

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

BEHZAD MOUSAI, individually and on behalf
of others similarly situated,

Plaintiffs,

vs.

E-LOAN, INC., and DOES 1-10, inclusive,

Defendants.

CLASS/COLLECTIVE ACTION

Case No. C 06-01993 SI

**NOTICE OF SETTLEMENT OF CLASS
ACTION**

To: All current and former “mortgage ‘loan consultants’ employed by E-Loan in California at any time from December 23, 2001 through June 30, 2006, including, but not limited to, the job titles of Loan Consultant- First Mortgage, Loan Consultant–First Mortgage Core, Loan Consultant–First Mortgage Affinity, Loan Consultant–First Mortgage Relocation, Loan Consultant–First Mortgage Pre-Approval, Loan Consultant–First Mortgage Alternative Lending, Loan Consultant–Home Equity Line of Credit (“HELOC”), Loan Consultant–Pre Approval, Loan Consultant–Prime, Loan Consultant–Zip Realty, Loan Consultant–Alternative Lending, and Loan Consultant–Affinity” (“Class Members”).

PLEASE READ THIS NOTICE CAREFULLY

IT MAY AFFECT YOUR LEGAL RIGHTS

YOU MAY BE ENTITLED TO MONEY FROM THIS SETTLEMENT

YOUR ESTIMATED SHARE OF THE SETTLEMENT IS SET FORTH IN THE CLAIM FORM ENCLOSED WITH THIS NOTICE. IN ORDER TO RECEIVE YOUR SHARE OF THE SETTLEMENT, YOU MUST RETURN THE CLAIM FORM BY NO LATER THAN APRIL 13, 2007.

I. INTRODUCTION

YOU ARE HEREBY NOTIFIED that a proposed class action settlement (“the Settlement”) of the above-captioned action (“the Action”) filed in the United States District Court, Northern District of California (“the Court”) has been reached by the parties and has been granted preliminary approval by the Court supervising the Action. A settlement hearing will be held by the Court (in Courtroom 10) at 4:00 p.m. on May 30, 2007, to determine whether the Settlement should be granted final approval.

E-Loan, Inc.'s records show that you were employed by E-Loan, Inc. in California at some time during the period December 23, 2001 through June 30, 2006 ("Class Period") as a mortgage "loan consultant" in a job title, including, but not limited to, Loan Consultant-First Mortgage; Loan Consultant-First Mortgage Core, Loan Consultant-First Mortgage Affinity, Loan Consultant-First Mortgage Relocation, Loan Consultant-First Mortgage Pre-Approval, Loan Consultant-First Mortgage Alternative Lending, Loan Consultant-Home Equity Line of Credit ("HELOC"), Loan Consultant-Pre Approval, Loan Consultant-Prime, Loan Consultant-Zip Realty, Loan Consultant-Alternative Lending, and Loan Consultant-Affinity ("Class Job"), and therefore are a Class Member in this Action. The Court has ordered that this Notice be sent to you because as a Class Member you may be entitled to money under the Settlement and because the Settlement affects your legal rights, unless you "opt out" of the Settlement.

The purpose of this Notice is 1) to describe the Action, 2) to inform you of the terms of the Settlement, and 3) to inform you of your rights and options in connection with the Settlement.

II. SUMMARY OF THE ACTION

Plaintiff claims that E-Loan, Inc. violated the California Labor Code, relevant Wage Orders of the California Industrial Welfare Commission, the federal Fair Labor Standards Act ("FLSA"), and the California Unfair Competition Law (Bus. & Prof. Code § 17200 *et seq.*) by (1) misclassifying Class Members as "exempt" employees and failing to pay them overtime wages; (2) failing to pay Class Members overtime wages owed to them at the time their employment with E-Loan, Inc. terminated; (3) failing to provide required meal periods; and (4) failing to furnish Class Members with timely and accurate wage statements showing the number of hours worked per pay period. The lawsuit seeks damages for unpaid overtime and meal period pay, interest, penalties, liquidated damages, and attorneys' fees and expenses.

E-Loan, Inc. denies any liability or wrongdoing of any kind in connection with the claims alleged, and contends that it has fully complied with the California Labor Code and the applicable Industrial Welfare Commission Wage Orders, the federal Fair Labor Standards Act, and the California Business and Professions Code.

