

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA
McClellan v. Chase Home Finance, LLC, et al.
Case No. 8:12-cv-01331-JGB-JEM

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

YOU ARE ENTITLED TO A PAYMENT

**A federal court has ordered that this Notice be provided to you.
This is not a solicitation or advertisement.**

You are not being sued. Your legal rights are affected whether you act or not.

- JPMorgan Chase Bank, N.A. (“Chase”) will reimburse California borrowers with a Chase home loan or home equity line of credit who participated in a short sale of property in California on or after July 15, 2011 and who allegedly were required to pay money above and beyond the proceeds of that short sale to obtain Chase’s written consent. The total reimbursement to all California borrowers will be up to \$289,005.54.
- Records indicate that you paid **[\$[Class Member Seller Contribution]** above and beyond the proceeds of a short sale to Chase on or after July 15, 2011. The Settlement provides that Chase will reimburse you for such amount.
- Lawyers for the Class of borrowers will ask the Court for \$150,000.00 to compensate them for fees and expenses incurred in investigating the facts, litigating the case, and negotiating the Settlement. This amount will be paid separately by Chase and will not diminish your payment under the Settlement.
- Chase disputes that it has done anything wrong, and this Settlement is not an admission of fault by Chase.
- **YOUR LEGAL RIGHTS ARE AFFECTED WHETHER YOU ACT OR NOT. PLEASE READ THIS NOTICE CAREFULLY.**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
DO NOTHING	You will receive a payment if the Court approves the Settlement.
EXCLUDE YOURSELF	Get no payment. This option preserves your ability to bring a separate lawsuit against Chase regarding the legal claims in this case.
OBJECT	Tell the Court in writing why you do not like the Settlement.
GO TO A HEARING	Ask to speak in court about the fairness of the Settlement.

- These rights and options—and the deadlines to exercise them—are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made only if the Court approves the Settlement and only after any appeals have been resolved.

WHAT IS IN THIS NOTICE

BASIC INFORMATION..... Page 3

1. WHY DID I GET THIS NOTICE?..... Page 3

2. WHAT IS THIS NOTICE?..... Page 3

3. WHAT DO THE TERMS USED IN THIS NOTICE MEAN?.....Page 3

THE CLAIMS IN THE LAWSUIT..... Page 4

4. WHO ARE THE PARTIES TO THIS LAWSUIT?.....Page 4

5. WHAT IS THIS LAWSUIT ABOUT?..... Page 4

6. WHY IS THERE A SETTLEMENT?.....Page 5

THE SETTLEMENT TERMS AND BENEFITS.....Page 5

7. WHAT IS THE PROPOSED SETTLEMENT?.....Page 5

8. WHEN WOULD I RECEIVE MY SETTLEMENT PAYMENT?..... Page 5

9. CAN I CONTEST THE AMOUNT OF MY SETTLEMENT PAYMENT?.....Page 6

10. WHAT AM I GIVING UP TO BE PART OF THE SETTLEMENT?..... Page 6

SETTLEMENT RIGHTS AND OPTIONS..... Page 6

11. WHAT ARE MY RIGHTS AND OPTIONS REGARDING THE PROPOSED SETTLEMENT?.....Page 6

12. WHAT IF I DO NOTHING?.....Page 6

13. HOW DO I GET OUT OF THE SETTLEMENT?..... Page 7

14. HOW DO I OBJECT TO THE SETTLEMENT?..... Page 7

THE LAWYERS REPRESENTING YOU..... Page 8

15. DO I HAVE A LAWYER IN THIS CASE?..... Page 8

16. HOW WILL CLASS COUNSEL BE PAID?.....Page 8

THE FINAL APPROVAL HEARING..... Page 9

17. WHAT IS THE DIFFERENCE BETWEEN PRELIMINARY AND FINAL APPROVAL?..... Page 9

18. WHEN AND WHERE WILL THE FINAL APPROVAL HEARING BE HELD?..... Page 9

19. DO I HAVE THE RIGHT TO APPEAR AT THE FINAL APPROVAL HEARING?.....Page 9

CHANGE OF ADDRESS.....Page 10

ADDITIONAL INFORMATION.....Page 10

BASIC INFORMATION

1. WHY DID I GET THIS NOTICE?

You have received this Notice because records produced by JPMorgan Chase Bank, N.A., for itself and as successor by merger to Chase Home Finance, LLC and Chase Home Finance, Inc. (“Chase”), indicate that you are a Settlement Class Member. These records show that on or after July 15, 2011, you were a borrower on a home loan or home equity line of credit (owned or serviced by Chase) that was secured by a mortgage or deed of trust on property located in California; you entered into and completed a short sale of the property with Chase’s written consent; and you made a payment to Chase in some amount over and above the proceeds from the short sale.

