (g) failure to reimburse necessary
business expenses, California Labor Code §2802; (h) unlawful deductions; and
(i) failure to provide written notice pursuant to Labor Code § 2810.5; and
primary rights alleged in Plaintiff’s Operative Complaint and in Plaintiff’s
PAGA Notice.

1 The Settlement Agreement allows Class Counsel to apply for an award of attorneys' fees
2 of 35% of the Total Settlement Amount (\$350,000) and litigation costs not to exceed \$25,000.
3 Sett. Agmt. ¶ 52(g). Plaintiff will apply to the Court for a service payment of \$5,000 to
4 compensate Plaintiff for her time and service to the class. Sett. Agmt. ¶ 52(f). These amounts
5 are preliminarily reasonable and justified based on the work performed and the costs incurred by
6 Plaintiff and Plaintiff's counsel in order to obtain a successful result on behalf of the Class
7 Members.

8 **PARAGRAPH G(3)(d)& (d)(i)-(ii) – SETTLEMENT ADMINSTRATOR**

9 **PARAGRAPH G(3)(f) – NOTICE MAILING**

10 25. The Settlement Agreement provides for Class Members to receive direct notice
11 of the Settlement by **first class mail**. at ¶ 50. The notice administration plan will ensure that
12 substantially all of the Class Members will receive notice of the Settlement and will be adequately
13 apprised of and able to exercise their rights and options thereunder. ILYM Group, Inc., an
14 experienced third-party claims administrator, will handle all aspects of the notice process and
15 settlement administration. ILYM's Declaration, CV, and proposal detailing their work in this
16 case are marked and attached as Exhibit 5.

17 26. Plaintiff sought multiple bids and selected the lowest bid. Plaintiff has no conflict
18 of interest with the class members. She performed the similar work and was subject to the same
19 policies and practices as the Class Members. Plaintiff's claims are identical to the claims of the
20 other class members and arise from the same course of conduct by Defendants. Plaintiff has
21 embraced her responsibilities as the class representative by actively participating in this case,
22 providing documents, identifying potential witnesses, providing valuable information regarding
23 the policies and practices at issue in this case and Defendants' business structure, engaging in the
24 settlement process, and consulting with counsel throughout the litigation.

25 **PARAGRAPH G(3)(a)(ii)-POTENTIAL EXPOSURE**

26 27. The Settlement provides a significant monetary relief to the Class Members to
27 compensate them for the alleged wage-and-hour violations at issue in this case, especially in light
28 of the economic risks and downturn in Defendants' industry that has Defendants on the brink of
solvency. Class Counsel estimates the Total Settlement Amount to represent approximately 21%

of Defendants' estimated realistic exposure, which is not only within the range of possible approval but is an excellent result given Defendants' financial position.

28. The proposed settlement provides a total non-reversionary settlement amount of \$1,000,000 to 1,132 Class Members who worked a total of approximately 79,055 workweeks (18,446 months). With respect to the failure to reimburse business expenses claim, the 1,132 employees worked a total of 18,446 months. Based on investigation from Class Members and research as well as an understanding of typical reimbursements made by Defendants to employees of approximately \$105.00 per month, Plaintiff's estimate the potential total exposure to be \$1,936,830.00 (\$105.000 x 18,446 months).

29. Regarding the claims of the non-exempt subclass for failure to receive all wages owed, rest breaks and related relief, the subclass consists of 1,132 class members. The subclass worked a total of 18,446 months. Based on Plaintiff's counsel's research and interviews with Class Members, Plaintiff understands that the on average Class Members worked approximately four (4) hours per month off-the-clock and were denied on average 2 rest periods and 2 meal breaks per month. The average hourly rate for the Class Members was around \$19.00. Plaintiff estimates the total exposure to be around \$2,803,792.00 (\$19.00 x 8 hours of pay x 18446 months).

PARAGRAPH G(3)(a)(iv) & (v)-CLASS MEMBER RECOVERY

30. The gross value to be paid to the Class Members is approximately \$12.60 per workweek (\$50 per month) per class member (\$1,000,000.00 divided by 79,055 workweeks), which includes their portion of any PAGA penalties. The settlement provides an average payment of approximately \$880.00 per Class Member. Further, 3% of the Total Settlement Amount (\$29,250) was allocated to the PAGA claim. Sett. Agmt. ¶ 52(i). As required by statute, 75% (\$21,937.50) will be paid to the LWDA. The remaining 25% (\$7,312.50) will be distributed to the Class Members. The LWDA received notice of this settlement and this motion. Marked and attached hereto as Exhibit 8 is a true and correct copy from the LWDA confirming submission of this settlement and motion.

1 **PARAGRAPH G(3)(a)(ii)-POTENTIAL EXPOSURE**

2 31. This represents an excellent recovery for the Class Members, particularly
3 considering the risks of further litigation and the financial difficulties facing Defendants and
4 Defendants' industry. There is no guarantee that Plaintiff could certify the off the clock, rest
5 break, or reimbursement claim or prevail on the merits. To the extent the claim applies, Plaintiff
6 could potentially compare employees' time records against data showing when they logged into
7 and out of the computer system to determine how much unpaid time may have occurred during
8 the process of clocking in and out. There is a chance that the amounts of time could be small
9 and/or infrequent. To the extent Plaintiff alleged that employees were required or pressured to
10 work off the clock to complete their work, this would likely be difficult to prove. With regard to
11 the rest breaks, the written policies appeared to be compliant, which would make certification
12 significantly more challenging. The pay data indicates that no rest break premiums were paid.
13 Plaintiff believes that the claims for wage statement penalties and PAGA penalties are strong to
14 the extent they are derivative of the wage claims, but Defendants could succeed in arguing that
they acted in good faith and not wilfully.

15 32. The Settlement does not give preferential treatment to any Class Members. The
16 settlement provides for the funds to be allocated to each participating Class Member
17 proportionally based on the number of weeks they worked for Defendants, as shown by
18 Defendants' records. Sett. Agmt. ¶ 52(a). The settlement class is cohesive because it consists of
19 employees subject to the same relevant wage-and-hour policies, including policies regarding
20 work schedules and hours worked, rest breaks and reimbursement policies.

21 33. As set forth above in Section III.B.4, the release is tailored to track the definition
22 of the settlement class and the PAGA group. The Class Members will release all claims arising
23 from the same set of facts alleged in the operative TAC and in Plaintiff's LWDA letters. Sett.
24 Agmt. ¶ 27, 29 and 32. The release period for class claims is from March 1, 2020 through the
25 date the Court grants preliminary approval. *Id.*

26 34. The Class Members have already been identified from Defendants' records and
27 the Notice Packet will be mailed to them using the last known mailing address in Defendants'
28 records. Sett. Agmt. ¶ 5, 52. Prior to mailing, the Settlement Administrator will perform a search

1 in the National Change of Address database to update the addresses. Sett. Agmt. ¶ 35. If a notice
2 is returned with a forwarding address, it will be re-mailed to the new address. Sett. Agmt. ¶ 50(a).
3 If a notice is returned without a forwarding address, the Settlement Administrator will perform a
4 further investigation and will re-mail the notice if a new address is found. *Id.* There will be a 45-
5 day period to opt out of and object to the settlement, and this deadline will be extended by 10
6 calendar days for those individuals whose notice is re-mailed. *Id.*

7 **PARAGRAPH G(3)(k)(ii)-CLASS MEMBERS' ENGLISH PROFICIENCY**

8 35. The Notice Packet (also attached to the Proposed Order) will describe the nature
9 of the action; the definition of the settlement class; the total settlement amount and the proposed
10 deductions for the payment to the LWDA, class representative service award, attorneys' fees and
11 costs, and settlement administration costs; the scope of the release; the formula for calculating
12 individual settlement payments and how to challenge the number of workweeks and pay periods
13 used to calculate the payments; how to participate in, object to, and opt out of the Settlement,
14 and the deadlines for doing so; that Class Members may enter an appearance through an attorney
15 if desired; the binding effect of the judgment on Class Members; information about when and
16 where the final approval hearing will be held, and how to check if the hearing date has changed;
17 and how to obtain further information about the lawsuit and the Settlement. The Notice Packet
18 also includes Class Counsel's contact information and the address for the settlement
19 administration website. *Id.* The notice will be sent in English only. The parties are informed and
20 believe that the Class Members in this case are proficient in English, so that a translation is not
21 necessary. A true and correct copy of the Class Notice is marked and attached hereto as Exhibit
22 2. See also Declaration of Daniel Lewis on behalf of Defendant attesting to the issues raised in
23 para. 3(k)(ii) of CMO #1. The Lewis Declaration is filed separately along with this Motion.

24 36. In order to request exclusion from the Settlement, Class Members only need to
25 fill out the Opt-Out form included in the Notice Packet. This form includes a brief statement that
26 the signer is a Class Member, wishes to be excluded from the Settlement, and understands that
27 he or she will receive no money from the Settlement by opting out. The Class Member will sign
28 and date the form and fill in their mailing address and telephone number so they can be properly
identified. *Id.* No other information is required. The Notice Packet also states that Class Members

1 may file an objection with the Court, and includes Objection Form instructions and the deadline
2 for doing so. Written objections must state the ground for the objection, and Class Members will
3 also be permitted to make oral objections if they appear at the final approval hearing. True and
4 correct copies of the Opt Out Form and the Objection Form are marked and attached hereto as
5 Exhibits 3 and 4.

6 **PARAGRAPH G(3)(a)(vii) and G(3)(b)-NO OTHER SIMILAR CASES**

7 37. Plaintiff and her counsel of record are unaware of any class, representative, or
8 other collective action in any other court and/or forum that asserts similar claims to those asserted
9 in this action on behalf of a class or group of individuals some or all of whom would also be
10 members of the class defined in this action. Counsel made reasonable efforts and inquiries of
11 other members of the law firm and associated law firms to determine whether any of them were
12 aware of any other actions known to exist and all confirmed that they too did not know of any
13 other cases.

14 **PARAGRAPH G(3)(c)(i-iii)- UNCLAIMED PROPERTY FUND**

15 **PARAGRAPH G(3)(g) – NO CLAIM FORM**

16 38. Sending uncashed checks to the Unclaimed Property Fund in the view of counsel
17 is the fairest way to handle these funds and is consistent with the practices of other Courts in the
18 state. Since checks will be automatically generated in the name of class members who do not opt
19 out of the settlement (i.e., no claim form), the most efficient way to handle the uncashed checks
20 is to have them held by the State of California's Unclaimed Property Fund until such time as the
21 Class Member is ready to claim his/her property. This procedure ensures that the money is held
22 in the name of the Class Member and increases the likelihood that they will receive the amounts
23 earmarked for them under this settlement for settled claims. In addition, it is the experience of
24 counsel that the number of uncashed checks is small and the total amount is in the range of \$500-
25 \$2000. With a Class size of 1,132, that means Class Members could receive another \$.50- \$2.00.
26 Generally, the additional time and cost associated with the Settlement Administrator's
27 redistribution outweighs the t amounts being redistributed.

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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this 30th day of June, 2023 at San Francisco, CA.

RIGHETTI GLUGOSKI, P.C.

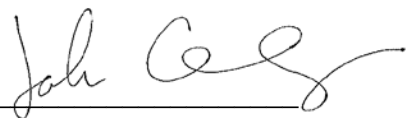
By: 
John Glugoski
Attorneys for Plaintiff, DIVA ALFARO

EXHIBIT 1

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF RIVERSIDE

DIVA ALFARO on behalf of herself and
all similarly situated persons, and the
general public,

Plaintiff,

v.

PARAMOUNT RESIDENTIAL
MORTGAGE GROUP, INC.; and DOES
1 through 25, inclusive,

Defendants.

CASE NO. CVRI2103949

*Assigned for all purposes to the
Honorable Harold W. Hopp, Dept. 10*

**CLASS ACTION AND PAGA
SETTLEMENT AGREEMENT AND
RELEASE**

Complaint: 8-27-2021
Trial Date: None

This Class Action and PAGA Settlement and Release (“Settlement Agreement”) is entered into by and between Plaintiff Diva Alfaro (“Plaintiff”), on behalf of herself and the Class, on the one hand, and Defendant Paramount Residential Mortgage Group, Inc., and the Released Parties (“Defendant”), on the other hand. Plaintiff and Defendant are collectively referred to herein as “Parties” and individually referred to herein as “Party.”

In consideration of the mutual covenants, promises, and agreements set forth herein, the Parties agree that, pursuant to the terms and conditions set forth herein, which are subject to approval of the Court, this Action and the Released Claims shall be settled and compromised as between Plaintiff and the Class on the one hand and Defendant on the other hand.

DEFINITIONS

1
2 1. “Action” means *DIVA ALFARO v. PARAMOUNT RESIDENTIAL MORTGAGE*
3 *GROUP, INC.*, Superior Court of the State of California for the County of Riverside, Case
4 No.: CVRI2103949

5 2. “Class” means: All non-exempt employees including all loan officers who were
6 employed by Paramount Residential Mortgage Group, Inc., in the State of California, at any
7 time from March 1, 2020 through the date of preliminary approval.

8 3. “Class Counsel” means Nathan & Associates, APC and Righetti Glugoski, P.C.

9 4. “Class Counsel Award” means attorneys’ fees for Class Counsel’s litigation and
10 resolution of this Action and Class Counsel’s expenses and costs incurred in connection with
11 this Action.

12 5. “Class Information” means information regarding Class Members that
13 Defendant will in good faith compile from its records and provide to the Settlement
14 Administrator. It shall be formatted as a Microsoft Excel spreadsheet or Microsoft Word
15 Document and shall include: each Class Member’s full name; social security number; last
16 known address; last known telephone number; and number of Compensable Work Weeks.

17 6. “Class Member” means each person who is a member of the Class defined
18 above and who is eligible to participate in this Settlement.

19 7. “Class Period” means the time period from March 1, 2020, through the date that
20 the Court grants preliminary approval of the class action settlement.

21 8. “Class Representative Service Award” means the amount that the Court
22 authorizes to be paid to Plaintiff in recognition of, *inter alia*, Plaintiff’s efforts and risks in
23 assisting with the prosecution of the Action and in return for executing a general release with
24 Defendant.

25 9. “Compensable Work Week” or “Compensable Work Weeks” means a
26 reasonable estimate of weeks worked by each Class Member as a non-exempt employee
27 including all loan officers in California for Defendant individually and collectively by all Class
28 Members during the Class Period based on Defendant’s records and used as a value to calculate

1 Individual Settlement Payments. The number of Compensable Work Weeks for each Class
2 Member will be determined by adding all the calendar days within the inclusive dates of
3 employment for the employee as a non-exempt employee including all loan officers in
4 California and dividing that number by seven. Any partial workweek will be expressed as a
5 percentage of a full workweek. If it can be readily determined, workweeks where someone was
6 employed but did not record any hours can be excluded from this calculation.

7 10. "Court" means the Superior Court for the County of Riverside, State of
8 California.

9 11. "Defendant" means Paramount Residential Mortgage Group, Inc.

10 12. "Effective Date" means the date on which the Superior Court's Final Approval
11 Order and Judgment becomes final. The Superior Court's Final Approval Order and Judgment
12 "becomes final" upon the latter of: (a) if there is no Objection to the Settlement, or if there is an
13 Objection but it is withdrawn, then, the date that the Final Approval Order and Judgment is
14 filed by the Court; (b) if there is an Objection to the Settlement that is not withdrawn, but no
15 appeal is commenced thereafter, then, sixty-five (65) calendar days following the date that the
16 Final Approval Order and Judgment is filed by the Court; or (c) if there is an Objection to the
17 Settlement, that is not withdrawn, and any appeal, writ, or other appellate proceeding opposing
18 the Settlement has been filed within sixty-five (65) calendar days following the date that the
19 Final Approval Order and Judgment is filed by the Court, then, when any such appeal, writ, or
20 other appellate proceeding opposing the validity of the Settlement has been resolved finally and
21 conclusively with no right to pursue further remedies or relief.

22 13. "Final Approval Order and Judgment" means an order and judgment that the
23 Court will file which finally approves this Settlement and enters a judgment in favor of
24 Plaintiff.

25 14. "Gross Settlement Amount" means the maximum amount which Defendant is
26 obligated to pay under this Settlement Agreement, which is One Million Dollars
27 (\$1,000,000.00), subject to increase under the circumstances as set forth in paragraph 58. This
28 is an "all in" non-reversionary Settlement in which Defendant is required to pay the entire

1 Gross Settlement Amount. No portion of the Gross Settlement Amount will revert to Defendant
2 under any circumstances. Payments of any appropriate and lawfully-required employer's share
3 of the payroll taxes on the taxable portion of the settlement payments shall be paid separately
4 from the Gross Settlement Amount by Defendant at the time the Gross Settlement Amount is
5 funded.

6 15. "Individual Settlement Payment" means the amount payable from the Net
7 Settlement Amount to each Settlement Class Member.

8 16. "LWDA" means the California Labor and Workforce Development Agency.

9 17. "Net Settlement Amount" means the Gross Settlement Amount, less the Class
10 Counsel fee and cost Award, Class Representative Service Award, payment to the LWDA for
11 PAGA penalties, and Settlement Administration Costs.

12 18. "Notice of Class Settlement" means the notice, substantially in the form attached
13 hereto as **Exhibit 1**, which the Settlement Administrator will mail to each Class Member, and
14 which explains, *inter alia*, the terms of this Settlement Agreement, the settlement process, and
15 each Class Member's estimated Individual Settlement Payment. Notice of Class Settlement
16 will be provided to the Class in English and Spanish.

17 19. "Operative Complaint" means the Third Amended Class Action Complaint on
18 file in this action.

