

**NOTICE OF CLASS ACTION AND PROPOSED SETTLEMENT HEARING,
WITH CLAIM FORM**

PERRIE BONNER et al. v. HOME 123 et al.

Case No. 2:05-CV-146

PLEASE READ THIS NOTICE CAREFULLY. THIS IS NOT A NOTICE OF A LAWSUIT AGAINST YOU. YOU MAY BENEFIT FROM READING THIS NOTICE.

TO: All persons with an address in the geographic jurisdiction of the United States District Court for the Northern District of Indiana to whom either New Century Mortgage Corporation and Home123 Corporation (collectively “defendants” or “New Century”) mailed a written solicitation for a home mortgage loan in the same letter solicitation forms that were mailed to plaintiffs Perrie Bonner and Darrell Bruce between April 20, 2003 and May 10, 2005, but excluding all those who obtained credit in response thereto.

I. WHAT THIS LAWSUIT IS ABOUT

Plaintiffs Perrie Bonner and Darrell Bruce filed this action in the United States District Court for the Northern District of Indiana against defendants Home 123 Corporation and New Century Mortgage Corporation. On behalf of a class, plaintiffs alleged that defendants willfully violated the Fair Credit Reporting Act, 15 U.S.C. §1681 *et seq.* (“FCRA”) by obtaining information about you from a credit reporting agency, without a permissible purpose, in order to send you a direct mail “prescreened” solicitation for a home mortgage loan. Defendants deny plaintiffs claims and contend that they have not acted in an unlawful manner.

Judge Simon has granted preliminary approval of a settlement agreement, subject to a fairness hearing which will take place **on September 19, 2008 at 9:30 a.m. (CST), at the United States District Court for the Northern District of Indiana, 5400 Federal Plaza, Hammond, IN 46320.**

You are being sent this notice because you appear to be a member of the Class as defined above. **This notice explains the nature of the lawsuit and the terms of the settlement, and informs you of your legal rights and obligations.**

II. THE PROPOSED SETTLEMENT

Plaintiffs and Defendants have agreed to the settlement described below. **If you timely return a valid claim form and the settlement becomes final, you will be entitled to the cash benefits described below. If you do not wish to be part of the settlement, you must opt-out.**

Class Recovery. Under the proposed Settlement, Defendants will create a fund of \$150,000. Plaintiffs will request that the fund be used to pay (i) attorney’s fees and expenses of \$50,000, (ii) incentive awards to plaintiffs and several potential plaintiffs totaling \$2,950, and (iii) notice and administrative expenses estimated at approximately \$25,000. After deductions of these amounts (as approved by the court), the remaining balance, estimated at \$72,050, will be divided equally among class members who timely return the Claim Form at the end of this notice.

Release. Unless you exclude yourself from the settlement, you will be part of the Class. By staying in the Class, all of the Court’s orders will apply to you, and you will give Defendants a “release.” A release means you cannot sue or be part of any other lawsuit against Defendants about the claims or issues in this lawsuit ever again. **THE FULL DETAILS OF THIS RELEASE ARE SET FORTH IN PARAGRAPHS 2.30-2.31 OF THE SETTLEMENT AGREEMENT.**

Dismissal. The lawsuit will be dismissed with prejudice.

THE ABOVE PROVIDES ONLY A SUMMARY OF SOME OF THE TERMS OF THE PROPOSED SETTLEMENT. IF YOU WANT TO READ THE EXACT TERMS OF THE SETTLEMENT AGREEMENT, IT IS AVAILABLE FROM THE CLERK OF COURT, AS SET FORTH IN SECTION VIII.

III. NO ADMISSION OF LIABILITY BY DEFENDANT

By settling this lawsuit, Defendants are not admitting that they have done anything wrong. Defendants expressly deny that they did anything wrong.

IV. CLASS COUNSEL'S OPINION OF THE VALUE OF THE SETTLEMENT

The claim asserted on behalf of the Class against Defendants is under the Fair Credit Reporting Act ("FCRA"). Specifically, plaintiffs alleged that defendants' solicitation failed to make a "firm offer of credit" and failed to present the requisite disclosures in a "clear and conspicuous" manner. New Century denies that it acted unlawfully, and denies that it committed any FCRA violations. In an FCRA action, the person bringing the suit may recover (i) any actual damages suffered; (ii) statutory damages of between \$100 and \$1,000; and (iii) punitive damages. Please note that Plaintiffs' complaint did not allege actual damages. If the suit is successful, the Court, in its discretion and subject to due process concerns, may award anything between minimum and the maximum amount to a prevailing party, or possibly less. The person bringing the suit can also seek to recover attorney's fees and the expenses of prosecuting the suit, if it is successful.

The estimated balance available for payment to the Class under this settlement, after deduction for payments to Plaintiffs and potential plaintiffs, attorney's fees and expenses, and notice and administration expenses in this case is approximately \$72,050. Based on experience, Class Counsel expects that between 5-10% of the Class Members will submit claim forms. This means that those submitting claim forms will likely receive between \$25 and \$55.