The Court has directed that this Notice be sent to you because you have a right to know about the proposed Settlement of this class action lawsuit and about your options, before the Court decides whether to approve the Settlement. The Settlement will resolve the claims of all Settlement Class Members who do not exclude themselves from the Settlement. If you do not respond to this Notice within the timeframe indicated in this Notice, you will receive payment of the amount above. However, you will lose any right you have to bring claims against Chase and will be bound by the Release of claims set forth in the Settlement Agreement and described below. Payment of the amount identified above will not be made unless the Settlement is approved and any appeals have been resolved in favor of the Settlement.

2. WHAT IS THIS NOTICE?

This Notice has been sent to all Settlement Class Members like you. It explains the lawsuit, the Settlement, what benefits are available to you, and your legal rights, including your right to object to the Settlement or to exclude yourself from the Settlement (sometimes referred as to “opting-out”).

The Court in charge of this case is the United States District Court for the Central District of California, and the case is known as *McClellan v. Chase Home Finance, LLC, et al.*, Case No. 8:12-cv-01331-JGB-JEM. The Court has preliminarily approved this Settlement and has directed that this Notice be sent to you.

3. WHAT DO THE TERMS USED IN THIS NOTICE MEAN?

- a. “Lawsuit” and “Class Action” mean the lawsuit herein, generally known as *McClellan v. Chase Home Finance, LLC, et al.*, Case No. 8:12-cv-01331-JGB-JEM.
- b. “Plaintiffs” and “Class Representatives” mean Michael and Marta McClellan, the named Plaintiffs in the Lawsuit.
- c. “Class Counsel” means the attorneys for the Settlement Class, which the Court preliminarily has designated to be the law firms of Atkinson, Andelson, Loya, Ruud & Romo and Harbin & McCarron.
- d. “Chase” or “Defendant” means JPMorgan Chase Bank, N.A., on its own and as successor by merger to Chase Home Finance, LLC and Chase Home Finance, Inc.
- e. “Release” means the Release of claims that are being given up to stay in the Settlement Class, as set forth in Section 9 of the Settlement Agreement.

QUESTIONS? VISIT WWW.MCCLELLANSETTLEMENTINFO.COM

- f. “Settlement Administrator” means the company that will administer the Class Action Settlement.
- g. “Settlement Class Member” means each member of the “Settlement Class.”
- h. “Settlement Class” means all individuals identified on the agreed upon Settlement Class List, which reflects each California resident who, on or after July 15, 2011:
- was the borrower on a home loan or home equity line of credit (either owned or serviced by Chase) that was secured by a mortgage or deed of trust on property located within the State of California;
 - entered into and completed a short sale of the property with Chase’s consent; and
 - allegedly was required to make a payment to Chase in some amount over and above the proceeds received from a short sale, in order to obtain written consent for the short sale.
- Excluded from the Settlement Class are any: (i) individuals who are or were during the Class Period officers or directors of the Defendants or any of their respective affiliates; (ii) any justice, judge, or magistrate judge of the United States or any State, their spouses, and persons within the third degree of relationship to either of them, or the spouses of such persons; (iii) all borrowers whose home loan or home equity line of credit was owned by a government-sponsored enterprise at the time of the short sale; and (iv) all borrowers who file a timely and proper request to be excluded from the Settlement Class in accordance with Section 10 of the Settlement Agreement.
- i. “Class Period” means July 15, 2011 through March 30, 2015.
- j. “Settlement” means the terms and conditions of the proposed settlement of the Lawsuit set forth in the Settlement Agreement filed with the Court on February 19, 2015, as modified, at the Court’s request, through the Amended Settlement Agreement.
- k. “Seller Contribution” means the amount of money paid by a mortgagor or trustor over and above the proceeds from a short sale of property.

THE CLAIMS IN THE LAWSUIT

4. WHO ARE THE PARTIES TO THIS LAWSUIT?

Michael and Marta McClellan are Plaintiffs in the Lawsuit and have been preliminarily designated by the Court as Class Representatives for Settlement purposes only to maintain the Lawsuit on behalf of all Settlement Class Members. Chase is the Defendant.