19 20. "Objection" means a letter or other written communication submitted by a Class
20 Member to the Settlement Administrator in accordance with the Court's preliminary approval
21 order that contains a clear statement by the Class Member that he or she is objecting to any of
22 the terms of the Settlement.

23 21. "PAGA Member" or "PAGA Members" means any Class Member who was
24 employed or has been employed by Defendant at any time during the time period of March 1,
25 2020, through the date the Court grants preliminary approval of this settlement.

26 22. "Parties" means Plaintiff and Defendant, collectively, and "Party" means either
27 Plaintiff or Defendant, individually.
28

23. “Payment Ratio” means the respective Compensable Work Weeks for each Settlement Class Member divided by the total Compensable Work Weeks for all Settlement Class Members.

24. “Plaintiff” refers to Diva Alfaro.

25. “Preliminary Approval Date” means the date upon which the Court files an order substantially in the form attached hereto as **Exhibit 2**, and which grants preliminary approval of the Settlement.

26. “Request for Exclusion” means a letter or other written communication submitted by a Class Member to the Settlement Administrator submitted in accordance with the Court’s preliminary approval order that contains a clear statement by the Class Member that he or she is electing to be excluded from the Settlement.

27. “Released PAGA Claims By Settlement Class Members” means: As of the date Defendant fully funds this Settlement, shall fully and finally release and discharge Released Parties, from March 1, 2020, through the date that the Court grants preliminary approval of the class action settlement, from any and all for penalties pursuant to Labor Code § 2699 *et seq.*, for claims for violation of California Labor Code §§ 201, 202, 203, 204, 210 226, 226.2, 226.3, 226.7, 510, 512(a), 558, 1174, 1194, 1197, 1198, 2800, *et seq.*, 2810.5, 2698 *et seq.*, inclusive of any claim for (a) failure to provide required meal periods, California Labor Code §§ 226.7, 510 and 512; (b) failure to provide required rest periods, California Labor Code §§ 226.7 and 512; (c) failure to pay overtime wages, California Labor Code §§ 510, 1194 and 1198; (d) failure to pay minimum wages, California Labor Code §§ 1194 and 1197; (e) failure to timely pay wages §§ 204 and 210; (f) failure to timely pay all wages during employment and to discharged and quitting employees, California Labor Code §§ 201-204, 210; (f) failure to furnish accurate, itemized wage statements, California Labor Code §§ 226 and 226.3; (g) failure to reimburse necessary business expenses, California Labor Code §2802; (h) unlawful deductions; and (i) failure to provide written notice pursuant to Labor Code § 2810.5; and primary rights alleged in Plaintiff’s Operative Complaint and in Plaintiff’s PAGA Notice dated August 26, 2021. Upon entry of the Final Approval Order and funding of the total Gross

1 Settlement Amount, all PAGA Members will forever completely release and discharge the
2 Released Parties from any and all for penalties pursuant to Labor Code § 2699 *et seq.* for the
3 above listed Labor Code sections.

4 28. “Released Claims by Plaintiff” is set forth in paragraph 44 below. Plaintiff
5 releases the “Released Claims by Plaintiff” as of the date Defendant fully funds this Settlement.

6 29. “Released Claims by Settlement Class Members” means: As of the date
7 Defendant fully funds this Settlement, Settlement Class Members shall fully and finally release
8 and discharge Released Parties, from March 1, 2020, through the date that the Court grants
9 preliminary approval of the class action settlement, from any and all claims, debts, liabilities,
10 demands, obligations, guarantees, costs, expenses, attorneys’ fees, damages, or causes of action
11 contingent or accrued for, that are pleaded, or that could have been pleaded, based on the facts
12 and claims alleged in the Operative Complaint, including any claims for violation of California
13 Labor Code §§ Labor Code §§ 201, 202, 203, 221, 222, 223, 224, 226, 226.2 226.3, 226.7, 510,
14 512, 558, 1174, 1174.5, 1194, 1197, 1197.1, 1198, 2698 *et seq.*, 2800 *et seq.* and 2810.5, , and
15 Industrial Welfare Commission Wage order 4-2001, §3(A), Industrial Welfare Commission
16 Wage order 4-2001, § 11, inclusive of any claim for: (a) failure to provide required meal
17 periods, California Labor Code §§ 226.7, 510 and 512; (b) failure to provide required rest
18 periods, California Labor Code §§ 226.7 and 512; (c) failure to pay overtime wages, California
19 Labor Code §§ 510, 1194 and 1198; (d) failure to pay minimum wages, California Labor Code
20 §§ 1194 and 1197; (e) failure to timely pay wages §§ 204 and 210; (f) failure to timely pay all
21 wages during employment and to discharged and quitting employees, California Labor Code §§
22 201-204, 210; (f) failure to furnish accurate, itemized wage statements, California Labor Code
23 §§ 226 and 226.3; (g) failure to reimburse necessary business expenses, California Labor Code
24 §2802; (h) unlawful deductions; and (i) failure to provide written notice pursuant to Labor
25 Code § 2810.5; predicated on any of the violations of the California Labor Code and the
26 applicable IWC Wage Order as alleged in the Operative Complaint including but not limited to,
27 claims for restitution and other equitable relief, liquidated damages, or penalties; and any other
28 benefit, wages, penalties, or other amounts claimed on account of the allegations or the primary

rights asserted in the Operative Complaint. This release shall apply to any and all claims set forth in the Operative Complaint arising at any point during the Class Period. Upon entry of the Final Approval Order and funding of the total Gross Settlement Amount, all Participating Class Members will forever completely release and discharge the Released Parties from the Released Claims for the Release Period. Plaintiff and Defendants intend that the Settlement described in this Settlement Agreement will release and preclude any further claim, whether by lawsuit, administrative claim or action, arbitration, demand, or other action of any kind, by each and all of the Participating Class Members to obtain a recovery to any and all of the Released Claims. This release excludes the release of claims not otherwise permitted by law, i.e. Worker's Compensation and unemployment insurance benefits.

30. "Released Parties" collectively mean: (i) Defendant; (ii) Defendant's respective past, present and future heirs, executors, administrators, parents, subsidiaries and affiliates, successors and assigns; and (iii) the past, present and future owners, shareholders, managers, officers, partners, members, agents, employees, attorneys, insurers, predecessors, successors and assigns of any of the foregoing.

31. "Response Deadline" means forty-five (45) days after the postmark date of the Notice of Class Settlement that the Settlement Administrator shall mail to Class Members, and the last date on which Class Members may, in accordance with the preliminary approval order: (a) submit a Request for Exclusion; or (b) submit an Objection to the Settlement.

32. "Settled PAGA Claims", means penalties only under the Private Attorneys General Act ("PAGA"), based upon the Released Claims by PAGA Members that serves the basis for penalties only pursuant to Labor Code § 2699 *et seq.*, for claims for violation of California Labor Code §§ 201, 202, 203, 204, 210 226, 226.2, 226.3, 226.7, 510, 512(a), 558, 1174, 1194, 1197, 1198, 2800, *et seq.*, 2810.5, 2698 *et seq.*, inclusive of any claim for (a) failure to provide required meal periods, California Labor Code §§ 226.7, 510 and 512; (b) failure to provide required rest periods, California Labor Code §§ 226.7 and 512; (c) failure to pay overtime wages, California Labor Code §§ 510, 1194 and 1198; (d) failure to pay minimum wages, California Labor Code §§ 1194 and 1197; (e) failure to timely pay wages §§

204 and 210; (f) failure to timely pay all wages during employment and to discharged and quitting employees, California Labor Code §§ 201-204, 210; (f) failure to furnish accurate, itemized wage statements, California Labor Code §§ 226 and 226.3; (g) failure to reimburse necessary business expenses, California Labor Code §2802; (h) unlawful deductions; and (i) failure to provide written notice pursuant to Labor Code § 2810.5; and primary rights alleged in Plaintiff's Operative Complaint and in Plaintiff's PAGA Notice.

33. "Settlement" means the disposition of the Action pursuant to this Agreement.

34. "Settlement Administration Costs" means the amount to be paid to the Settlement Administrator from the Gross Settlement Amount for administration of this Settlement.

35. "Settlement Administrator" will be appointed in the Court's preliminary approval order. The Parties will propose ILYM Group, Inc. ("ILYM") as the Settlement Administrator. The Settlement Administrator shall be responsible for, *inter alia*: (a) performing Spanish translations of the Notice of Class Settlement; printing and mailing the Notice of Class Settlement to the Class in English and Spanish after performing skip tracing using SSNs; (b) receiving and promptly reporting any Requests for Exclusion and Objections submitted by Class Members; (c) providing declaration(s) as necessary in support of preliminary and/or final approval of this Settlement; (d) processing and mailing payments to Plaintiff, Class Counsel, the LWDA, and Settlement Class Members, including a postcard reminder to those who do not negotiate their checks after one hundred twenty (120) days from issuance; and (e) any other tasks as the Parties mutually agree or the Court orders the Settlement Administrator to perform. The Settlement Administrator shall keep the Parties timely apprised of the performance of all Settlement Administrator responsibilities. The Parties agree that they have no financial interest or other relationship with ILYM that could create a conflict of interest. Should a conflict of interest or other issue lead to the disqualification of the selected Settlement Administrator, the Parties will promptly notify the Court and meet and confer as to a suitable replacement for the Court's consideration. The Settlement Administrator will provide a toll free number in the Notice to Class to provide access to all documents

1 relating to the Settlement to all Class Members.

2 36. "Settlement Class" or "Settlement Class Members" means all Class Members
3 who have not opted out of the Class by submitting a valid and timely Request for Exclusion.

4 **RECITALS**

5 37. Procedural History. On August 27, 2021, Plaintiff filed a Complaint against
6 Defendant in Riverside Superior Court, Case No. CVR12103949. Defendant filed an Answer
7 to Plaintiff's Complaint. Plaintiff most recently filed a Third Amended Complaint on April 11,
8 2023.

9 38. Investigation and Discovery. The Parties have conducted significant
10 investigation of the facts and law during the prosecution of this Action and before this
11 Settlement was reached. Such discovery and investigation included, *inter alia*, the exchange of
12 information and extensive documents pertaining to Plaintiff and the Class, and numerous
13 meetings and informal conferences wherein the Parties exchanged information, class data, and
14 theories of the case. Plaintiff has also investigated the law as applied to the facts of Plaintiff's
15 claims and Defendant's potential defenses thereto.

16 39. Benefits of Settlement to Class Members. Plaintiff and Class Counsel recognize
17 the expense and length of continued proceedings necessary to litigate Plaintiff's claims through
18 trial and any possible appeals. Plaintiff has also taken into account the uncertainty and risk of
19 the outcome of further litigation, and the difficulties and delays inherent in such litigation.
20 Plaintiff and Class Counsel are also aware of the burdens of proof necessary to establish
21 liability for the claims asserted in the Action, both generally and in response to Defendant's
22 defenses thereto, and the difficulties in establishing damages for the Class. Plaintiff and Class
23 Counsel have also taken into account the financial hardship Defendant is, and has been,
24 experiencing as a result of the downturn in the commercial and residential mortgage market due
25 to the increased interest rates and increased inflation. Plaintiff and Class Counsel have also
26 taken into account Defendant's agreement to enter into a settlement that confers substantial
27 relief upon the members of the Class. Based on the foregoing, Plaintiff and Class Counsel have
28

1 determined that the Settlement set forth in this Settlement Agreement is a fair, adequate, and a
2 reasonable settlement, and is in the best interests of the Class.

3 40. Defendant's Reasons for Settlement. Defendant has concluded that any further
4 defense of this litigation would be protracted and expensive for all Parties. Substantial amounts
5 of Defendant's time, energy, and resources have been and, unless this Settlement is completed,
6 will continue to be devoted to the defense of the claims asserted by Plaintiff. Defendant has
7 also taken into account the risks of further litigation in reaching its decision to enter into this
8 Settlement. Even though Defendant continues to contend that it is not liable for any of the
9 claims alleged by Plaintiff in this Action, Defendant has agreed, nonetheless, to settle in the
10 manner and upon the terms set forth in this Settlement Agreement to put to rest the claims in
11 this Action.

12 STIPULATION AND AGREEMENT

13 41. NOW THEREFORE, in consideration of the mutual covenants, promises, and
14 agreements set forth herein, the Parties agree, subject to the Court's approval, as follows:

15 42. It is agreed by and among Plaintiff and Defendant that this Settlement shall bind
16 the Plaintiff, Settlement Class Members, and Defendant, subject to the terms and conditions
17 hereof.

18 43. Circular 230 Disclaimer. Each Party to this Agreement (for purposes of this
19 section, the "acknowledging party" and each Party to this Agreement other than the
20 acknowledging party, an "other party") acknowledges and agrees that (1) no provision of this
21 Agreement, and no written communication or disclosure between or among the Parties or their
22 attorneys and other advisers, is or was intended to be, nor shall any such communication or
23 disclosure constitute or be construed or be relied upon as, tax advice within the meaning of
24 United States Treasury Department Circular 230 (31 CFR Part 10, as amended); (2) the
25 acknowledging party (a) has relied exclusively upon his, her, or its own, independent legal and
26 tax counsel for advice (including tax advice) in connection with this Agreement, (b) has not
27 entered into this Agreement based upon the recommendation of any other party or any attorney
28 or advisor to any other party, and (c) is not entitled to rely upon any communication or

1 disclosure by any attorney or adviser to any other party to avoid any tax penalty that may be
2 imposed on the acknowledging party; and (3) no attorney or adviser to any other party has
3 imposed any limitation that protects the confidentiality of any such attorney's or adviser's tax
4 strategies (regardless of whether such limitation is legally binding) upon disclosure by the
5 acknowledging party of the tax treatment or tax structure of any transaction, including any
6 transaction contemplated by this Agreement.

7 44. Released Claims by Plaintiff. As of the date Defendant fully funds the
8 Settlement, Plaintiff, agrees to the Released Claims by Settlement Class Members, which is set
9 forth in paragraph 29 above. In addition to Release of Claims by Settlement Class Members
10 and as a material inducement to Defendant to enter into this Settlement Agreement, Plaintiff
11 does hereby, for herself and for her spouse, heirs, successors, beneficiaries, devisees, legatees,
12 executors, administrators, trustees, conservators, guardians, personal representatives, and
13 assigns, forever and completely release and discharge the Released Parties from any and all
14 charges, complaints, claims, liabilities, obligations, promises, agreements, controversies,
15 damages, actions, causes of action, suits, rights, demands, costs, losses, debts, and expenses
16 (including back wages, statutory penalties, civil penalties, liquidated damages, exemplary
17 damages, interest, attorneys' fees, and costs) of any nature whatsoever, from the beginning of
18 time through the execution of this Settlement Agreement, whether known or unknown,
19 suspected or unsuspected, including but not limited to all claims arising out of, based upon, or
20 relating to Plaintiff's employment with or work for Defendant or the remuneration for or
21 termination of such employment.

22 Without limiting the generality of the foregoing, Plaintiff expressly release all claims
23 arising under the California Labor Code (including, but not limited to, sections 201, 201.3, 202,
24 203, 204, 210, 216, 218.6, 221, 222, 225.5, 223.2, 224, 225, 225.5, 226, 226.2, 226.3, 226.7,
25 227.3, 246, 248.1, 248.2, 248.3, 248.6, 450, 510, 511, 512, 558, 1174, 1174.5, 1194, 1197,
26 1197.1, 1197.2, 1198, 2698 et seq., 2698 et seq., 2802 and 2810.5); the Wage Orders of the
27 California Industrial Welfare Commission; the California Private Attorneys General Act of
28 2004 ("PAGA"); California Business and Professions Code section 17200 et seq.; the

1 California Civil Code, to include, but not limited to, section 3336 and 3294; the California
2 common law of contract; the Fair Labor Standards Act, 29 U.S.C. § 201 et seq.; federal
3 common law; and the Employee Retirement Income Security Act, 29 U.S.C. § 1001, et seq.
4 Plaintiff's Released Claims also include all claims for lost wages and benefits, emotional
5 distress, retaliation, punitive damages, and attorneys' fees and costs arising under federal, state,
6 or local laws for discrimination, harassment, and wrongful termination such as by way of
7 example only, (as amended) 42 U.S.C. section 1981, Title VII of the Civil Rights Act of 1964,
8 the Americans with Disabilities Act, the Age Discrimination in Employment Act, and the
9 California Fair Employment and Housing Act; and the law of contract and tort. This release
10 excludes the release of claims not permitted by law. As to the Plaintiff's Released Claims
11 only, Plaintiff expressly waives all rights and benefits under the terms of section 1542 of the
12 California Civil Code. Section 1542 reads as follows:

13
14 **A general release does not extend to claims that the creditor or releasing**
15 **party does not know or suspect to exist in his or her favor at the time of**
16 **executing the release and that, if known by him or her, would have materially**
17 **affected his or her settlement with the debtor or releasing party.**

18 Notwithstanding the provisions of Section 1542, and for the purpose of implementing a
19 full and complete release and discharge of all parties, Plaintiff and Class Counsel expressly
20 acknowledge that this Settlement Agreement is intended to include in its effect, without
21 limitation, all claims that Plaintiff knew of, as well as all claims that they do not know or
22 suspect to exist in their favor against the Released Parties, or any of them, for the time period
23 from the beginning of time to the execution of this Settlement Agreement, and that this
24 Settlement Agreement contemplates the extinguishment of any such claims. Plaintiff and
25 Plaintiff's Counsel do not currently intend to pursue any claims against Defendant,
26 including, but not limited to, any and all claims relating to or arising from Plaintiff's
27 employment with Defendant, and that Plaintiff's Counsel is not currently aware of any facts
28 or legal theories upon which any claims or causes of action could be brought against
Defendant, excepting those facts or legal theories alleged in the Operative Complaint in this

1 Action. This release does not include claims that cannot be released such as unemployment
2 or Worker's Compensation benefits.