On April 2, 2007, Defendants filed for Bankruptcy. Class Counsel filed a claim in the bankruptcy on behalf of Plaintiffs and the Class. If Plaintiffs' prevail, any recovery in this case would be limited to such amount as may be recovered through the bankruptcy. Class Counsel opinion is that the recovery under this settlement is likely more than Plaintiffs and the Class could reasonably expect to receive through the bankruptcy proceeding. Therefore, Class Counsel believes the settlement is fair and reasonable and that the Class Members should accept this settlement. If the settlement is not approved, the case will proceed as if no settlement had been attempted. There can be no assurance that if the settlement is not approved, the Class will recover more than is provided in the settlement or, indeed, anything.

V. FAIRNESS HEARING

A hearing will be held on the fairness of the proposed settlement. At the hearing, the Court will be available to hear any objections and arguments concerning the fairness of the proposed settlement, including the amount of the award to Plaintiffs' counsel of costs and attorney's fees. The hearing will take place **on September 19, 2008 at 9:30 a.m. before Judge Simon at the United States District Court for the Northern District of Indiana, 5400 Federal Plaza, Hammond, IN 46320.** YOU ARE NOT OBLIGATED TO ATTEND THIS HEARING.

You will be represented by the attorneys for plaintiffs without additional charge. Or, if you prefer, you may enter your own appearance or ask the Court to allow you to participate in the settlement through your own attorney. If you wish to participate on your own or through your own attorney, an appearance should be filed with the Court. If you participate through your own attorney, it will be at your own expense.

VI. YOUR OPTIONS

1. **Submit a Claim Form.** If you wish to be eligible to receive a portion of the settlement proceeds, **YOU MUST COMPLETE THE CLAIM FORM ATTACHED TO THIS NOTICE AND RETURN IT TO THE ADDRESS PROVIDED ON THE FORM. THE CLAIM FORM MUST BE POSTMARKED BY July 28, 2008.** If you timely return a valid claim form and the settlement is approved and becomes a final judgment, you will be mailed a check for your share of the class fund. If any of the persons to whom this notice is sent have died, you should include information explaining who is entitled to this claim. Include any supporting documentation with your claim form.

2. **Opt Out.** You have the right to exclude yourself (“Opt-Out”) from both the class action and the settlement by mailing a written and signed request for exclusion to the attorneys for Plaintiffs and Defendants listed below. The signed request for exclusion or Opt-Out must be postmarked on or before July 28, 2008, and must include your name, address, telephone number, and the name and number of the case. You must sign the Opt-Out and unequivocally state your intent to be excluded from the Settlement. If you choose this option, you will not receive any of the settlement benefits. **Opt-Out requests that do not comply with all these requirements or are postmarked after July 28, 2008 may not be valid and such Class Members will be bound by all of the terms of the Settlement, including the Release.**

To be timely, requests for exclusion must be postmarked and mailed to Class Counsel, Michelle R. Teggelaar, EDELMAN, COMBS, LATTURNER & GOODWIN, LLC, 120 S. LaSalle Street, 18th Floor, Chicago, Illinois 60603 and Defendants’ Counsel, Lucia Nale, MAYER BROWN LLP, 71 S. Wacker Drive, Chicago, Illinois 60606, on or before July 28, 2008

3. **Object.** If you object to the settlement, and wish to submit an objection rather than simply exclude yourself from the class action, you must submit your objection in writing to the Clerk of the United States District Court for the Northern District of Indiana, 5400 Federal Plaza, Hammond, IN 46320. The objection must be RECEIVED by the Clerk of the Court on or before July 1, 2008, and must refer to the name and number of the case. You must also serve copies of your objection on the attorneys for the Class and for Defendants listed above by the same date. Any objection must include your name and address, the name and number of the case, and a statement of the reasons why you believe that the Court should find that the proposed settlement is not in the best interests of the Class. Please note that it is not sufficient to simply state that you object. You must state reasons why the settlement should not be approved.

Class Members who exclude themselves from the Settlement have no right to file or present an objection. You do **NOT** need to appear at the fairness hearing discussed in order to object. However, should you wish to attend the hearing, you, or designated counsel, should file an appearance with the Clerk of the District Court no later than August 29, 2008 (21 days prior to the fairness hearing).

IMPORTANT: THE COURT REQUIRES THAT ANY OBJECTIONS BE RECEIVED BY THE CLERK BY JULY 1, 2008. IF YOU MAIL AN OBJECTION, YOU BEAR THE RISK OF THE OBJECTION NOT BEING RECEIVED BY THE CLERK BY THE DEADLINE.

VII. INQUIRIES REGARDING THE SETTLEMENT AND EXAMINATION OF PAPERS

DO NOT CONTACT THE COURT, DEFENDANT OR THE JUDGE REGARDING THIS NOTICE OR CASE. If you have any inquiries regarding this settlement, you may contact class counsel, at info@edcombs.com or write or call her at EDELMAN, COMBS, LATTURNER & GOODWIN, LLC, 120 S. LaSalle Street, 18th Floor, Chicago, Illinois 60603; (312) 917-4504 (TEL) or (312) 419-0379 (FAX).

This description of the case is general and does not cover all of the issues and proceedings thus far. In order to see the complete file, including a copy of the Settlement Agreement, you should visit the office of the Clerk of the United States District Court for the Northern District of Indiana, 5400 Federal Plaza, Hammond, IN 46320. The Clerk will make the files relating to this lawsuit available to you for inspection and copying at your own expense.

Date: May 27, 2008

Steve Ludwig, Clerk of Court

United States District Court for the Northern
District of Indiana, Hammond Division