5. WHAT IS THIS LAWSUIT ABOUT?

Two California borrowers (“Plaintiffs”) who participated in a short sale of property in California have brought a putative class action against Chase, alleging violations of a California law that took effect on July 15, 2011. That new law makes it unlawful for a “holder of a note” to “require the trustor, mortgagor, or maker of the note to pay any additional compensation, aside from the proceeds of the sale, in exchange for the written consent to the sale.” Cal. C.C.P. § 580e(b). The Lawsuit alleges that Chase violated this law by requiring Plaintiffs to pay money above and beyond the proceeds of the short sale in exchange for Chase’s written consent to the sale. The Lawsuit asserts various claims based upon this alleged violation on behalf of the Plaintiffs and all persons in the Settlement Class. The Lawsuit seeks monetary damages, punitive damages, attorneys’ fees, and injunctive relief.

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Chase expressly denies Plaintiffs' allegations and all charges of wrongdoing and liability. There has been no Court decision on the merits of this case and no finding that Chase or any other party committed any wrongdoing. There has been no resolution of any of the factual or legal allegations made against Chase.

6. WHY IS THERE A SETTLEMENT?

Plaintiffs and Class Counsel believe that the claims against Chase have merit, but recognize that continued litigation will involve significant expense and time and that Plaintiffs might not be able to obtain class certification or prove some or all of their claims. In Class Counsel's judgment, were this case to proceed, it is uncertain whether Plaintiffs would succeed at the certification stage, whether Chase would be found to have violated the new law as alleged, and whether the amount of damages awarded, if any, would be more than the amount of the proposed Settlement. Thus, Plaintiffs and their attorneys engaged in arm's-length negotiations with Chase and its attorneys. The negotiations led to the proposed Settlement. Plaintiffs and their attorneys believe that the Settlement is fair, reasonable, adequate, and in the best interests of the Settlement Class.

Chase denies any wrongdoing or that it has violated any laws. However, Chase has agreed to settle the lawsuit in order to avoid the time and expense of continuing to defend the Lawsuit.

THE SETTLEMENT TERMS AND BENEFITS

7. WHAT IS THE PROPOSED SETTLEMENT?

Without admitting that it did anything wrong and in exchange for the Release of claims described below and in the Settlement Agreement, Chase has agreed to pay up to the total amount of \$289,005.54 (the "Settlement Payments") to resolve claims by Settlement Class Members. Each Settlement Class Member who does not opt out will receive a Settlement Payment in the full amount of what the Settlement Class Member allegedly was required to pay to Chase above and beyond the proceeds of a short sale of property in California, in order for Chase to approve that short sale. If you do not opt out, you will receive a check in the amount of **[\$[Class Member Seller Contribution]**.

In addition, Chase has agreed that it will not oppose: (1) any request by Class Counsel for an award of attorneys' fees and litigation costs in the total amount of \$150,000.00; and (2) any request by the Named Plaintiffs for a Case Contribution Award in the total amount of \$3,000.00. If awarded by the Court, Chase will pay these amounts separate and apart from any Settlement Payments to Settlement Class Members.

8. WHEN WOULD I RECEIVE MY SETTLEMENT PAYMENT?

The Settlement Administrator will mail Settlement Payments to all Class Members who have not excluded themselves from participation in the Settlement within thirty (30) days after the Settlement becomes final and effective.

9. CAN I CONTEST THE AMOUNT OF MY SETTLEMENT PAYMENT?

Yes, you may contest the amount of your Settlement Payment, but, to do so, you must submit written documentation to the Settlement Administrator, with copies mailed to Class Counsel and Chase Counsel, postmarked no later than June 15, 2015. The address for the Settlement Administrator is:

Chase-McClellan Settlement
c/o GCG
P.O. Box 10172
Dublin, OH 43017-3172

The addresses for Class Counsel and Chase Counsel are identified below (in Answer #14).

If you provide such written documentation in a timely manner, Class Counsel shall notify you within 15 days of receipt of this documentation as to whether your Settlement Payment will change, so that you can make a determination as to whether to remain within, object to, or exclude yourself from the Settlement Class.

10. WHAT AM I GIVING UP TO BE PART OF THE SETTLEMENT?

If you are a Settlement Class Member and unless you exclude yourself, you are staying in the Settlement Class. That means you can't sue, continue to sue, or be part of any other lawsuit against Chase about the issues that were or could have been raised in *this* case or that are otherwise covered by the Release. It also means that all of the Court's Orders concerning the Settlement Class will apply to you and legally bind you, including the Release of claims described in detail in Section 9 of the Settlement Agreement. This Release provision describes the legal claims that you give up if this Settlement is approved and you do not exclude yourself. Please carefully read this Release provision and the Settlement Agreement.