3 45. Class Certification. For settlement purposes only, Defendant will stipulate that
4 the Settlement Class Members described herein who do not request exclusion from the
5 Settlement Class in accordance with the Court's preliminary approval order may be
6 conditionally certified as a settlement class. This stipulation to certification is in no way an
7 admission that class action certification is proper and shall not be admissible in this or in any
8 other action except for the sole purposes of enforcing this Agreement. Should the Court fail to
9 issue Final Approval for any reason, the Parties' stipulation to class certification as part of the
10 Settlement Agreement shall become null and void *ab initio* and shall have no bearing on but
11 remains protected by California Evidence Code Section 1152 and shall not be admissible in
12 connection with, the issue of whether or not certification would be appropriate in a non-
13 settlement context. Defendant expressly reserves its right and declares that Defendant will
14 continue to oppose class certification and contest the substantive merits of the case should the
15 Court fail to issue Final Approval. Plaintiff expressly reserves his rights and declares that he
16 will continue to pursue class certification and a trial should the Court fail to grant Final
17 Approval.

18 46. Approval of Settlement. Plaintiff will move the Court to grant preliminary and
19 final approval of this class action Settlement. The Parties agree to work diligently and
20 cooperatively to have this matter presented to the Court for preliminary and final approval.

21 47. Release of Claims by Settlement Class Members. Settlement Class Members
22 release the "Released Claims by Settlement Class Members," as defined above in paragraph 29
23 above, as of the date Defendant fully funds the Settlement.

24 48. Release of Settled PAGA Claims. Class Members release the "Settled PAGA
25 Claims," as defined above in paragraph 27, as of the date Defendant fully funds the Settlement.

26 49. Settlement Administration. Within fourteen (14) calendar days after the
27 Preliminary Approval Date, Defendant shall provide the Settlement Administrator with the
28 Class Information.

1 50. Notice to the Class. Upon receipt of the Class Information, the Settlement
2 Administrator will perform a search based on the National Change of Address Database and/or
3 other commercially reasonable means to update and correct any known or identifiable address
4 changes. Within ten (10) calendar days after receiving the Class Information, the Settlement
5 Administrator shall mail copies of the Notice of Class Settlement to all Class Members via
6 regular First Class U.S. Mail postage pre-paid. The Settlement Administrator shall exercise its
7 best judgment to determine the current mailing address for each Class Member. The address
8 identified by the Settlement Administrator as the current mailing address shall be presumed to
9 be the best mailing address for each Class Member, however where the Settlement
10 Administrator locates more than one address and cannot identify the most current mailing
11 address then the Settlement Administrator shall mail to both addresses.

12 a. Undeliverable Notices. Any Notice of Class Settlement returned to the
13 Settlement Administrator as non-delivered on or before the Response Deadline shall be re-
14 mailed to the forwarding address affixed thereto within seven (7) calendar days. For any
15 undeliverable Notice of Class Settlement returned for which no forwarding address is affixed,
16 the Settlement Administrator will conduct an investigation attempting to obtain an updated
17 address of the Class Member. If an updated address is located, the Settlement Administrator
18 shall have seven (7) days to re-mail the Notice of Class Action Settlement from receipt of the
19 undelivered envelope. The Settlement Administrator will provide a cover letter notifying the
20 Class Member of the extended Response Deadline. Any Class Member who receives a re-
21 mailed Notice of Class Settlement shall have ten (10) additional beyond the deadline in the
22 Notice of Class Settlement to: (a) submit a Request for Exclusion; or (b) submit an Objection to
23 the Settlement. The Settlement Administrator shall notify the Parties concerning the status of
24 all return mail, investigations for updated addresses and remailings.

25 (1) Verification of Class Member Employment Status. If Notice of
26 Class Action Settlement sent to a Class Member is determined to
27 be undeliverable, the Settlement Administrator shall verify the
28 employment status of the Class Member with Defendant within

1 five (5) days of receipt of the undeliverable Notice of Class
2 Action Settlement. If the Class Member is a current employee of
3 Defendant, Defendant shall take all reasonable efforts to obtain
4 the current address from the Class Member and shall provide the
5 same with seven (7) days of notice from the Settlement
6 Administrator.

7 b. Disputes Regarding Individual Settlement Payments. Class Members
8 will have the opportunity, should they disagree with Defendant's records regarding the dates of
9 employment stated in the Notice of Class Settlement, to provide documentation and/or an
10 explanation to show contrary information by the Response Deadline. The information
11 submitted by the Class Member must: (a) contain the full name, address, and telephone number
12 of the Class Member, and the last four digits of the Class Member's social security number or
13 full employee ID number; (b) contain the case name and case number; (c) a clear statement by
14 the Class Member that he or she is disputing the number of Compensable Workweeks and the
15 basis for the dispute; (d) any documentation demonstrating that the number of Compensable
16 Workweeks listed in the Notice of Class Settlement is incorrect; (e) be signed by the Class
17 Member; and (f) be postmarked by the Response Deadline. The date of the postmark on the
18 return mailing envelope on the dispute form shall be the exclusive means used to determine
19 whether it has been timely submitted. If there is a dispute regarding the dates of employment
20 stated in the Notice of Class Settlement, the Settlement Administrator will notify the Parties
21 and Defendant will provide to the Settlement Administrator and Plaintiff business records
22 pertaining to the Class Members' dates of employment. The Settlement Administrator shall
23 consult with the Parties to determine whether an adjustment is warranted. In addition to U.S.
24 Mail, a Class Member may also submit a dispute form by facsimile or email to the Settlement
25 Administrator within the Response Deadline. The Settlement Administrator shall then
26 determine the eligibility for, and the amounts of, any Individual Settlement Payments under the
27 terms of this Agreement and notify the Parties and the Class Member of its decision. In the
28

1 absence of circumstances indicating fraud, manipulation or destruction, Defendant's records
2 shall be given a rebuttable presumption of accuracy.

3 c. Request for Exclusion. Class Members who wish to exclude themselves
4 from the Settlement must submit to the Settlement Administrator a Request for Exclusion by
5 the Response Deadline. The Request for Exclusion must: (a) contain the full name, address, and
6 telephone number of the Class Member, and the last four digits of the Class Member's social
7 security number or full employee ID number; (b) contain the case name and case number; (c) a
8 clear statement by the Class Member that he or she is electing to be excluded from the
9 Settlement; (d) be signed by the Class Member; and (e) be postmarked by the Response
10 Deadline if submitted by U.S. Mail. The date of the postmark on the return mailing envelope on
11 the Request for Exclusion submitted by U.S. Mail shall be the exclusive means used to
12 determine whether it has been timely submitted. In addition to U.S. Mail, a Class Member may
13 also submit a Request for Exclusion by facsimile or email to the Settlement Administrator
14 within the Response Deadline. A Request for Exclusion shall not be presumptively invalid if it
15 does not contain the requirements of (a) through (d) if the Settlement Administrator can
16 ascertain the identity of the Class Member who wants to exclude themselves from the
17 Settlement. Any Class Member who requests to be excluded from the Settlement Class shall
18 not be entitled to any recovery under the Settlement and shall not be bound by the terms of the
19 Settlement. Class Members who fail to submit a valid and timely Request for Exclusion on or
20 before the Response Deadline shall be bound by all terms of the Settlement and any Final
21 Approval Order and Judgment entered in this Action.

22 d. Objections. Class Members who wish to object to the Settlement can
23 either mail or send by facsimile or email to the Settlement Administrator a written Objection by
24 the Response Deadline. The Objection should: (a) contain the full name, address, and telephone
25 number of the Class Member, and the last four digits of the Class Member's social security
26 number; (b) contain the case name and case number; (c) the dates of employment of the Class
27 Member; (d) be signed by the Class Member; (e) state the basis for the Objection, including
28 any legal briefs, papers or memoranda in support of the Objection; and (f) be postmarked by

1 the Response Deadline. The date of the postmark on the return mailing envelope on the
2 Objection shall be the exclusive means used to determine whether the Objection has been
3 timely submitted. Class Members who submit a timely Objection will have a right to appear at
4 the final approval hearing in order to have their Objection heard by the Court. At no time shall
5 any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to
6 submit Objections to the Settlement or appeal from the Final Approval Order and Judgment.
7 Class Counsel shall not represent any Class Members with respect to any such Objections. The
8 Settlement Administrator will provide the Parties with any Objection within five (5) calendar
9 days of receipt of the Objection. Plaintiff will file any and all Objections with the Court in
10 advance of the Final Approval Hearing. Oral or written Objections may also be made at the
11 Final Approval hearing without a written objection being submitted, per the Court's discretion.
12 If the Court rejects the objection, the individual will be bound by the terms of the Settlement.

13 e. If greater than seven and a half (7.5) percent of the Class Members opt
14 out or object to this Settlement Agreement before Final Approval or a number of Class
15 Members whose share of the Net Settlement Amount is 7.5% or more, Defendant will have the
16 right to rescind and terminate the Settlement without prejudice to its pre-settlement positions
17 and defenses in the litigation. In such a case, the Parties and any funds to be awarded shall be
18 returned to their respective statuses as of the date and time immediately prior to the execution
19 of this Agreement.

20 f. Except for those Settlement Class Members who exclude themselves in
21 compliance with the Request for Exclusion procedures set forth above, all Settlement Class
22 Members will: (i) be deemed to be Participating Class Members for all purposes under this
23 Settlement Agreement; (ii) will be bound by the terms and conditions of this Settlement
24 Agreement, the Judgment, and the releases set forth herein; and (iii) except as otherwise
25 provided herein, will be deemed to have waived all objections and oppositions to the fairness,
26 reasonableness, and adequacy of the Settlement.

27 51. Funding Gross Settlement Amount. Within fifteen (15) days of the Effective
28 Date. Any dispute regarding whether the Effective Date has occurred will be submitted to

1 binding resolution by the same Judge that issues the Approval Order and Judgment or, if that
2 Judge is unavailable, to a Judge of the same court.

3 52. Allocation of Settlement. Individual Settlement Payments will be paid from the
4 Net Settlement Amount and shall be paid pursuant to the settlement formula set forth herein.
5 Individual Settlement Payments shall be mailed by regular First Class U.S. Mail postage pre-
6 paid to Settlement Class Members' last known mailing address.

7 a. The Settlement Administrator shall calculate the total Compensable
8 Work Weeks for all Settlement Class Members based on the Class Information provided by
9 Defendant. The respective Compensable Work Weeks for each Settlement Class Member will
10 be divided by the total Compensable Work Weeks for all Settlement Class Members, resulting
11 in the Payment Ratio for each Settlement Class Member. The Settlement Class Member's
12 Payment Ratio will then be multiplied by the Net Settlement Amount to determine his or her
13 Individual Settlement Payment.

14 b. Individual Settlement Payments due to each Settlement Class Member
15 shall be designated as follows:

16 1. Thirty-Three and One Third percent (33.33%) of the Individual
17 Settlement Payment shall represent payment for alleged unpaid wages. This payment shall be
18 subject to the withholding of all applicable local, state, and federal taxes. Applicable payroll
19 taxes and/or contributions will be deducted from the amount paid to Settlement Class Members.
20 The Settlement Administrator will issue a W-2 Form to each Settlement Class Member in
21 relation to this payment.

22 2. Thirty-Three and One Third percent (33.33%) of the Individual
23 Settlement Payment shall represent payment of all penalties. These payments will not be
24 subject to withholding of local, state, and federal taxes. The Settlement Administrator will
25 issue an IRS Form 1099 to each Settlement Class Member in relation to these payments.

26 3. Thirty-Three and One Third percent (33.33%) of the Individual
27 Settlement Payment shall represent payment of all interest. These payments will not be subject
28

1 to withholding of local, state, and federal taxes. The Settlement Administrator will issue an
2 IRS Form 1099 to each Settlement Class Member in relation to these payments.

3 (a). Class Members With Missing/Unverifiable Social
4 Security Numbers and Withholdings of Taxes and
5 Applicable Penalties. In the event that an individual
6 Settlement Payment exceeds the threshold amount that must be reported to the Internal
7 Revenue Service by means of a Form 1099 and no SSN can be located, Class Counsel, and the
8 Settlement Administrator, will take all necessary and reasonable steps to obtain W-9's from
9 Class Members and to comply with applicable IRS regulations on issuing 1099's without a
10 social security number or tax entity identification number, and shall take all reasonable and
11 necessary steps to avoid imposition of IRS penalties against the Gross Settlement Amount,
12 including, but not limited to limiting payments below the reportable threshold and/or
13 withholding of taxes and any applicable penalties. The Settlement Administrator will contact
14 Class Members who are entitled to payments that exceed the taxable income threshold twice,
15 with at least 30 days between the two contacts.

16 c. Uncashed Settlement Checks. Individual Settlement Payment checks
17 shall remain negotiable for one hundred and eighty (180) days from the postmark date of
18 issuance. If the Settlement Check is not cashed, deposited, or otherwise negotiated within one
19 hundred twenty (120) days then a postcard reminder will be mailed by the Settlement
20 Administrator in a form agreed to by the Parties. If the Settlement Check is not cashed,
21 deposited, or otherwise negotiated within the 180-day deadline, the check will be voided, and
22 the funds associated with any such voided checks shall be distributed to the State of California
23 Controller's Office, Unclaimed Property Division, in the name of the affected Class Member.
24 The Release will be binding upon all Participating Class Members, including those who do not
25 cash their checks within the 180-day period. The Parties agree that this disposition results in
26 no "unpaid cash residue," or "unclaimed or abandoned funds" as the entire Net Settlement
27 Amount will be paid out to the Participating Class Members, whether or not they all cash their
28 payment checks.

1 d. Certification By Settlement Administrator. The Parties have the right to
2 monitor and review administration of the Settlement. Any disputes not resolved by the
3 Settlement Administrator concerning the administration of the Settlement will be resolved by
4 the Court, under the laws of the State of California. Prior to any such involvement of the Court,
5 counsel for the Parties will confer in good faith to resolve the disputes without the necessity of
6 involving the Court. Upon completion of administration of the Settlement, the Settlement
7 Administrator shall provide written certification of such completion to counsel for the Parties,
8 and which shall be filed with the Court as necessary.

9 e. Settlement Awards Do Not Trigger Additional Benefits. All monies
10 received by Settlement Class Members shall be deemed to be income to such Settlement Class
11 Members solely in the year in which such awards actually are received by the Settlement Class
12 Members. It is expressly understood and agreed that the receipt of such Individual Settlement
13 Payments will not entitle any Settlement Class Member to additional compensation or benefits
14 under any company compensation or benefit plan or agreement in place during the period
15 covered by the Settlement, nor will it entitle any Settlement Class Member to any increased
16 pension and/or retirement, or other deferred compensation benefits. It is the intent of this
17 Settlement that any Individual Settlement Payments provided for in this Agreement are the sole
18 payments to be made by Defendant to the Settlement Class Members in connection with this
19 Settlement, and that the Settlement Class Members are not entitled to any new or additional
20 compensation or benefits as a result of having received the Individual Settlement Payments
21 (notwithstanding any contrary language or agreement in any benefit or compensation plan
22 document that might have been in effect during the period covered by this Settlement).

23 f. Class Representative Service Award. Defendant agrees not to oppose or
24 object to a Class Representative Service Award ("Service Award") to Plaintiff not to exceed
25 Five Thousand Dollars (\$5,000.00), subject to Court approval. The Settlement Administrator
26 shall issue an IRS Form 1099 – MISC to Plaintiff in connection with the Service Award
27 payment. Plaintiff shall be solely and legally responsible to pay any and all applicable taxes on
28 her Service Award and shall hold harmless Defendant and Class Counsel from any claim or

liability for taxes, penalties, or interest arising as a result of the Service Award payment. This Settlement is not contingent upon the Court awarding Plaintiff a Service Award in any amount, and any amount requested by Plaintiff for the Service Award that is not granted by the Court shall return to the Net Settlement Amount and be distributed to Settlement Class Members as provided in this Amended Agreement. The Service Award shall be in addition to Plaintiff's Individual Settlement Payment and to the separately negotiated California Civil Code Section 1542 release payment to Plaintiff in the amount of Twenty Thousand Dollars (\$20,000.00).

g. Class Counsel Award. Defendant agrees not to oppose or object to any application or motion by Class Counsel for attorneys' fees not to exceed thirty-five percent of the Gross Settlement Amount, or Three Hundred and Fifty Thousand Dollars (\$350,000.00). Defendant further agrees not to oppose any application or motion by Class Counsel for the reimbursement of any costs or expenses associated with Class Counsel's prosecution of this matter from the Gross Settlement Amount not to exceed Twenty-Five Thousand Dollars (\$25,000.00). Class Counsel shall be solely and legally responsible to pay all applicable taxes on the payment made pursuant to this paragraph. The Settlement Administrator shall issue an IRS Form 1099 – MISC to Class Counsel for the payments made pursuant to this paragraph. This Settlement is not contingent upon the Court awarding Class Counsel any particular amount in attorneys' fees and costs. Any amount requested by Class Counsel for the Class Counsel Award and costs that is not granted by the Court shall return to the Net Settlement Amount and be distributed to Settlement Class Members as provided in this Agreement.

h. Settlement Administration Costs. The Settlement Administrator shall be paid for the costs of administration of the Settlement from the Gross Settlement Amount. The costs of notice and administration for the disbursement of the Gross Settlement Amount shall not exceed Fifteen Thousand Dollars (\$15,000.00). Prior to the filing of a motion for final approval of this Settlement, the Settlement Administrator shall provide the Parties with a statement detailing the costs of administration. Any amount requested by the Settlement Administrator for administration costs that is not granted by the Court shall return to the Net Settlement Amount and be distributed to Settlement Class members as provided in this

1 Amended Agreement. Defendant will pay any fees incurred by the Settlement Administrator if
2 the settlement is not approved.

3 i. PAGA Payment. Twenty-Nine Thousand, Two Hundred and Fifty
4 dollars (\$29,250.00) from the Gross Settlement Amount will be allocated to penalties under the
5 Private Attorneys General Act of 2004. Seventy-five percent (75%) of that amount, or
6 \$21,937.50, will be paid to the LWDA and twenty-five (25%) of that amount, or \$7,312.50,
7 will be paid to the Class Members based upon Compensable Class Work Weeks as determined
8 by Paragraphs 9 and 23. This PAGA Payment is made pursuant to California Labor Code §
9 2699(i).

10 j. Defendant PRMG's Representations In Connection With Class
11 Members. Defendant represents that the number of Class Member workweeks from March 1,
12 2020 through February 8, 2023 is 79,055 (workweeks). The total number of Class Members in
13 the Class Period is approximately 1,132.

14 53. Tax Liability: Class Counsel and Defendant make no representation as to the
15 tax treatment or legal effect of payments called for hereunder, and Plaintiff and the Settlement
16 Class Members are not relying on any statement or representation by Class Counsel or
17 Defendant in this regard. Plaintiff and Participating Class Members understand and agree that
18 they will be solely responsible for the payment of any taxes and penalties assessed on their
19 respective payments described herein. The amount of federal income tax withholding will be
20 based upon a flat withholding rate for supplemental wage payments in accordance with Treas.
21 Reg. § 31.3402(g)-1(a)(2) as amended or supplemented. Income tax withholding will also be
22 made pursuant to applicable state and/or local withholding codes or regulations. Forms W-2
23 and/or Forms 1099 will be distributed at times and in the manner required by the Internal
24 Revenue Code of 1986 (the "Code") and consistent with this Settlement Agreement. If the
25 Code, the regulations promulgated thereunder, or other applicable tax law, is changed after the
26 date of this Settlement Agreement, the processes set forth in this Section may be modified in a
27 manner to bring Defendant into compliance with any such changes.
28

1 54. Distribution of Settlement Payments. Individual Settlement Payments to
2 Settlement Class Members, the Class Representative Service Awards, the Class Counsel
3 Award, Settlement Administration Costs, Defendant's share of employer payroll taxes and
4 PAGA Payment to the LWDA, shall all be distributed by the Settlement Administrator within
5 ten (10) calendar days of receipt of the full Gross Settlement Amount from Defendant. Prior to
6 distribution of Individual Settlement Payments to the Settlement Class Members, the
7 Settlement Administrator shall update the Class Members addresses using the National Change
8 of Address Database.

9 55. Final Settlement Approval Hearing and Entry of Final Judgment. Upon
10 expiration of the Response Deadline, a final approval hearing shall be conducted to determine,
11 *inter alia*, final approval of the Settlement and amounts properly payable for: (a) Individual
12 Settlement Payments; (b) the Class Counsel Award; (c) the Class Representative Service
13 Awards; (d) PAGA Payment to the LWDA; and (e) the Settlement Administration Costs.

14 56. Nullification of Settlement Agreement. In the event: (a) the Court does not enter
15 the Order for preliminary approval of the Settlement; (b) the Court does not finally approve the
16 Settlement; (c) the Court does not enter a Final Approval Order and Judgment as provided
17 herein; (d) the Settlement does not become final for any other reason; or (e) the Court fails or
18 refuses to approve any material condition of this Settlement Agreement which effects a
19 fundamental change of the Settlement Agreement, this entire Settlement Agreement shall be
20 null and void and unenforceable as to all Parties herein at the option of any Party but remains
21 protected by California Evidence Code Section 1152, and any order or judgment entered by the
22 Court in furtherance of this Settlement shall be treated as void from the beginning. In such
23 cases, the Parties and any funds to be awarded under this Settlement shall be returned to their
24 respective statuses as of the date and time immediately prior to the execution of this
25 Agreement, and the Parties shall proceed in all respects as if this Agreement had not been
26 executed, except that any fees already incurred by the Settlement Administrator shall be paid
27 by Defendant. Further, if the Settlement Agreement is voided or fails for any reason, Plaintiff
28 and Defendant will have no further obligations under the Settlement Agreement, including any

1 obligation by Defendant to pay the Settlement Amount, or any amounts that otherwise would
2 have been owed under this Settlement Agreement. In the event an appeal is filed from the
3 Court's Final Approval Order and Judgment, or any other appellate review is sought,
4 administration of the Settlement shall be stayed pending final resolution of the appeal or other
5 appellate review, and any fees incurred by the Settlement Administrator prior to it being
6 notified of the filing of an appeal from the Court's Final Approval Order and Judgment, or any
7 other appellate review, shall be paid to the Settlement Administrator by the party or person that
8 filed the appeal, within thirty (30) calendar days of said notification.

9 57. No Effect on Employee Benefits. Amounts paid to Plaintiff or other Settlement
10 Class Members pursuant to this Agreement shall be deemed not to be pensionable earnings and
11 shall not have any effect on the eligibility for, or calculation of, any of the employee benefits
12 (e.g., vacations, holiday pay, retirement plans, etc.) of Plaintiff or Settlement Class Members.

13 58. No Admission by Defendant. Defendant denies any and all claims alleged in
14 this Action and denies all wrongdoing whatsoever. This Settlement Agreement is not a
15 concession or admission and shall not be used against Defendant as an admission or indication
16 with respect to any claim of any fault, concession, or omission by Defendant. Nonetheless,
17 Defendant desires to settle and compromise the matters at issue in the Action to avoid further
18 substantial expense and the inconvenience and distraction of protracted and burdensome
19 litigation. Defendant also has taken into account the uncertainty and risks inherent in litigation,
20 and without conceding any infirmity in the defenses that it has asserted or could assert against
21 Plaintiff and/or any Settlement Class Member, has determined that it is desirable and beneficial
22 that the claims of Plaintiff and the Settlement Class be settled in the manner and upon the terms
23 and conditions set forth in this Settlement Agreement.

24 59. No Publicity. Prior to filing moving papers in support of preliminary approval,
25 Plaintiff and Plaintiff's Counsel agree not to disclose or publicize the settlement, including
26 the Memorandum of Understanding, the fact of the Settlement, its terms or contents, and
27 the negotiations underlying the Settlement, in any manner or form, directly or indirectly, to
28 any person or entity, except potential class members and to the Court in exercising Plaintiff

1 and Class Counsel's obligations and duties. For avoidance of doubt, this sections means
2 Plaintiff and Class Counsel will not issue press releases, communicate with, or respond to
3 any media or publication entities, or publish the terms or contents and the negotiations
4 underlying the Settlement on any form of social media or marketing material.

5 60. Exhibits and Headings. The terms of this Settlement Agreement include the
6 terms set forth in any attached Exhibits, which are incorporated by this reference as though
7 fully set forth herein. Any Exhibits to this Agreement are an integral part of the Settlement. The
8 descriptive headings of any paragraphs or sections of this Agreement are inserted for
9 convenience of reference only and do not constitute a part of this Agreement.

10 61. Interim Stay of Proceedings. The Parties agree to stay all proceedings in the
11 Action, except such proceedings necessary to implement and complete the Settlement, holding
12 the Action in abeyance pending the final approval hearing to be conducted by the Court.

13 62. Dispute Resolution. Except as otherwise set forth herein, all disputes
14 concerning the interpretation, calculation or payment of Settlement claims, or other disputes
15 regarding compliance with this Agreement shall be resolved as follows:

16 a. If Plaintiff or Class Counsel, on behalf of Plaintiff or any Settlement
17 Class Member, or Defendant's Counsel, on behalf of Defendant, at any time believe that the
18 other Party has breached or acted contrary to the Agreement, that Party shall notify the other
19 Party in writing of the alleged violation.

20 b. Upon receiving notice of the alleged violation or dispute, the responding
21 Party shall have ten (10) calendar days to correct the alleged violation and/or respond to the
22 initiating Party with the reasons why the Party disputes all or part of the allegation.

23 c. If the response does not address the alleged violation to the initiating
24 Party's satisfaction, the Parties shall negotiate in good faith for up to ten (10) calendar days to
25 resolve their differences.

26 d. If Class Counsel and Defendant's Counsel are unable to resolve their
27 differences after twenty (20) calendar days, either Party shall first contact mediator (Chris
28 Barnes) to try to resolve the dispute. If that proves unsuccessful, the party may file an

appropriate motion for enforcement with the Court. The briefing of such motion should be in letter brief form and shall not exceed five (5) single-spaced pages (excluding exhibits).

63. Notice. Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly given as of the third business day after (i) emailing and/or (ii) mailing by United States registered or certified mail, return receipt requested, addressed:

To the Settlement Class:

NATHAN & ASSOCIATES, APC
 Reuben D. Nathan, Esq.
 2901 W. Coast Highway, Suite 200
 Newport Beach, California 92663
 Telephone: (949) 270-2798
 Facsimile: (949) 209-0303
 Email: rnathan@nathanlawpractice.com

MATTHEW RIGHETTI (SBN 121012)
 JOHN GLUGOSKI (SBN 191551)
 MICHAEL RIGHETTI (258541)
RIGHETTI • GLUGOSKI, P.C.
 220 Halleck Street, Suite 220
 San Francisco, CA 94129
 Tel. No.: (415) 983-0900
matt@righettilaw.com
jglugoski@righettilaw.com
mike@righettilaw.com

To Defendant:

FISHER & PHILLIPS, LLP
 Tyler J. Woods, Esq.
 Usama Kahf, Esq.
 2050 Main Street, Suite 1000
 Irvine, California 92614
 Telephone: (949) 851-2424
 Facsimile: (949) 851-0152
 Email: twoods@fisherphillips.com
ukahf@fisherphillips.com

64. Amendment or Modification. This Agreement may be amended or modified only by a written instrument signed by counsel for all Parties and approved by the Court.

65. Entire Agreement. This Settlement Agreement and any attached Exhibits constitute the entire Agreement among these Parties, and no oral or written representations,

warranties, or inducements have been made to any Party concerning this Agreement or its Exhibits other than the representations, warranties, and covenants contained and memorialized in the Agreement and its Exhibits.

66. Authorization to Enter Into Settlement Agreement. Counsel for all Parties warrant and represent they are expressly authorized by the Parties whom they represent to negotiate this Agreement and to take all appropriate actions required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents required to effectuate the terms of this Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to affect the implementation of the Settlement. In the event the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of the Court or the mediator to resolve such disagreement. The persons signing this Agreement on behalf of Defendant represent and warrant that they are authorized to sign this Agreement on behalf of Defendant. Plaintiff represents and warrants that he is authorized to sign this Agreement and that he has not assigned any claim, or part of a claim, covered by this Settlement to a third-party.

67. Binding on Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

68. No Prior Assignments. The Parties hereto represent, covenant, and warrant that they have not, directly or indirectly, assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or rights released and discharged by this Settlement Agreement.

69. Inadmissibility of Agreement. Whether or not the Court issues the Final Approval Order and Judgment, nothing contained herein, nor the consummation of this Settlement Agreement, is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Defendant or any of the other Released Parties. Each of the Parties hereto has entered into this Settlement Agreement with the intention of avoiding

1 further disputes and litigation with the attendant inconvenience and expenses. This Settlement
2 Agreement is a settlement document, and it, along with all related documents such as the
3 notices, and motions for preliminary and final approval, shall, pursuant to California Evidence
4 Code section 1152 and/or Federal Rule of Evidence 408, be inadmissible as evidence in any
5 proceeding, except an action or proceeding to approve the Settlement, and/or interpret or
6 enforce this Settlement Agreement. The stipulation for class certification as part of this
7 Settlement Agreement is for settlement purposes only and if for any reason the Settlement is
8 not approved, the stipulation will be of no force or effect.

9 70. California Law Governs. All terms of this Settlement Agreement and the
10 Exhibits hereto shall be governed by and interpreted according to the laws of the State of
11 California.

12 71. Counterparts. This Settlement Agreement may be executed in one or more
13 counterparts. All executed counterparts and each of them shall be deemed to be one and the
14 same instrument.

15 72. This Settlement is Fair, Adequate and Reasonable. The Parties believe this
16 Settlement is a fair, adequate, and reasonable settlement of this Action and have arrived at this
17 Settlement after extensive arms-length negotiations, taking into account all relevant factors,
18 present and potential.

19 73. Jurisdiction of the Court. Pursuant to California Code of Civil Procedure
20 section 664.6, the Court shall retain jurisdiction with respect to the interpretation,
21 implementation, and enforcement of the terms of this Settlement Agreement and all orders and
22 judgments entered in connection therewith, and the Parties and their counsel hereto submit to
23 the jurisdiction of the Court for purposes of interpreting, implementing, and enforcing the
24 settlement embodied in this Agreement and all orders and judgments entered in connection
25 therewith. All terms of this Settlement Agreement are subject to approval by the Court.

26 74. Construction. The Parties hereto agree that the terms and conditions of this
27 Settlement Agreement are the result of lengthy, intensive arms'-length negotiations among the
28 Parties and that this Settlement Agreement shall not be construed in favor of or against any

1 Party based on the extent to which any Party or their counsel participated in the drafting of this
2 Settlement Agreement. Plaintiff and Defendant expressly waive the common-law and statutory
3 rule of construction that ambiguities should be construed against the drafter of an agreement
4 and further agree, covenant, and represent that the language in all parts of this Settlement
5 Agreement shall be in all cases construed as a whole, according to its fair meaning.

6 75. Captions and Interpretations. Paragraph titles or captions contained herein are
7 inserted as a matter of convenience and for reference, and in no way define, limit, extend, or
8 describe the scope of this Settlement Agreement or any provision hereof. Each term of this
9 Settlement Agreement is contractual and not merely a recital.

10 76. Binding On Assigns. This Settlement Agreement shall be binding upon and
11 inure to the benefit of the Parties hereto and their respective heirs, trustees, executors,
12 administrators, successors and assigns.

13 77. Signatures of All Class Members Unnecessary to be Binding. It is agreed that,
14 because the members of the Settlement Class are numerous, it is impossible or impractical to
15 have each Settlement Class Member execute this Settlement Agreement. The Notice will
16 advise all Settlement Class Members of the binding nature of the release provided herein and
17 such Release shall have the same force and effect as if this Settlement Agreement were
18 executed by each Settlement Class Member.

19 78. Voluntary Agreement. The Parties acknowledge that they have entered into this
20 Settlement Agreement voluntarily, on the basis of their own judgment and without coercion,
21 duress, or undue influence of any Party, and not in reliance on any promises, representations, or
22 statements made by the other Parties other than those contained in this Settlement Agreement.
23 Each of the Parties hereto expressly waves any right they might ever have to claim that this
24 Settlement Agreement was in any way induced by fraud.

25 79. Opportunity to Consult with Counsel. Prior to execution of this Settlement
26 Agreement, each Party has read this entire Settlement Agreement and has been given the
27 opportunity to consult with independent counsel of their choosing and to have such
28 independent counsel advise as to the meaning of this Settlement Agreement and its legal effect.

80. Counterparts. This Settlement Agreement may be executed in counterparts, and when each Party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one fully-signed Settlement Agreement, which shall be binding upon and effective as to all Parties. Electronic signatures shall have the same force and effect as an original.

81. Invalidity of Any Provision. Before declaring any provision of this Settlement Agreement invalid, the Court shall first attempt to construe the provisions valid to the fullest extent possible consistent with applicable precedents so as to define all provisions of this Agreement valid and enforceable.

Dated: 5/15/2023

DocuSigned by:
Diva Alfaro
FF9696C0A9FF435...
By: _____
Diva Alfaro

PARAMOUNT RESIDENTIAL MORTGAGE
GROUP, INC.

Dated: _____

By: _____

Title: _____

//

//

Dated: _____

Dated: 5/15/2023

DocuSigned by:
By:  /
12970C43E125450...

Title: President/CEO

//

//

1 **APPROVED AS TO FORM:**

2 DATE: 5/15/2023

NATHAN & ASSOCIATES, APC

3 By:

4 DocuSigned by:
Reuben Nathan
5 B5E4B213149F4AC...

6 Reuben D. Nathan
7 Attorneys for Plaintiff
8 DIVA ALFARO

9 DATE: 5/15/2023

FISHER & PHILLIPS LLP

10 By: /s/ Tyler J. Woods

11 Tyler J. Woods
12 Usama Kahf
13 Andrew S. Wellman
14 Attorneys for Defendant
15 PARAMOUNT RESIDENTIAL MORTGAGE
16 GROUP, INC.
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EXHIBIT 2

SUPERIOR COURT OF CALIFORNIA
COUNTY OF RIVERSIDE

Diva Alfaro, et al. v. Paramount Residential Mortgage Group, Inc..
Case No. CVR12103949

NOTICE OF CLASS ACTION SETTLEMENT

If you are or were employed by Paramount Residential Mortgage Group, Inc. in California as an hourly, non-exempt employee or Loan Officer at any point in time from March 1, 2020 to **INSERT DATE OF PRELIMINARY APPROVAL**, you are eligible to receive compensation from a class action settlement.