SETTLEMENT RIGHTS AND OPTIONS

11. WHAT ARE MY RIGHTS AND OPTIONS REGARDING THE PROPOSED SETTLEMENT?

As a Settlement Class Member, you may do nothing, exclude yourself from the Settlement, or object to the Settlement. Each option is described below.

12. WHAT IF I DO NOTHING?

You are not required to do anything to get money from the Settlement. The Settlement Administrator will mail individual Settlement Payments to all Class Members who have not excluded themselves from participation in the Settlement within thirty (30) days following the date the Settlement becomes final. The Settlement will become final after all appeals are exhausted or the time to take any appeals has expired. Class Counsel will represent you in any legal proceedings needed to secure final approval of the Settlement.

If you do not request to be excluded from the Lawsuit, and you do not object to the proposed Settlement in the manner provided below, you will be deemed to have approved the proposed Settlement and to have waived any objections, and you will be forever foreclosed from objecting to the fairness or adequacy of the Settlement, any payment of attorneys' fees and costs, any case contribution awards to the Class Representatives, or any other aspect of the Settlement. You also will be subject to the Release of claims described above (Answer #10) and in greater detail in Section 9 of the Settlement Agreement.

13. HOW DO I GET OUT OF THE SETTLEMENT?

If you do not wish to participate in the Settlement, you may exclude yourself by submitting a request for exclusion. Your request for exclusion must be signed, dated, completed, and sent by first class U.S. Mail to the Settlement Administrator at the address set forth above (Answer #9). The request for exclusion must identify: (1) the case name; (2) your full legal name; (3) your current mailing address and telephone number; (4) the date, if known, when your short sale closed and the address of the property you disposed of by short sale; (5) your signature; and (6) the following statement (or something similar):

I hereby request to be excluded from the proposed Settlement Class in *McClellan v. Chase Home Finance, LLC, et al.*, Case No. 8:12-cv-01331-JGB-JEM.

The request for exclusion must be sent to the Settlement Administrator and postmarked no later than July 20, 2015.

If you submit a complete and timely request for exclusion, you will no longer be a Settlement Class Member, will be barred from participating in any portion of the Settlement, and shall receive no benefits from the Settlement. You will retain whatever rights or claims you may have, if any, against Chase or related persons or entities, and you will be free to pursue them on an individual basis, if you choose to do so.

14. HOW DO I OBJECT TO THE SETTLEMENT?

If you believe the Settlement is unfair or inadequate in any respect, you (or your attorney on your behalf) may object to the Settlement by filing a written objection with the Court and mailing a copy of your objection to Class Counsel, Defendants' counsel, and the Settlement Administrator.

To be valid, your objection must be in writing, personally signed by you, and must include: (1) the case name and number; (2) your name, address, telephone number, and signature, and, if represented by counsel, the signature of your counsel; (3) a description of the specific basis for each objection raised; (4) a statement of whether you intend to appear at the Final Approval Hearing, either with or without counsel; and (5) the address of the property you disposed of by short sale.

Your objection must be mailed to all of the parties identified below, postmarked no later than July 20, 2015. In addition, in accordance with the Court's Order granting preliminary approval of the Settlement, your objection must be filed with the Court by August 17, 2015.

<u>CLERK OF THE COURT</u>	<u>CLASS COUNSEL</u>	<u>COUNSEL FOR CHASE</u>
Clerk of the United States District Court for the Central District of California 3470 Twelfth Street Riverside, CA 92501-3801	Jon R. Mower, Esq. Dan J. Bulfer, Esq. ATKINSON, ANDELSON, LOYA, RUUD & ROMO 20 Pacifica, Suite 1100 Irvine, CA 92618	Ben Suter, Esq. Cara Finan, Esq. KEESAL, YOUNG, & LOGAN 450 Pacific Avenue San Francisco, CA 94133

THE LAWYERS REPRESENTING YOU

15. DO I HAVE A LAWYER IN THIS CASE?

The Court appointed the following lawyers to represent you and all other Settlement Class Members. Together, these lawyers are called Class Counsel. You will not be charged any money to pay for these lawyers.