- A former hourly, non-exempt employee has filed a wage and hour class action against Paramount Residential Mortgage Group, Inc. (“PRMG” and/or “Defendant”) on behalf of herself and all other similarly situated non-exempt employees.
- Defendant denies all of the allegations, but the parties have reached a settlement that the Court has preliminarily approved on the ground that there is sufficient evidence to suggest that the proposed settlement might be fair, reasonable, adequate, and in the best interests of the class members. Any final determination of these issues will be made at the final hearing.

*A court authorized this notice. This is not an advertisement.
This is not a lawsuit against you. You are not being sued.
But, your rights will be affected by this settlement.*

YOUR LEGAL RIGHTS & OPTIONS IN THIS SETTLEMENT	
DO NOTHING AND GET AUTOMATIC PAYMENT	If you received this Notice of Class Action Settlement, you will <u>automatically</u> receive your share of the settlement, unless you exclude yourself. You do <u>not</u> need to submit a claim form to receive this payment.
EXCLUDE YOURSELF	You have the option to pursue separate legal action against Defendant for any of the claims in this lawsuit. You will have to hire your own attorney or represent yourself. If you would like to use this option, you <u>must</u> send the Settlement Administrator a written request to exclude yourself from the Settlement (“opt out”). <u>If you opt out, you will not receive an Individual Settlement Payment.</u> The deadline to submit a request to opt out is , 2023.
OBJECT	If you so choose, you may object to this settlement. The deadline to file objections with the Court is , 2023.

- Your options are explained in this notice. To receive your share of the settlement, you do not need to submit a claim form. If you do not want to participate in this class action settlement, you must submit an opt-out form by , 2023.
- Any questions? Read the entire notice and if you still have questions, please call **(xxx) xxx-xxxx**.

PLEASE READ THIS NOTICE CAREFULLY.

Your rights will be affected by this settlement.

1. Why did I get this notice?	Page 2
2. Why should I read this notice?.....	Page 2
3. What is this case about?.....	Page 3
4. Who are the parties in this case?.....	Page 3
5. Why did PRMG join in the settlement?.....	Page 3
6. How much is the settlement?	Page 3
7. How much will I receive from the settlement?	Page 4
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13. What if I need additional information?.....	Page 6

1. Why did I get this notice?

You received this notice because PRMG's business records indicate that you worked, or continue to work for PRMG in California at some point between March 1, 2020 and the date of preliminary approval as a non-exempt employee, including loan officers.

All current and former employees who fall within these categories are known as Class Members.

2. Why should I read this notice?

This notice is to let you know that the parties in a putative class action filed against PRMG have reached a tentative settlement. The case is called *Diva Alfaro v. PRMG Management Company, LLC., et al.*, Riverside County Superior Court Case No. CVR12103949 (the "Alfaro action"). Under California law, a class action settlement must be reviewed by a judge via a two-step process: preliminary approval and final approval. On [REDACTED], 2023, Judge XXX of the Riverside County Superior Court preliminarily approved the terms of this proposed settlement and ordered this notice to be mailed to all class members. The Court will hold a Final Fairness Hearing concerning the proposed settlement on [REDACTED], 2023 at [REDACTED].m. This notice tells you about your rights to share in the settlement or to potentially exclude yourself (otherwise known as "opting out") from the settlement.

3. What is this case about?

Plaintiff claims that PRMG violated California wage and hour laws and unfair competition laws by: failing to pay all wages, including overtime due, failing to provide compliant meal periods and rest breaks or pay premium wages in lieu thereof; failing to pay minimum and premium wages; failing to timely pay all wages; failing to pay all wages

due timely upon termination; failing to reimburse business expenses; unlawfully deducting costs and wages; failing to provide accurate, itemized wage statements; failing to provide written notice pursuant to Labor Code Section 2810.5; and failing to produce employment records upon request. Based on these alleged violations, Plaintiff also seeks to recover civil penalties under the Private Attorneys General Act, California Labor Code Section 2698, *et seq.* (“PAGA”).

PRMG denies all of these allegations and asserts that they have fully complied with all of their legal obligations under California law.

4. Who are the parties in this case?

Diva Alfaro is the Plaintiff/Class Representative. Paramount Residential Mortgage Group, Inc. is the Defendant.

5. Why did Defendant join in the settlement?

PRMG has joined in the settlement only as a compromise because PRMG wishes to finally, fully and completely resolve the dispute in the best interests of the Class. By agreeing to the terms of the settlement, PRMG does not admit any of the allegations in the case, that PRMG has done anything wrong or that any Class Member has suffered any damage. As such, PRMG is not giving up its right to defend itself against any of the allegations involved in the lawsuit if this settlement fails for any reason.

6. How much is the settlement?

The Total Settlement Amount is \$1,000,000, which will cover Individual Settlement Payments to all Class Members who do not opt out; settlement administration costs of up to \$15,000; a class representative service payment of \$5,000; a California Civil Code Section 1542 release payment to Plaintiff in the amount of \$20,000.00; Class Counsel’s attorneys’ fees and costs of up to \$350,000 and a PAGA Fund of \$29,250. Defendants will pay their share of applicable employer-side payroll taxes on the wage portion of the settlement payments separately and in addition to the Total Settlement Amount.

Individual Settlement Payments

Individual Settlement Payments will be paid to all participating Class Members from the Net Settlement Amount (the amount remaining after deductions from the Total Settlement Amount for settlement administration fees, the class representative service payments, the PAGA Fund, and class counsel’s attorneys fees and costs).

The amount that you will receive will be based on the total number of weeks you worked for PRMG between March 1, 2020 and **INSERT DATE OF PRELIMINARY APPROVAL** (the “Class Period”), as shown by PRMG’s records. The Net Settlement Amount (the amount remaining after deductions from the Total Settlement Amount for settlement administration fees, the class representative service payment, and Class Counsel’s attorneys’ fees and costs) will be divided by the total number of weeks worked by all participating Class Members (*i.e.*, all individuals who do not opt out) to arrive at an amount per workweek. Each participating Class Member’s payment will equal the number of weeks worked by that participating Class Member during the Class Period, times the amount per workweek.

YOU DO NOT NEED TO SUBMIT A CLAIM FORM IN ORDER TO RECEIVE YOUR SHARE OF THE SETTLEMENT.

IF YOU DO NOT WANT TO PARTICIPATE IN THE SETTLEMENT, YOU MUST RETURN AN OPT-OUT FORM TO THE SETTLEMENT ADMINISTRATOR POSTMARKED NO LATER THAN **██████████, 2023. AN OPT-OUT FORM IS ENCLOSED WITH THIS NOTICE.**

7. How much will I receive from the settlement?

PRMG's business records indicate that you worked [redacted] weeks during the period from March 1, 2020 through **INSERT DATE OF PRELIMINARY APPROVAL**. If you do not opt out of this Settlement, you will automatically be mailed a check for your pro rata share of the settlement payment, which will be based on your total workweeks stated in this Notice. The amount you will receive is estimated to be \$[redacted].

If you disagree with your workweeks stated in the prior paragraph, please contact the settlement administrator and provide the total number of weeks that you believe you worked as a nonexempt employee for PRMG between March 1, 2020 through **INSERT DATE OF PRELIMINARY APPROVAL**. You will need to submit supporting documentation for your claimed workweeks by sending them to the Settlement Administrator at: **ILYM GROUP, Inc.**, 14771 Plaza Drive, Unit L, Tustin, CA 92870, Tel: (xxx) xxx-xxxx, Fax: (888) 845-6185, Email: xxx@ilymgroup.com. If you disagree with your stated workweeks, you must let the Settlement Administrator know and submit your supporting documentation by [redacted], 2023 [fill in opt-out deadline].

If you disagree with your stated work weeks, the settlement administrator will review your claim and all supporting documentation that you provide and then will notify you of the final determination via written correspondence within **XXX** calendar days of their receipt of your supporting documentation.

8. What are my options in this matter?

Option 1: Participate in the Settlement and Receive Compensation. If you wish to participate in the settlement and receive compensation, you do not need to submit a claim form. You will be mailed a payment automatically if the settlement becomes final, unless you opted out.

Option 2: Opt Out of the Settlement. If you do not wish to participate in the settlement, you must request exclusion by sending the Settlement Administrator an Opt-Out Form post-marked no later than [redacted], 2023. If you request exclusion, you will receive no money from the settlement. The judgment will bind all Class Members who do not timely and properly request exclusion.

Option 3: Object to the Settlement: You can ask the Court to deny approval of the settlement by filing an objection. You cannot ask the Court to order a different settlement; the Court can only approve or reject the settlement. If the Court denies approval, no settlement payments will be sent out and the lawsuit will continue. If that is what you want to happen, you must object.

Any objection to the Settlement must be in writing. If you file a timely written objection, you may, but are not required to, appear at the Final Approval Hearing, either in person or through your own attorney. If you appear through your own attorney, you are responsible for hiring and paying that attorney. All written objections and supporting documents must (1) clearly identify the case name and number (*Diva Alfaro, et al. v. PRMG, Inc., et al.*; Case No. CVR12103949); and (2) be submitted to the Settlement Administrator by mail or fax to the Settlement Administrator at the specified address or facsimile number (See Section 7). The last day to file an objection is [redacted], 2023. **If you object to the settlement, you will still receive your pro rata share of the Net Settlement Amount if the Court approves the settlement.**

Appearing at the Final Approval Hearing: The Final Approval Hearing is scheduled for _____, 2023 at ____:00 ____m. If you would like to appear at the Final Approval Hearing, you may do so by **XXXXXXXX**. The Final Approval Hearing may be continued to a later date and time without further notice to the Class, but you may confirm the hearing date and time by consulting the Court's website (<https://www.riverside.courts.ca.gov/OnlineServices/SearchCourtRecords/public-access.php>) or the Settlement website **[insert address]**.

9. What rights will I give up if I participate in this settlement?

Everyone who participates in the settlement will fully and finally release and discharge the Released Parties from all liability for the Released Claims.

The “Released Parties” means PRMG and any of their former and present parents, subsidiaries, affiliates, insurers, insurance policies, and benefit plans; each of the former and present officers, directors, employees, equity holders (partners, shareholders, holders of membership interests, etc.), agents, representatives, administrators, fiduciaries, and attorneys of the entities and plans described in this sentence; and any other predecessors, successors, transferees, and assigns of each of the persons and entities described in this sentence (“Released Parties”) through the Release Period. The “Release Period” means the period from March 1, 2020 through **INSERT DATE OF PRELIMINARY APPROVAL**.

Claims Released by Class Members

If you are a Class Member (as defined in Section 1 on page 2) and do not opt out of the settlement, you will release any and all claims, rights, demands, liabilities, and causes of action, whether known or unknown, arising from the same set of operative facts as those set forth in Plaintiff’s operative **Third Amended Complaint**, including those claims which could have been asserted based on the facts alleged in the operative **Third Amended Complaint**, through the Release Period, including claims for: failing to pay all wages, including overtime due, failing to provide compliant meal periods and rest breaks or pay premium wages in lieu thereof; failing to pay minimum and premium wages; failing to timely pay all wages; failing to pay all wages due timely upon termination; failing to reimburse business expenses; unlawfully deducting costs and wages; failing to provide accurate, itemized wage statements; failing to provide written notice pursuant to Labor Code Section 2810.5; failing to produce employment records upon request; and violations of the Private Attorneys General Act (“the Release Claims”).

10. Is there a trial date set for this class action?

Currently, there is no trial date. If the settlement is not approved by the Court, the parties may proceed to trial.

11. Who are the attorneys representing the parties?

Attorneys for Plaintiff/Class Representative Diva Alfaro Reuben D. Nathan, Esq. State Bar No. 208436 NATHAN & ASSOCIATES, APC 2901 W. Coast Hwy., Ste. 200 Newport Beach, CA 92663 Telephone: (949) 270-2798 Email: rnathan@nathanlawpractice.com	Attorneys for Plaintiff/Class Representative Diva Alfaro Matthew Righetti, Esq. State Bar No. 121012 John Glugoski, Esq. State Bar No. 191551 RIGHETTI GLUGOSKI, P.C. 220 Halleck Street, Suite 220 San Francisco, CA 94129 Telephone: (415) 983-0900 Email: matt@righettilaw.com Email: jglugoski@righettilaw.com
Attorneys for Defendants PRMG Corporation, et al. Tyler Woods, Bar No. 232464 FISHER & PHILLIPS, LLP 2050 Main Street Suite 1000 Irvine, California 92614 Telephone: (949) 798-2117 Email: twoods@fisherphillips.com	

12. How will the attorneys, class representatives and settlement administrator be paid?

Class Counsel have been working on this case for over 2 years without any compensation. Class Counsel will apply for a fee of 30% of the Total Settlement Amount (\$225,000), and reimbursement of actual litigation costs of up to \$15,000. Class Counsel will further apply for a class representative service payment of \$5,000 to Plaintiff Diva Alfaro to recognize her services to the class action and for assuming the risk of paying the litigation costs incurred by Class Counsel and Defendants in the event of an unsuccessful outcome in this case at trial or on appeal. Additionally, the Court-appointed Settlement Administrator's costs (up to \$15,000) associated with mailing and processing Class Members' claims will be deducted from the settlement fund. Defendants will bear their own attorneys' fees and costs outside of this settlement.

13. What if I need additional information?

For a more detailed statement of the matters involved in the Action and the Class Settlement, you may refer to the pleadings, the Settlement Agreement, and other papers filed in the case. The Settlement Agreement is attached to the Declaration of John Glugoski as Exhibit 1 filed on XXXXX, 2023, The Settlement Agreement and other settlement documents are available at no charge on the Settlement website [insert address]. The full case file may be inspected at the Office of the Court Clerk, Riverside Superior Court located at 4100 Main Street, Riverside, CA 92501, during the Court's normal business hours. You may also inspect the case file online using the Public Access to Court Electronic Records system at <https://www.riverside.courts.ca.gov/OnlineServices/SearchCourtRecords/public-access.php>

All inquiries by Class Members about this settlement should be directed to:

ILYM Group, Inc.
14771 Plaza Drive, Unit L
Tustin, CA 92870
(xxx) xxx-xxxx
xxx@ilymgroup.com

Refer to the Diva Alfaro v. PRMG, Class Action Settlement.

PLEASE DO NOT CALL THE COURT.

EXHIBIT 3

OBJECTION FORM
(Deadline to Submit This Form to Settlement Administrator is XXXX)

**SUPERIOR COURT OF CALIFORNIA
COUNTY OF RIVERSIDE**

Diva Alfaro, et al. v. Paramount Residential Mortgage Group, Inc..
Case No. CVR12103949

I declare as follows:

I wish to Object to the Settlement.

I am a potential Class Member in this case and I received and reviewed the Notice of Class Action Settlement in this action.

I understand that I cannot submit a request to exclude myself as a Class Member from the Settlement and at the same time also object to the Settlement.

I further understand that if the Court overrules my Objection, I will be deemed a Settlement Class Member and receive my pro-rata share of the Settlement.

The Nature of My Objection to the Settlement is as follows:_____

Dated: _____

(Signature)

(Typed or Printed Name)

(Address)

(City, State, Zip Code)

(Telephone Number, Including Area Code)

THIS FORM MUST BE SUBMITTED TO THE SETTLEMENT ADMINISTRATOR BELOW BY XXXXXXXXXXXX

ILYM Group, Inc.
14771 Plaza Drive, Unit L
Tustin, CA 92870
(xxx) xxx-xxxx
xxx@ilymgroup.com

EXHIBIT 4

OPT OUT FORM

(Deadline to Submit This Form to Settlement Administrator is XXXX)

SUPERIOR COURT OF CALIFORNIA

COUNTY OF RIVERSIDE

Diva Alfaro, et al. v. Paramount Residential Mortgage Group, Inc..

Case No. CVR12103949

I declare as follows:

I received and reviewed the Notice of Class Action Settlement in this action, and I wish to be ***excluded*** from the class and ***not*** to participate in the proposed class settlement. I understand that by excluding myself, I will not receive any money from the Settlement.

Dated: _____

(Signature)

(Typed or Printed Name)

(Address)

(City, State, Zip Code)

(Telephone Number, Including Area Code)

THIS FORM MUST BE SUBMITTED TO THE SETTLEMENT ADMINISTRATOR BELOW BY XXXXXXXXXXXX

**ILYM Group, Inc.
14771 Plaza Drive, Unit L
Tustin, CA 92870
(xxx) xxx-xxxx (fax)
xxx@ilymgroup.com**

EXHIBIT 5

1 Reuben D. Nathan, Esq. (SBN: 208436)
2 rnathan@nathanlawpractice.com
3 **NATHAN & ASSOCIATES, APC**
4 2901 W. Coast Hwy., Ste. 200
5 Newport Beach, CA 92663
6 TEL: (949) 270-2798
7 FAX: (949) 209-0303

8 Matthew Righetti (SBN 121012)
9 matt@righettilaw.com
10 John Glugoski (191551)
11 jglugoski@righettilaw.com
12 **RIGHETTI GLUGOSKI, P.C.**
13 220 Halleck Street, Suite 220
14 San Francisco, CA 94129
15 Telephone: (415) 983-0900

16 Attorneys for Plaintiff, DIVA ALFARO on behalf of herself and all aggrieved employees

17
18 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
19 **FOR THE COUNTY OF RIVERSIDE**

20 DIVA ALFARO on behalf of herself and all
21 aggrieved employees

Case No.: CVRI2103949

22
23 Plaintiff,

DECLARATION OF LISA MULLINS

24
25 vs.

26
27 PARAMOUNT RESIDENTIAL MORTGAGE
28 GROUP, INC.; and DOES 1 through 25,
inclusive,

Defendants.

DECLARATION OF LISA MULLINS

1
2 1. I am a resident of the United States of America and am over the age of 21. I am the
3 President for ILYM Group, Inc., (herein after referred to as “ILYM Group”), a professional class action
4 services provider. I am preparing this declaration at the request of Plaintiff’s Counsel. I have personal
5 knowledge of the facts herein, and, if called upon to testify, I could and would testify competently to such
6 facts.

7 2. ILYM Group has extensive experience in disseminating class action notices and
8 administering class action settlements, including direct mail services, telephone, and web-based support,
9 database management, opt-out processing, and settlement fund distribution services for class actions
10 ranging in size from 26 to 4.5 million Class Members. Attached hereto, as **Exhibit A**, is a true and correct
11 copy of ILYM Group’s current CV, reflecting our primary competencies as they relate to class action
12 administration. ILYM Group maintains the highest level of confidentiality. The class data and all forms
13 of communication received by ILYM Group, Inc. will be held in strict confidentiality and will not be
14 disclosed. ILYM Group, will set up a login for Defense Counsel to transmit the class data through our
15 encrypted secure portal. Attached hereto, as **Exhibit B** is ILYM Group’s Security Summary and Protocol.
16 ILYM Group is insured with E&O and Cyber Insurance policies.

17 3. ILYM Group has never had any financial interests in nor affiliation with the parties or
18 counsel in the *Alfaro v. Paramount Residential Mortgage Group, Inc.* matter.

19 4. If appointed by the Court to disseminate the class notice in this case, ILYM Group’s duties
20 will include but not limited to: (a) conducting address traces to locate class member addresses as necessary;
21 (b) mailing the class notice to the class members; (c) handling inquiries from class members concerning
22 the class notice; and (d) performing other such duties as the parties and/or the Court may direct.

23 5. Upon appointment, ILYM Group will provide a mailing address and toll-free telephone
24 number to receive correspondence and inquiries from class members. After receiving the class data file
25 from Defendant, which should contain the class members’ names, last known addresses, and social security
26 numbers, ILYM Group will upload the data into our database and check for duplicates and other possible
27 discrepancies.

28 6. As part of the preparation for mailing the class notice, ILYM Group will process class

members' names and addresses against the National Change of Address ("NCOA") database, maintained by the United States Postal Service ("USPS"), for the purpose of updating and confirming the mailing addresses of the class members before mailing of the class notice, opt-out form, and objection form. To the extent an updated address is found in the NCOA database, ILYM Group will use the updated address for mailing the class notice. If ILYM Group does not locate an updated address in the NCOA database, it will use the original address provided by Defendant for mailing the class notice.

7. Should any class notices be returned to ILYM Group's office as undeliverable, ILYM Group will attempt to locate an updated address using the NCOA database and/or other skip trace efforts and will promptly re-mail the class notice.

8. Prior to sending out the notice, ILYM Group will fill in the specific date for the deadline so that all class members will be apprised of exactly when all applicable forms will be due, depending on the deadlines set by the Court, i.e., 60-day Notice period to opt-out, dispute or file an objection. At the expiration of the deadline, ILYM Group will inform all parties as to the number and name of those individuals who filed a timely opt-out, dispute or objection. ILYM Group will also provide copies of the Opt-Out and Objection Forms, attached to the Declaration as Exhibits, attesting to their authenticity for filing with the Court.

9. ILYM Group's Disbursement Process will include but not limited to; (a) applying for the case EIN; (b) establishing Qualified Settlement Fund ("QSF") Escrow Account), with administering tasks including but limited to overview and reconciliation of account; (c) calculating the individual settlement amounts; (d) preparing, administering and distributing settlement award checks to the Participating Class Members, including necessary tax forms (W2 and/or 1099); (e) calculating and withholding all applicable state and federal taxes; and (f) performing other such duties as the Parties and/or the Courts direct. The above services are included in ILYM Group's initial quote. Attached hereto, as **Exhibit C**, is a true and correct copy of ILYM Group's capped quote for this matter.

10. ILYM Group's fees are charged: hourly, fixed & per person. No additional charges will be incurred unless the class size increases, or additional services are requested. ILYM Group's fees associated with the administration of this settlement are capped at: **\$15,000.00**.

///

1 I declare, under penalty of perjury under the laws of the United States of America and the State
2 of California that the foregoing is true and correct. Executed this 28th day of June 2023, at Tustin,
3 California.

4 
5 _____
6 Lisa Mullins
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EXHIBIT “A”

Overview of Our Firm:

ILYM Group, Inc is a class action administration, legal notification and direct media outlets firm. With over 20 years of combined experience, our primary commitments are to client satisfaction, cutting edge technology and data management security, seamless case management and delivery of case expectations. Because, of our adherence to these commitments, ILYM Group, Inc is a one of the fastest growing, Woman Owned Business (NAPW), in the industry and is becoming the go-to firm for class action administration and legal notification. ILYM Group, Inc works with the top defense and plaintiff firms across the United States.

AREAS OF EXPERTISE:

- Wage and Hour
- FLSA
- Insurance and Health Care
- Consumer
- Finance
- Employment and Labor
- Securities
- Antitrust
- TCPA

Malta vs. Wells Fargo Home Mortgage Inc.

- TCPA Case with a class size of 5,200,000.

Gerardo Mojica vs. Compass Group USA, Inc.

- Wage & Hour Case with a class size of 22,573

Jacqueline Jones vs. I.Q. Data International, Inc.

- TCPA Case with a class size of 93,993. Performed a reverse look-up to obtain Class Member information. We were able to obtain contact information for 93.82% of the Class that did not have a name or address.

Grinder, et al. v. Clark County Collection Service, LLC.

- TCPA Case with a class size of 15,659. Performed a reverse look-up to obtain Class Member information. We were able to obtain contact information for 97% of the Class that did not have a name or address.

Kimberly Roberts, et al. v. T.J. Maxx of CA, LLC, et al.

- Wage & Hour Case with a class size of 82,549.

Reza Barani vs. Wells Fargo Bank, N.A.

- TCPA Case with a class size of 82,874. Performed a reverse look-up to obtain Class Member information. We were able to obtain contact information for 87.84% of the Class that did not have a name or address.

Blaise Picchi et al., vs. World Financial Network Bank, et al.

- TCPA Case with a class size of 856,507. Performed a reverse look-up to obtain Class Member information. We were able to obtain contact information for 93.21% that did not have a valid address associated with the contact record.

ILYM | GROUP, Inc.

SETTLEMENT ADMINISTRATION EXPERTS

ILYM Group, Inc. is operational 24/7 delivering true client and class member availability. Our call center is open 24/7/365 days a year, even holidays and is full digital, automated and multilingual. ILYM Group Inc.'s mail and media center is a state-of-the-art facility, fully digital and USPS integrated. We can accommodate cases of any size, from ten class members to multi-millions. ILYM Group, Inc. prides itself on its commitment to service, quality, value pricing and availability. We've committed ourselves to being the best Class Action Administration and Notification Company in our industry. Through our years of experience, ILYM Group, Inc. is dedicated to exceeding our client's expectations.

PRE-SETTLEMENT CONSULTATION

- **Administration Consultation:** Meeting to determine objectives and expectations by both parties. All reporting and responsibilities will be agreed upon as will the seamless process to access data. We will also discuss the opportunities to identify class members with the proposed print and web-based media for optimum reach. Additionally, all expectations and delivery of those results will be planned for and mapped accordingly.

MAILING AND NOTIFICATION

- **Fulfillment and Correspondence:** All provided settlement information will be published via United States Postal Service (USPS first class standards) to the proposed mailing class. Notifications will include a Claim ID and how to respond, or Opt-Out, based on the stipulations.
- **Reverse Lookup:** A confidential reverse phone or reverse cell lookup will provide; owner's name, location, address history, carrier, phone type (landline or cell phone) and more. Our reverse lookup is powered by an extensive database which includes hundreds of millions of cell phone, landline, residential and unlisted number. Our software collects data from multiple data sources and carriers across the US. Our average "hit ratio" ranges from 93% - 98%.
- **Creating Class Database:** All Data is verified and filtered to eliminate duplication against the United States Postal Service (USPS) National Change of Address (NCOA) database. ILYM Group, Inc. will also certify and validate with the Coding Accuracy Support System (CASS) and Track Your Class (TYC) for zone delivery.
- **Claim Forms:** ILYM Group, Inc. will email all claim forms, whenever possible, to have accurate reporting and tracking of all class requests. Emails will contain full text claim forms.
- **Translations:** When needed, ILYM Group, Inc. will translate notices to any language needed to reach Class members.
- **Remails:** Returned mail will be scanned, re-verified and re-mailed. All returned mail is data warehoused and reported to both parties' counsels in a weekly report.

MEDIA & INTERNET BANNER ADS

Notice Publication

- **Legal Notices:** ILYM Group, Inc. can provide a Media Proposal to maximize reach based on quantitative and qualitative methodologies.
- **Electronic Publication (Banner Ads):** ILYM Group, Inc. will utilize Internet Banner Noticing efforts and web technologies for maximum reach via the World Wide Web.

ILYM | GROUP, Inc.

SETTLEMENT ADMINISTRATION EXPERTS

- **Electronic Mail Notices:** ILYM Group, Inc. can email an estimated number of class members a full text notice. We are compliant with all search engines and Internet Service Providers (ISP) so that our emails are always “White List” accepted with minimal returns.
- **Reach:** Every case has its own proposed reach and exposure percentage. We filter, verify and scrub the data to improve reach results.
- **Services Included:** Analysis, Documentation, Research and Methodologies, Execution and Reporting.

PROJECT MANAGEMENT

- **Case Notification, Maintenance and Management:** ILYM Group, Inc.’s Senior Project Managers will provide all Account Management, Pre-Consultation to Case Conclusion, Reporting and Claims Processing. Design, negotiation and implementation, upon approval, of all forms and notices, all distribution reporting and filings with the court.
- **Claims Processing:** All claims can be submitted by USPS, Internet, Fax, and Email or Online submission. Claims will be processed and recorded with matching ILYM database ID's. E-claims will have corresponding records of intake. All deficient claims will be notified via USPS and make provisions for class member to re-submit claims.
- **Call Center:** ILYM Group, Inc. will support class members with a toll-free number to get the most up-to-date case settlement information. Customer service representatives will be available 24/7/365 as will recorded messages.
All class members are given the options to best serve their needs and to receive case information.
- **Internet Support:** Class members can log on to a provided website and view, print or submit information and claim forms regarding the settlement. Frequently Asked Questions (FAQ’s) will be provided as well. Class members may download the claim form with mailing and fax instructions provided on the form.
- **Objection and Request for Exclusion:** All objections and request for exclusion, opt-out, will be data warehoused, dated and reported. Postmarks will serve for exclusion dating and will be forwarded to both counsels’ no more than 5 days post submission. Objection will be reviewed by ILYM Group, Inc. to determine the timeliness and basis of the objection. All information will be forwarded to both parties counsel, along with any representation information from the class member, within 5 days.

DATA ADMINISTRATION AND NETWORK SECURITY

- **Network Security:** All provided data is encrypted, stored and hosted in a Tier 4, SAS70 certified environment.
- **Database Administration:** To be developed with all electronically provided data. Class members will be assigned ILYM Group, Inc. internal tracking ID’s to ensure all collected member data coincides with all received claims.

DISTRIBUTION AND SETTLEMENT FUNDING

- ***Distribution and Management:*** Upon receipt of settlement funds, ILYM Group, Inc. will open a QSF Account for proceeds of the Gross Settlement Payment. The deposited funds will then be managed per the Settlement Agreement. All funds will be settled with class members and counsel along with all federal and state income tax reporting.
- ***Check Printing and Mailing:*** Claims processed, quantified and approved by clients, will be processed for distribution. All checks will be printed and mailed via USPS first class standards. ILYM Group, Inc. will reissue checks in accordance with the Settlement Agreement.
- ***Preparation, Filing and Reporting of Taxes:*** ILYM Group, Inc. will ensure taxes are filed in accordance to all federal, state and local employment tax returns. All taxes associated with the settlement will be paid on time to tax authorities. All filings and returns (e.g., 1099s, W-2s, etc.) will be done properly and timely with the appropriate authorities. All QSF steps and obligations with federal, state and/or local law will be followed.

CASE CONCLUSION

- ***Data Manager Final Report:*** All database and electronic documentation will be sent in reports weekly and at the conclusion of the Administration engagement. Call center activity, e-claims, mailed, and faxed claims will be included in all reporting.
- ***Project Manager Final Report:*** All case and class related information will be provided on a weekly basis and at the conclusion of the Administration engagement. Mailing and media final analysis, exclusions, objections, and all other claims processing outcomes, status reports and final court documentations will be included.
- ***Affidavits:*** ILYM Group, Inc. will provide all affidavits in support of analysis and media reach, final approvals and settlement. Expert Testimony and Media Methodologies will be determined.
- ***Document Retention:*** Unless otherwise directed, ILYM Group, Inc. will destroy all undeliverable notices on the effective date of the settlement or when the case is no longer subject to appeal. ILYM Group, Inc. will correspond for one year after the final distribution or until the case is no longer subject to appeal.

EXHIBIT “B”

ILYM GROUP Security Summary – White Paper

ILYM Group, in conjunction with our security and Information technology vendors, is committed to the continued security of all data handled on behalf of our client base. We at ILYM ensure that this data security is enforced in a number of ways including, but not limited to, clean desk policies, security training, and implementation of industry best practices that allow our data to be compliant with relevant industry standard security compliance levels. These enforced practices and policies allow us to ensure, to the best of our ability, that all ILYM and client data is protected as best as possible from unauthorized access, is kept secure and private, and is accessible only by authorized parties if/when needed or appropriate purposes. We at ILYM, our security vendors, and our Information Technology vendors all also undergo continued training to ensure that all best practices in compliance are kept as up to date as possible for continued data security.

ILYM also ensures client access data is only used when needed and that client data is only accessed/available to be accessed by those that need to and are trained to do so. Also, access to class member data is limited per role to what information is needed to perform said role so that class member info, and subsets of class member info, is not available unless it is explicitly needed, employee, vendors, and contractors alike. ILYM also ensures client data security by thoroughly vetting employees, vendors, and contractors before employment by way of checking references, industry experience, and, for those eligible for employment, doing background checks. Any employee, vendor, or contractor that does not meet proper requirements will not be eligible to work with ILYM Group.

ILYM follows the below best practices to ensure that all ILYM/Client data is properly secured:

- All data transmitted to/from clients encrypted with SSL or comparable encryption scheme
- All email communications protected via email encryption using SSL or comparable encryption scheme
- Data Loss Prevention, intrusion prevention, and user risk management facilities used to safeguard data leakage and/or unauthorized access to cloud or local data.
- Access to client/class member data, and subsets of client data, in cloud and locally is controlled by Role based access
- Strong passwords are in use for cloud, local, and VPN access
- 2fa is in use for all users for Cloud access and for cloud/local/VPN access for needed employees
- All devices used to store Client/Class member data are encrypted and/or have physical security in place to prevent data from being removed
- Office employs physical security to safeguard assets/data
- Identity and access management in place
- Discipline policy in place for violating of security/clean desk policies
- Terminated employees, vendors, or contractors access immediately severed on departure
- Antivirus, persistent threat monitoring, IPS/IDS, layer 7 firewalling, GeoBlocking, etc.. in use to protect all devices local and external
- All software and hardware (drivers, etc...) updated on proper schedule as per vendors requirements. OOB patches handled with automation
- Business continuity and Disaster recovery plans written

EXHIBIT “C”

ILYM | GROUP, Inc.

SETTLEMENT ADMINISTRATION EXPERTS

Case Name: Alfaro v. Paramount Residential Mortgage Group, Inc.

Requesting Attorney	Reuben Nathan
E-Mail	rnathan@nathanlawpractice.com
ILYM Contact	Lisa Mullins
E-Mail	Lisa@ilymgroup.com
Contact Number	714.878.8836

ESTIMATE FOR ADMINISTRATION SOLUTIONS

ASSUMPTIONS	
Total Estimated Number of Class Members	1,132
Estimated Percentage of Undeliverable Mail	20%
NCOA	Yes
Certified Spanish Translation	No
Court Documents Post to ILYM Group's Website	Yes

Activity	Rate Type	Unit Cost	Volume	Amount
CASE STARTUP				
Initial Setup - Import and Formatting of Data*	Hourly	\$150.00	5	\$750.00
Programming of Class Database	Hourly	\$175.00	4	\$700.00
Subtotal				\$1,450.00

*ILYM assumes that data will be in a standard format. Client will be notified immediately if not in standard format to correct data or ILYM can convert to standard format @ \$150.00 per hour.

PROJECT MANAGEMENT				
Project Manager (Case notification and maintenance)	Hourly	\$120.00	10	\$1,200.00
Staff Hours for Processing Opt-Outs, Disputes & Objection(s)	Hourly	\$70.00	2	\$140.00
Staff Hours for Processing Returned Mail	Hourly	\$70.00	1	\$70.00
Report Processing	Hourly	\$70.00	3	\$210.00
NCOA	Per Piece	\$150.00	1	\$150.00
Toll-Free Telephone Support	Flat Fee	\$500.00	1	\$500.00
Weekly Reports	Flat Fee	\$500.00	1	Waived
Subtotal				\$2,270.00

ILYM | GROUP, Inc.