Jon R. Mower, Esq.
Dan J. Bulfer, Esq.
ATKINSON, ANDELSON, LOYA,
RUUD & ROMO
20 Pacifica, Suite 1100
Irvine, CA 92618
Telephone: (949) 453-4260
Facsimile: (949) 453-4262

Bruce Alan Harbin, Esq.
HARBIN & MCCARRON
1801 Park Court Place Building G
Santa Ana, CA 92701
Telephone: (714) 550-0941
Facsimile: (714) 550-0468

16. HOW WILL CLASS COUNSEL BE PAID?

The attorneys for the Plaintiff and Settlement Class Members will be paid independently of any Settlement Payments to Settlement Class Members. The attorneys will ask for a total amount of \$150,000.00 for their fees and costs, but the actual amount of attorneys' fees and costs will be determined by the Court. Class Counsel also will ask for a case contribution award to be paid to the Named Plaintiffs, in a total amount up to \$3,000.00. The Court may award less than these amounts.

THE FINAL APPROVAL HEARING

17. WHAT IS THE DIFFERENCE BETWEEN PRELIMINARY AND FINAL APPROVAL?

On March 30, 2015, the United States District Court for the Central District of California granted preliminary approval of the proposed Settlement of this Lawsuit. This means the Court has preliminarily reviewed the terms of the Settlement and has authorized the dissemination of notice to the Class. When it grants preliminary approval, the Court also sets a date for the Final Approval Hearing (sometimes called a Fairness Hearing).

At the Final Approval Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. The Court will consider any valid and timely objections. The Court will listen to people who have properly asked to speak at the hearing. After the Final Approval Hearing, the Court will decide whether to approve the Settlement. We do not know how long this decision will take. If the Settlement is not approved, the Lawsuit will continue.

18. WHEN AND WHERE WILL THE FINAL APPROVAL HEARING BE HELD?

The Court will hold a Final Approval Hearing regarding the fairness and adequacy of the proposed Settlement on August 31, 2015 at 9:00 a.m. in Courtroom No. 1 of the United States District Court for the Central District of California, Eastern Division, located at 3470 Twelfth Street, Riverside, CA 92501-3801. At the Final Approval Hearing, the Court also will determine whether to award a case contribution award to the Named Plaintiffs and will resolve Class Counsel's request for attorneys' fees and costs. This Hearing may be continued to a later date without further notice.

19. DO I HAVE THE RIGHT TO APPEAR AT THE FINAL APPROVAL HEARING?

Any Class Member who has not requested exclusion (opted out) from the Settlement, or who objects to the proposed Settlement, may appear in person or through counsel at the Final Approval Hearing described above, and be heard as to why the Settlement should or should not be approved as fair, reasonable, and adequate.

To do so, you must file with the Clerk of the Court and serve on all counsel for the parties (at the addresses identified above in Answer #14), a notice of intention to appear at the Final Approval Hearing. The notice of intention to appear must include: (1) the case name and number; (2) your name, address, telephone number, and signature, and, if represented by counsel, their contact information; and (3) copies of any papers, exhibits, or other evidence that you intend to present to the Court in connection with the Final Approval Hearing. The notice of intention to appear must be filed with the Clerk of Court and served on all counsel no later than August 17, 2015.

If you do not file a notice of intention to appear in accordance with the deadlines and other specifications set forth in the Settlement Agreement and this Notice, you will not be entitled to appear at the Final Approval Hearing to raise any objections.

CHANGE OF ADDRESS

It is your responsibility to keep the Settlement Administrator apprised of your correct address at all times until receipt of your Settlement Payment. Please sign and mail any change of address along with your telephone number, former address, and new address to:

Chase-McClellan Settlement
c/o GCG
P.O. Box 10172
Dublin, OH 43017-3172

ADDITIONAL INFORMATION

The foregoing is only a summary of the Lawsuit and the proposed Settlement and does not purport to be comprehensive. More details are contained in the Complaint and Settlement Agreement, which, along with other information, are available through the Settlement Website at www.McClellanSettlementInfo.com. Please read the Settlement Agreement carefully.

In addition, the Settlement Agreement, and other papers filed in the Lawsuit, may be inspected during regular business hours in the Clerk's Office of the United States District Court for the Central District of California - Eastern Division (Riverside), located at 3470 Twelfth Street, Riverside, CA 92501-3801, from 10:00 a.m. to 4:00 p.m., Monday through Friday. You may also log on to PACER at <https://ecf.cacd.uscourts.gov/cgi-bin/login.pl>, using the case name and number listed on the first page of this Notice to examine the pleadings in this Lawsuit for a nominal fee.

If you need more information or have any questions, you may call Class Counsel at the telephone number above (Answer #15). Please refer to the *McClellan v. Chase Home Finance* Settlement.

**DO NOT CONTACT THE COURT OR CHASE FOR INFORMATION
ABOUT THIS PROPOSED SETTLEMENT**

QUESTIONS? VISIT WWW.MCCLELLANSETTLEMENTINFO.COM