SETTLEMENT ADMINISTRATION EXPERTS

Activity	Rate Type	Unit Cost	Volume	Amount
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NOTIFICATION/MAILING

Fulfillment of Notices, English	Per Piece	\$1.25	1,132	\$1,415.00
USPS First Class Postage	Per Piece	\$0.59	1,132	\$667.88
Remails (Forward/Skip Trace Undeliverables)	Per Piece	\$3.00	113	\$339.60
Storage, Photocopies, Deliveries	Flat Fee	\$300.00	1	\$300.00

Subtotal \$2,722.48

DISTRIBUTION (Includes EIN, Bank Acct * /QSF Setup)

Distribution Setup & Management	Hourly	\$150.00	5	\$750.00
Account Reconciliation & Distribution Reporting	Hourly	\$125.00	5	\$625.00
Check Stub & Release - Print & Mail (including W2/1099)**	Per Check	\$1.50	1,132	\$1,698.00
USPS First Class Postage	Per Piece	\$0.59	1,132	\$667.88
Remails (Forward/Skip Trace Undeliverables)	Per Piece	\$5.00	113	\$566.00
Preparation of Taxes	Hourly	\$120.00	15	\$1,800.00
Annual Filing of Tax Return	Per Year	\$1,500.00	1	\$1,500.00

***Additional Bank fees may apply*

Subtotal \$7,606.88

CASE CONCLUSION

Data Manager Final Reporting	Hourly	\$100.00	4	\$400.00
Project Manager Final Reporting	Hourly	\$120.00	4	\$480.00
Declaration	Hourly	\$125.00	3	\$375.00

Subtotal \$1,255.00

Total Case Estimate: \$15,304.36

Capped Fee: \$15,000.00

Terms and Conditions

All services to be provided by ILYM Group, Inc. (hereinafter, "ILYM") to Client shall be subject to the following terms and conditions:

Services: Subject to the terms hereof, ILYM agrees to provide the Client with Administration Services (hereinafter, "services") as specified in the Proposal provided to Client to which these Terms and Conditions are attached. The estimate is in good faith and does not cover any applicable taxes and fees. The estimate does not make provision for any services or class members/size not delineated in the request for proposal or stipulations. Such services do not in any way constitute legal services or advice. ILYM is performing its services as an Independent Contractor and neither it nor its employees shall be deemed to be employees of the Client.

Mailing and Data Conversion: ILYM's database administration assumes the Client will provide complete data that includes all information required to send notifications and complete the administration process. Data must be provided in a complete, consistent, standardized electronic format. ILYM's standard format is Microsoft Excel, however, ILYM may accept other formats at its discretion. Further developments or enhancements to non-standardized data will be billed to Client by ILYM on a time and materials basis, according to ILYM's Standard Rates.

Charges for Services: Charges to the Client for services shall be on a time and materials basis at our prevailing rates, as the same may change from time to time. Any fee estimates set forth in the proposal are estimates only, based on information provided by Client to ILYM. Actual fees charged by ILYM to Client may be greater or less than such estimate, and Client shall be responsible for the payment of all such charges and expenses in accordance with Section 5 hereof. Charges incurred related to resolving post distribution withholdings and related corrective files due to voids and re-issues of payments and related correspondence with state and federal taxing authorities will not be charged to the Client to the extent that funds are received from the taxing authorities offset these charges. ILYM may derive financial benefits from financial institutions in connection with the deposit and investment of settlement funds with such institutions, including without limitation, discounts on eligible banking services and fees, and loans at favorable rates.

Indemnification: Client will indemnify and hold ILYM (and the officers, employees, affiliates and agents harmless against any Losses incurred by ILYM, arising out of, in connection with, or related to (i) any breach of the terms by Client; (ii) the processing and handling of any payment by ILYM in accordance with Client's instructions, including without limitation, the imposition of any stop payment or void payment on any check or the wrongful dishonor of a check by ILYM pursuant to Client's instructions.

Payment of Charges: ILYM reserves the right to request payment of postage charges and 50% of the final administration charges at the start of the case. ILYM bills are due upon receipt unless otherwise negotiated and agreed to with the Client. In the event settlement terms provide that ILYM is to be paid out of the Settlement Fund, ILYM will request that Counsel endeavor to make alternate payment arrangements for ILYM charges that are due at the onset of the case. The entire remaining balance is due and payable at the time the Settlement Account is funded by, or no later than the time of disbursement. Decisions of the court and actions of the parties, including disapproval or withdrawal of a settlement, do not affect the Client's liability to ILYM for payment of services. Services are not provided on a contingency fee basis.

Confidentiality: ILYM maintain reasonable and appropriate security measures and safeguards to protect the security and confidentiality of Client data provided to ILYM by Client in connection herewith. Should ILYM ever be notified of any judicial order or other proceedings in which a third party seeks to obtain access to the confidential data created by or for the Client, ILYM will promptly notify the Client, unless prohibited by applicable law. The Client shall have the option to (1) provide legal representation at the Client's expense to avoid such access or (2) promptly reimburse ILYM for any of its costs, including attorneys' fees, reasonably incurred in avoiding, attempting to avoid or providing such access and not paid by the entity seeking the data. If ILYM is required, pursuant to a court order, to produce documents, disclose data, or otherwise act in contravention of the obligations imposed by this Agreement, or otherwise, with respect to maintaining the confidentiality, proprietary nature and secrecy of the produced documents or disclosed data, ILYM will not be liable for breach of said obligation.

Data Rights: ILYM does not convey nor does the Client obtain any right in the programs, system data, or materials utilized or provided by ILYM in the ordinary course of business in the performance of this Agreement.

Document Retention: Unless directed otherwise in writing by Client, ILYM will destroy undeliverable mail on the effective date of the settlement or the date that the disposition of the case is no longer subject to appeal or review, whichever is later. ILYM will maintain claim forms and other correspondence for one year after final distribution of funds or benefits, or until the date that the disposition of the case is no longer subject to appeal or review, whichever is later.

Limitation of damages: ILYM is not responsible to the Client for any special, consequential or incidental damages incurred by Client. Any liability of ILYM to the Client shall not exceed the total amount billed to the Client for the particular services that give rise to any loss.

Termination: The services to be provided under this Agreement may be terminated, at will by the Client upon at least 30 calendar days' prior written notice to ILYM. The Client's obligation to pay for services or projects in progress at the time of notice of withdrawal shall continue throughout that 30 day period. ILYM may terminate this Agreement (i) with 10 calendar days' prior written notice, if the Client is not current in payment of charges or (ii) in any event, upon at least 3 months' prior written notice to the Client.

Notice: Any notice required or permitted hereunder shall be in writing and shall be delivered personally, or sent by registered mail, postage prepaid, or overnight courier service to the responsible officer or principal of ILYM or the Client, as applicable, and shall be deemed given when so delivered personally, or, if mailed, five days after the date of deposit in United States mail, or, if sent by courier, one business day after delivery to such courier service.

Force Majeure: To the extent performance by ILYM of any of its obligations hereunder is substantially prevented by reason of any act of God or by reason of any other matter beyond ILYM's reasonable control, then such performance shall be excused and this Agreement, at ILYM's option, be deemed suspended during the continuation of such condition and for a reasonable time thereafter.

Waiver of Rights: No failure or delay on the part of a party in exercising any right hereunder will operate as a waiver of, or impair, any such right. No single or partial exercise of any such right will preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right will be effective unless given in a signed writing.

Jurisdiction: The parties hereto submit to the jurisdiction of the Court of the applicable case for purposes of any suit, action or proceeding to enforce any provision of, or based on any right arising out of, this Agreement. The parties hereto hereby waive any objection to the laying of venue of any such suit, action or proceeding in the Court.

Entire Agreement: These terms and conditions and the proposal embody the entire agreement between the parties with respect to the subject matter hereof, and cancels and supersedes all prior negotiations, representations, and agreements related thereto, either written or oral, except to the extent they are expressly incorporated herein. No changes in, additions to, or waivers of, the terms and conditions set forth herein will be binding upon any party, unless approved in writing by such party's authorized representative.

EXHIBIT 6

U.S. markets closed

S&P 500 3,892.09 -2.99 (-0.08%)	Dow 30 33,517.65 -112.96 (-0.34%)	Nasdaq 10,635.65 +66.36 (+0.63%)	Russell 2000 1,795.91 +3.11 (+0.17%)	Crude Oil 74.82 +0.19 (+0.25%)	Gold 1,875.40 -2.40 (-0.13%)
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MoneyWise

With new mortgages down 47%, US lenders are starting to go bankrupt — could this one factor trigger the worst surge of failures since 2008?

1.8k Chris Clark
December 20, 2022 · 6 min read



With new mortgages down 47%, US lenders are starting to go bankrupt — could this one factor trigger the worst surge of failures since 2008?

The real estate market just can't catch a break, with inventory of resale homes remaining low and rising interest rates making it harder for buyers to justify making the leap.

And now we can add mortgage lender financial troubles — and the rise (and fall) of “non-qualified mortgages” — to the factors aggravating an already uncertain market.

A report from ATTOM reveals that new mortgage originations were down 47% in the third quarter of 2022 compared to the year before. That's a 19% decrease from the previous quarter and represents the biggest annual drop in 21 years. And while the chill in the market affects all lenders, non-bank lenders — especially those who deal in NQM — are bearing the brunt of it.

But what does the trouble around these NQM mortgages really mean? And what does it mean for non-traditional buyers trying to get a foothold in the market?

Don't miss

- Better than NFTs: You don't have to be ultra-rich to own a piece of a

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Quote Lookup

Recently Viewed >

Symbol	Last Price	Change	% Change
COOP Mr. Cooper Group Inc.	41.94	-0.08	-0.19%
BTC-USD Bitcoin USD	17,199.69	+158.74	+0.93%

- Americans are paying nearly 40% more on home insurance compared to 12 years ago — here's how to [spend less on peace of mind](#)

A “non-qualified” mess?

NQMs use non-traditional methods of income verification and are frequently used by those with unusual income scenarios, are self-employed or have credit issues that make it difficult to get a qualified mortgage loan.

They've previously been [touted as an option](#) for creditworthy borrowers who can't otherwise qualify for traditional mortgage loan programs.

But with First Guaranty Mortgage Corp. and Sprout Mortgage — a pair of firms that specialized in non-traditional loans not eligible for government backing — running aground this year, real estate experts are beginning to question their value.

First Guaranty filed for bankruptcy protection in the spring while Sprout Mortgage simply shut down early this summer.

In [documents tied to its bankruptcy filing](#), First Guaranty leaders said once interest rates started to climb, lending volume dropped and left the company with more than \$473 million owed to creditors.

Meanwhile, Sprout Mortgage, which leaned heavily on NQMs, abruptly shut down in July. And real-estate tech startup Reali has shuttered as well.

Other non-bank lenders are being forced to streamline to stay afloat. A report from HousingWire says retail lenders Angel Oak, Lower.com and Keller Mortgage have all had to introduce layoffs given the tough market conditions.

Do NQM's signal another housing meltdown? Probably not

Most housing market watchers believe today's conditions — led by stricter lending rules — mean the U.S. is likely to avoid a 2008-style housing market meltdown.

But failures among non-bank lenders could still have a significant impact. The NQM share of the total first mortgage market has begun to rise again: NQMs made up about 4% of the market during the first

TRENDING

1. Asia Stocks Set for Tepid Opening on Fed: Markets Wrap
2. UPDATE 1-Jefferies profit slides as Wall Street dealmaking falters
3. Jefferies Profit Tumbles as Deal Slump Persists
4. UPDATE 1-Magnitude 7.6 earthquake strikes Indonesia -EMSC
5. Apple Plans to Drop Key Broadcom Chip to Use In-House Design

Today's NQMs are largely considered safer bets than the ultra-risky loans that helped fuel the 2008 meltdown.

Still, many NQM lenders will be challenged when loan values start falling, as many are now with the [Federal Reserve's moves to raise interest rates](#). When values drop, non-bank lenders don't always have access to emergency financing or diversified assets they can tap like larger banking lenders.

Read more: [The 10 best investing apps for 'once-in-a-generation' opportunities \(even if you're a beginner\)](#)

Banks can also lean on safer qualified loans because they factor in traditional income verification, more stringent debt ratios and don't carry features like [interest-only payments](#).

However, major U.S. banks are beginning to see business cool thanks to slowing mortgage originations. The Fitch report points out that Citi, JPMorgan and Wells Fargo each had to reduce their staff and operations, while Santander exited the U.S. mortgage market early this year, partnering with another company to issue mortgages to customers.

It's important to note that if you have a mortgage through a lender that's now bankrupt or defunct, that doesn't mean your mortgage goes away.

Typically, the Federal Deposit Insurance Corporation (FDIC) works with other lenders to pick up orphaned mortgages, and the process happens quickly enough to avoid interruptions in paying down the loan.

One number rules them all

While many factors drag on the [real estate market](#), one data point carries the most significance: interest rates.

With the Fed's laser focus on raising rates to [cool inflation](#), there's little reason to think the effect on lending and the broader housing market will ease anytime soon.

Higher mortgage rates will dictate how much home they can afford. As of mid-December, the [average 30-year fixed rate](#) has dipped slightly from its peak of 7% at the end of October to 6.31%.

(This also affects sellers, many of whom will eventually become buyers

Buyers — especially those carrying traditional loans to the offer table — will need to be buttoned up. In addition to [making sure their credit is in order](#) to meet tightening bank lending standards, they may need to consider other tactics, like offers that are higher than the seller's asking price and other concessions, such as waiving repair costs for problems uncovered during inspection.

On the flip side, sellers may be more motivated by [all-cash offers](#), which typically speed the closing process by removing traditional mortgages — and rising interest rates — from the picture.

As for would-be sellers, they may want to consider waiting to list their homes until the next upswing. Despite geographic pockets of rising values and high demand, a broader nationwide cooling trend may make staying put a prudent choice.

What to read next

- You could be the [landlord of Walmart, Whole Foods and Kroger](#) (and collect fat grocery store-anchored income on a quarterly basis)
- Elon Musk wants the Fed to 'cut interest rates immediately' — here are [3 sectors for safety](#) if costs keep soaring
- Here's how much money the average middle-class American household makes — [how do you stack up?](#)

This article provides information only and should not be construed as advice. It is provided without warranty of any kind.

1847 Comments

Commenting on this article has ended

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- John

19w ago

Most of these mortgage companies were created to be bankrupt with debt. They will pop up again with the same owners in the few years when things come around again. If they truly wanted to weather the storm, they would have saved money and reduce cost. However, they chose not to because it's easi...[See more](#)

222

8

DAVID URBANSKI

9w ago

Mortgage companies are service firms. They sell a buyer a mortgage and they sell an investor a guaranteed payment on money. They collect fees

Powered by OpenWeb

RECOMMENDED STORIES



SmartAsset
Your Required Minimum Distributions (RMDs) Have Officially Been Pushed Back
The SECURE 2.0 Act, signed by President Biden in December 2022, includes dozens of changes to provisions related to tax-advantaged retirement accounts. Among the most important changes is a provision, which took...
7h ago



Yahoo Finance Video
Tesla price cuts a 'strategic poker move by Musk,' analyst says
Wedbush Managing Director & Senior Equity Analyst Dan Ives joins Yahoo Finance Live to discuss Tesla price cuts in China, whether Tesla stock is a buying opportunity after a major sell-off, Elon Musk moving more and mor...
7h ago



Yahoo Finance Video
Tesla price cuts drive demand in China, Bank of America sets new price target for Ferrari
Yahoo Finance autos reporter Pras Subramanian discusses the backlash in China against Tesla's price cuts for the Model 3 and Model Y as well as wait times for the electric vehicles.
3h ago



Motley Fool
Why Rivian, Lucid, and ChargePoint Shares Jumped Today
U.S.-based electric vehicle (EV) company stocks took off today after what had been a relatively rough start to 2023. After the first week of the year, stocks of EV makers Rivian Automotive (NASDAQ: RIVN) and Lucid Group...
4h ago



MoneyWise
Morgan Stanley: Prices for Rolex, Patek Philippe and Audemars Piguet watches will keep plunging due to a flood of supply — but Time flies. But it also crashes.
1d ago



MoneyWise
Corporate landlords are snatching up mobile home parks and jacking up the rent — here's why such cheap properties are so
Even Warren Buffett has his fingers in the pie.
10h ago

Motley Fool
3 Ultra-High-Yield Dividend Stocks That Are Screaming Buys in 2023
These top-notch income stocks, with yields ranging from 7.7% to 13.6%, can seriously pad your wallet.

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Silvergate Capital to Cut 40% of Its Workforce. Is This the End for the Crypto Bank?

Crypto bank Silvergate Capital (NYSE: SI) followed up a recent short squeeze with a preliminary update on its fourth-quarter earnings results that sent the stock in the exact opposite direction, plunging to near all-ti...
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Motley Fool

Why Riot Platforms Is Absolutely Skyrocketing Today

As of 2:45 p.m. ET, RIOT stock has rocketed 15.4%, among the leaders in the tech-heavy Nasdaq. The price of Bitcoin (CRYPTO: BTC) has continued to move higher, appreciating 2.3% over the past 24 hours. For Bitcoin miners...

3h ago



Zacks

Baxter (BAX) Plans to Form Standalone Kidney Care Company

Baxter (BAX) plans several strategic actions, including spin-off of Renal Care and Acute Therapies global business units into an independent, publicly traded company to simplify its operating model.

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Motley Fool

Why EV Stocks Charged Higher on Monday

Electric vehicle stocks came to life on Monday morning as the market rose and investors poured back into growth and higher-risk stocks. It didn't hurt that an analyst made positive comments about Tesla (NASDAQ: TSLA),...

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Zillow Stock Surges as It Gets an Upgrade on Expected Return of Housing Growth

Zillow Group traded higher Monday after shares of the online housing company were upgraded with an analyst expressing confidence in a housing market that could become more affordable. BofA Securities analyst Curtis...
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Yahoo Finance Video

Nvidia, AMD stock named top tech picks for 2023 by Wells Fargo

Yahoo Finance's Dan Howley breaks down a Wells Fargo report that named chip makers Nvidia and AMD the top tech picks for this year.

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Elon Musk Sends Subtle Message to Disenchanted Tesla Shareholders

Elon Musk is used to facing critics, haters and detractors. He even likes these battles very much. Sometimes he even tends to provoke his supposed enemies. The Techno King, as he's known at Tesla, likes to turn...

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Bank of America Stock Actually Gained 6.4% in the

Bank of America gained 6.39% in the second half of 2022, according to S&P Global Marke...

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Why Amazon Was Rallying Today

Despite one analyst cutting his price target, most remain bullish on Amazon, and macro data today broke in this growth stock's direction.

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Bloomberg

Stocks Give Up Rally Above Key Mark After Fedspeak: Markets Wrap

(Bloomberg) -- A rally in stocks fizzled out after two Federal Reserve officials signaled that interest rates could top 5%, throwing some cold water on traders who saw a peak below that mark. Most Read from BloombergU...

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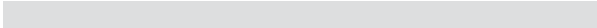


Motley Fool

Why Salesforce Stock Was Gaining Today

Shares of Salesforce (NYSE: CRM) were moving higher Monday on reports that management might institute another round of layoffs beyond the one it announced last week, when it said it was cutting roughly 10% of its staff,...

7h ago





MoneyWise



Homebuyer's remorse: Thousands of Americans are backing out of signed contracts — what you need to know before you cancel a purchase

Sigrid Forberg
Mon, January 9, 2023 at 4:00 AM PST



Homebuyer's remorse: Thousands of Americans are backing out of signed contracts — what you need to know before you cancel a purchase

The housing market is cooling as homebuyers contend with increasing interest rates and high prices — and some are even pulling out after they sign the dotted line.



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most on record since the real estate brokerage started tracking that data in 2013.

Deal cancellations and price cuts also hit record highs as prospective buyers moved more tentatively following the [biggest mortgage-rate jump in over four decades](#).

While Redfin noticed a slight decrease in canceled purchase agreements in November, home sales in general dropped to their lowest rates since 2012. Buyers at every stage of the process are clearly having second thoughts about this massive commitment.

Once you've made an offer on a home and the seller has accepted it, there are still a few steps before the house is officially yours.

From the time an offer is accepted and when it goes through, you'll be in a limbo period called "under contract."

Here's what you need to know if you decide you want to back out of the deal.

Don't miss

- UBS says 61% of millionaire collectors allocate up to 30% of their overall portfolio to [this exclusive asset class](#)
- You could be the [landlord of Walmart, Whole Foods and Kroger](#) (and collect fat grocery store-anchored income on a quarterly basis)
- Americans are paying nearly 40% more on home insurance compared to 12 years ago — here's how to [spend less on peace of mind](#)

Once you've made an offer on a home and the seller has accepted it, there are still a few steps before the house is officially yours.

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contract.

Here's what you need to know if you decide you want to back out of the deal.

What does it mean when a house is under contract?

Making an offer that's accepted is just the middle of a real estate transaction, not the end. And homebuyers can afford to be choosier now as demand and competition softens.

"House hunters today are taking their time and exploring their options, whereas six months ago, they had to act quickly and pull out every stop to compete because homes were selling almost immediately," says Tzahi Arbeli, a Redfin real estate agent in Las Vegas.

"Homebuyers now will agree to buy a house and be doing the inspection, and then back out because they found another home they love more."

When you [buy a home](#), this period when you're under contract allows you to clear any conditions you wrote into the offer, like if you said your bid was contingent on your ability to get financing.

The contract is a legally binding purchase agreement, but the seller is still allowed to show the home, and other potential buyers can prepare backup offers in case the deal falls through.

However, the seller can't drop out of the contract simply if a better offer than yours comes along.

Can a buyer back out of an accepted offer?

If you or the seller can't meet the contract contingencies for the sale, it will be voided and you can back out. Once you sign the contract, you'll be



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Common contingency issues would be: not being able to nail down financing; finding major defects during the [home inspection](#); or finding out through the appraisal process that the home's value doesn't match the purchase price.

Home inspectors don't usually look for lead-based paint, evidence of pests, or issues with the roof, sewers or private wells. You'll need to hire specific inspectors for those issues if you have concerns.

Read more: [The best investing apps of 2023 for 'once-in-a-generation' opportunities \(even if you're a beginner\)](#)

And if your inspector finds evidence of dangerous problems like radon gas, mold or asbestos, additional inspections may be recommended. These can be costly issues to resolve, so it's best to uncover them before the sale clears.

Closing on a sale also involves doing a title search. If there are any liens or bankruptcies against the property, it may not be possible to transfer the title. The search also will uncover any easements or covenants, conditions and restrictions, commonly known as CC&Rs.

If there are easements and CC&Rs that interfere with your plans for the property, those are grounds for you to back out of the contract. So if an easement interferes with where you'd install a pool or swing set, and the CC&Rs limit what you can do with your yard or how you can enjoy it, you can cancel the deal.

What if the contingencies aren't met?

If there are significant issues that come up during the contingency process — like, say, there's water damage, or the roof needs replacing — you can go back to the seller to negotiate. They may agree to

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If the seller refuses, it's within your rights to back out of the deal.

While you likely got [preapproval for a loan](#) before making an offer on the home, financing sometimes does fall through. Your financial contingency ensures you're not on the hook for a loan you can't afford if you can't secure a lender.

These are all fairly standard contingencies that will lead a home sale to fall through.

But make sure you're aware of the timeline for meeting each of your contingencies, because they can vary. You generally have 30 days to secure a loan, but only seven to 14 to have the home inspected.

Be sure to read the fine print to be sure you won't miss your opportunity to back out gracefully.

What if I don't have a contingency?

When you made the offer on the home, you put down a security deposit, known as earnest money. Your earnest money shows the seller that you're serious about buying the house.

You'll typically pay between 1% to 5% of the purchase price, but this can shoot up to 10% depending on the market.

Backing out of a sale while you're under contract without a contingency puts you at risk of losing your earnest money.

And the seller could even take you to court to force you to close on the home, under what's called "specific action." Winding up in court is less common, but it's a serious risk.

When is it too late to back out of

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harder to back out of real estate contracts, especially if the reason is a sudden case of cold feet.

Some states may require you to go into mediation with the seller if you have a serious dispute, in the hopes of keeping the matter out of court.

But once you've arrived at this point as a buyer, you've made it clear that you're serious about purchasing the home.

If you need to back out and have good reasons, you should put those in writing to explain things to the seller. Ask your real estate agent to help you with the messaging on your letter.

If you're still at odds with the seller even after mediation, you may need to bring in a [real estate attorney](#) to help you go over your options.

Ultimately, you may lose the money you put up in earnest, especially if you don't have a good reason for backing out. But [if you can no longer afford the home or mortgage](#), it's a small price to pay in the short run to avoid an even more expensive issue of foreclosure or bankruptcy down the road.

What to read next

- Over 65% of Americans don't shop around for a [better car insurance deal](#) — and that could be costing you \$500 a month
- 'Hold onto your money': Jeff Bezos says you might want to rethink buying a 'new automobile, refrigerator, or whatever' — here are [3 better recession-proof buys](#)
- Here are [3 easy money moves](#) to give your bank account a boost today

This article provides information only and should not be construed as advice. It is provided without





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Stock market news live updates: Stocks rise with all eyes on CPI report

 **Alexandra Semenova** • Reporter
Wed, January 11, 2023 at 1:08 PM PST

In this article:

^GSPC
+1.28% ☆

^DJI
+0.80% ☆

^IXIC
+1.76% ☆

U.S. stocks ascended Wednesday as Wall Street counted down to the release of key consumer price data that is projected to show inflation further easing.

The S&P 500 (**^GSPC**) rose 1.3%, while the Dow Jones Industrial Average (**^DJI**) added more than 250 points, or 0.8%. The technology-heavy Nasdaq Composite (**^IXIC**) advanced 1.8%.

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S&P 500 (^GSPC)

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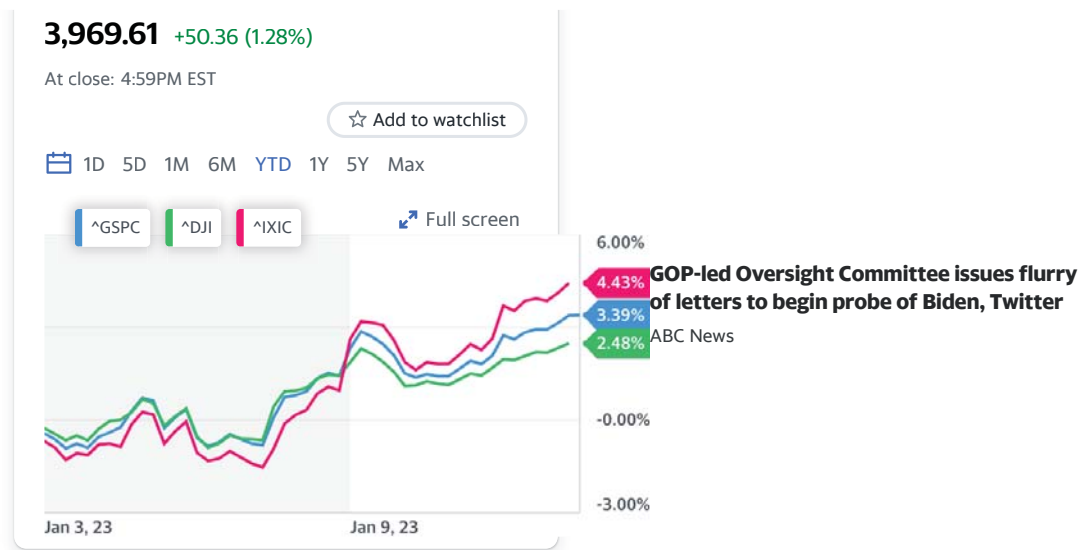
Symbol	Last Price	Change	% Change
^DJI Dow Jones Industrial Average	33,973.01	+268.91	+0.80%
^GSPC S&P 500	3,969.61	+50.36	+1.28%
^IXIC NASDAQ Composite	10,931.67	+189.04	+1.76%

Recently Viewed >

Symbol	Last Price	Change	% Change
COOP Mr. Cooper Group Inc.	44.69	+1.69	+3.93%
BTC-USD Bitcoin USD	17,547.69	+99.53	+0.57%
CNC Centene Corporation	78.44	+2.32	+3.05%
CMG Chipotle Mexican Grill, Inc.	1,479.21	+27.78	+1.91%
KBH KB Home	35.94	+1.09	+3.13%
TWTR Twitter, Inc. (delisted)	53.70	0.00	0.00%
TSLA Tesla, Inc.	123.22	+4.37	+3.68%
^DJI Dow Jones Industrial Average	33,973.01	+268.91	+0.80%
ETH-USD Ethereum USD	1,345.61	+7.26	+0.54%
BBBY Bed Bath & Beyond Inc.	3.4900	+1.4200	+68.60%
COIN Coinbase Global, Inc.	43.79	+0.56	+1.30%
META Meta Platforms, Inc.	132.89	-0.10	-0.08%
FB -	-	-	-
COMP Compass, Inc.	3.3400	+0.3300	+10.96%
XRP-USD XRP USD	0.370031	+0.017546	+4.98%

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Finance starts with the Morning Brief newsletter



U.S. Treasury yields pared their move higher from the previous session, with the benchmark 10-year note falling below 3.6%. The U.S. dollar index also retreated.

Wells Fargo ([WFC](#)) was among companies in focus in early trading after the megabank said late Tuesday it [would scale back its home lending business](#). The move by Wells Fargo, once a leading mortgage lender, comes amid a slowdown in the housing market as sky-high interest rates put a damper on property purchases and refinancing agreements. The stock price was little changed.

Elsewhere, shares of two retailers [on the brink of extinction continued to see intense trading](#). Shares of Party City ([PARTY](#)) plunged 37% after surging around that much earlier in the day and spiking 118% in Tuesday's session. [Bloomberg News reported](#) the company has sought funding for a potential Chapter 11 bankruptcy, citing people with knowledge of the preparations.

Embattled retailer Bed Bath & Beyond

([BBBY](#)) again ripped higher one week after

GOP opens long-promised investigation into Biden family

Associated Press

New GOP Oversight chair launches probes into Biden finances, Hunter Biden laptop story

The Hill

House GOP seeks Biden family 'suspicious activity reports' from Treasury

NBC News

bankruptcy due to its financial struggles.
The meme stock jumped 68% after rising more than 50% across the prior two sessions.

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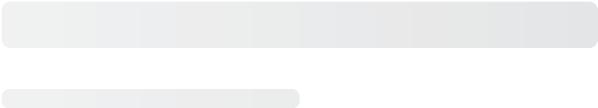
Coinbase ([COIN](#)) shares clawed back to close up 1.3% after a drop earlier in the day that followed a downgrade by Bank of America to Underperform from Neutral after the company said Tuesday it would slash nearly 1,000 jobs as part of a restructuring plan.



A trader works on the trading floor at the New York Stock Exchange (NYSE) in New York City, U.S., January 5, 2023. REUTERS/Andrew Kelly

The drumroll is growing louder for December's Consumer Price Index (CPI) Thursday morning. Economists expect headline CPI rose 6.5% over the prior year last month, Bloomberg consensus estimates show. If realized, the reading would mark

Story continues

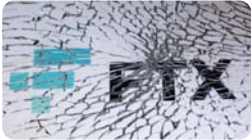




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EXHIBIT 7

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Attorneys for Defendant
PARAMOUNT RESIDENTIAL MORTGAGE GROUP, INC.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF RIVERSIDE

DIVA ALFARO on behalf of herself and
all similarly situated persons, and the
general public,

Plaintiff,

v.

PARAMOUNT RESIDENTIAL
MORTGAGE GROUP, INC.; and DOES
1 through 25, inclusive,

Defendants.

CASE NO. CVRI2103949

[Unlimited Jurisdiction; Class Action-Complex]

*Assigned for all purposes to the
Honorable Harold W. Hopp, Dept. 10*

DECLARATION OF PAUL ROZO

DATE: Date
TIME: Time
DEPT: 10
RES ID: Res ID

Complaint: 8-27-2021
Trial Date: None

1 I, PAUL ROZO, declare as follows:

2 1. I am currently the Chief Executive Officer of Defendant PARAMOUNT
3 RESIDENTIAL MORTGAGE GROUP, INC. (hereinafter referred to as "PRMG" or
4 "Defendant") in the above-entitled action. I make this declaration to confirm information
5 represented to Plaintiff during settlement discussions. I have personal knowledge of the facts set
6 forth herein, and if called upon to testify thereto, I could and would competently do so under
7 oath.

8 2. PRMG is a mortgage company and residential home lender that assists borrowers
9 in purchasing and/or refinancing their homes in approximately 48 states.

10 3. Similar to most, if not all mortgage lenders, PRMG's business is highly dependent
11 on the fluctuation of interest rates, which were at an all-time low between 2012-2020. Sometime
12 in the year 2021, interest rates began to rise with inflation and have currently risen to their highest
13 rate since 2010.

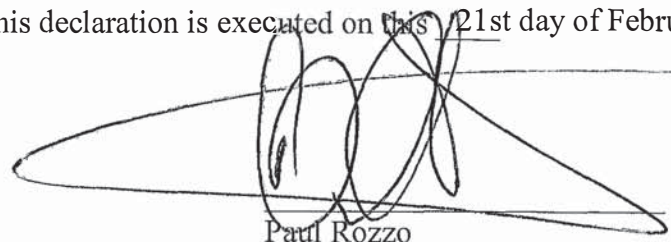
14 4. The rise of inflation and interest rates have had a negative impact on both the
15 mortgage industry generally and specifically on PRMG's business. Specifically, PRMG's
16 volume of transactions decreased by 37% from 2020 to 2022 and is expected to drop by another
17 10-15% from 2022 to 2023.

18 5. To compound PRMG's financial hardship, simultaneous with PRMG's volume of
19 transactions decreasing nearly 40% since 2020, PRMG's margins decreased by 47% from 2020
20 to 2022.

21 6. As a result, PRMG's profit margins have decreased by 110% from 2020 to 2023.

22 7. For the aforementioned reasons, PRMG was forced to reduce its workforce by
23 20%.

24 I declare under penalty of perjury under the laws of the State of California that the
25 foregoing is true and correct, and that this declaration is executed on this 21st day of February
26 2023, at Corona, California.

27
28 
Paul Rozzo

PROOF OF SERVICE
(CCP §§1013(a) and 2015.5)

I, the undersigned, am at least 18 years old and not a party to this action. I am employed in the County of Orange with the law offices of Fisher & Phillips LLP and its business address is 2050 Main Street, Suite 1000, Irvine, California 92614.

On the below date, I served the following document(s) **[Document Title]** on the person(s) listed below by placing ☐ *the original* ☒ *a true copy* thereof enclosed in sealed envelope(s) addressed as follows:

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- ☐ **[by ELECTRONIC SERVICE]** Pursuant to **2021 California Rules of Court, Rule 2.251(c)(3)**, on the below date, I transmitted the aforementioned document(s) directly through a designated electronic filing service provider to the aforementioned electronic notification address(es).
- ☐ **[by MAIL]** - I enclosed the document(s) in a sealed envelope or package addressed to the person(s) whose address(es) are listed above and placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with this business's practice for collecting and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service in City California, in a sealed envelope with postage fully prepaid.
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- ☐ **[by ELECTRONIC SERVICE]** - Based on a court order or an agreement of the parties to accept service by electronic transmission, I electronically served the document(s) to the person(s) at the electronic service address(es) listed above.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Executed [Date] , at Irvine, California.

By: _____

Print Name

Signature

24663.0060