The Court granted preliminary approval of the Settlement on January 12, 2007, certifying a settlement class defined as "all mortgage 'loan consultants' employed by E-Loan in California at any time from December 23, 2001 through June 30, 2006, including, but not limited to, the job titles of Loan Consultant-First Mortgage, Loan Consultant-First Mortgage Core, Loan Consultant-First Mortgage Affinity, Loan Consultant-First Mortgage Relocation, Loan Consultant-First Mortgage Pre-Approval, Loan Consultant-First Mortgage Alternative Lending, Loan Consultant-Home Equity Line of Credit ("HELOC"), Loan Consultant-Pre Approval, Loan Consultant-Prime, Loan Consultant-Zip Realty, Loan Consultant-Alternative Lending, and Loan Consultant-Affinity. At that time, the Court also preliminarily approved Plaintiff Mousai to serve as Class Representative and the law firm of Goldstein, Demchak, Baller, Borgen & Dardarian to serve as Class Counsel.

The Court also scheduled a Final Approval Hearing on the Settlement in Courtroom 10 at 4:00 p.m. on May 30, 2007, at which time the Court will decide whether to grant final approval of the Settlement.

III. SUMMARY OF SETTLEMENT TERMS

Settlement Amount. E-Loan, Inc. has agreed to pay up to a maximum of \$13.6 million (the “Maximum Settlement Amount”) to fully resolve the claims in the Action. E-Loan, Inc. will also pay the employer’s share of payroll taxes arising from actual settlement payments to Class Members.

Deductions. The Court has tentatively approved certain deductions from the Maximum Settlement Amount:

Claims Administration. Payment to the Claims Administrator, not to exceed \$60,000, for the expense of notifying the Class Members of the Settlement and processing claims and opt-outs submitted by Class Members.

Service Award to Named Plaintiff. A Service Award of \$20,000 to compensate the Class Representative for his services on behalf of the Class in initiating and prosecuting the action, and in creating the settlement fund for the Class. This payment is in addition to whatever payments the Class Representative is otherwise entitled to as a Class Member.

Tolling Awards. Tolling Awards in the amount of \$1,000 to each of the forty-two (42) Class Members whose Consent to Join Form was on file in the Action prior to November 10, 2006, in recognition of the fact that each of them affirmatively tolled the statute of limitations on his or her federal overtime claim. This payment is in addition to whatever payments these individuals are otherwise entitled to as Class Members.

Attorneys’ Fees and Costs. The Court has also allowed Class Counsel to file a request for fees and costs to be deducted from the Maximum Settlement Amount. By no later than March 23, 2007, Class Counsel will file their request for \$3.4 million as reasonable compensation for the work they performed in this Action and will continue to perform through settlement finalization, plus compensation for expenses actually incurred in connection with the Action. Since December 2005, Class Counsel has been prosecuting the Action on behalf of Plaintiff and the class on a contingency fee basis (that is, without being paid any money to date) and has been paying all litigation costs and expenses. Class Members are not personally responsible for any of Class Counsel’s attorney’s fees or expenses. E-Loan does not object to Class Counsel’s fee and cost request.

Calculation of Individual Class Member Awards. After deducting the Court-approved amounts above, including attorneys’ fees and costs, the balance of the Maximum Settlement Amount (“the Net Settlement Amount”) will be distributed to each Class Member as follows (1) the Net Settlement Amount will be allocated to all Class Members based on the number of weeks (excluding leaves of absence) that each Class Member worked in a Class Job during the Class Period. Each Class Member’s individual

settlement award will be calculated by 1) dividing the Net Settlement Amount (approximately \$10 million) by the total weeks worked by Class Members in Class Jobs during the Class Period, to arrive at a weekly amount, and 2) multiplying that weekly amount by the number of weeks worked by the individual Class Member in a Class Job during the Class Period.

Payments to Class Members. Only Class Members who file a completed Claim Form **postmarked by April 13, 2007** will receive their allocated share of the settlement. Any unclaimed settlement amounts will remain with E-Loan, Inc.. Class Members have the opportunity to challenge the data on their Claim Forms used to calculate their Settlement Awards, if they believe the data is incorrect. If the conditions of the Settlement (as described in this Notice) are met, and after the Court finally approves the Settlement Agreement, settlement checks will be mailed to Class Members who submitted timely and valid Claim Forms. **Any Class Members who do not file Claim Forms or who submit Claim Forms after the filing deadline will not receive their allocated shares of the settlement, and E-Loan, Inc. will keep the amount of those shares. However, those Class Members may still be bound by the Releases in the manner described below.**

Tax Matters. For tax purposes, fifty-five percent (55%) of the amounts distributed to each Class Member who timely files a Claim Form shall be treated as damages for lost wages and reported as such (W-2 reporting), fifteen percent (15%) shall be treated as interest, and the remaining thirty percent (30%) shall be treated as penalties under the California Labor Code. The usual and customary deductions will be taken out of the amounts attributable to unpaid wages. Interest and penalties shall be reported as such (Form 1099 reporting) to the taxing authorities. Class Members should consult with their tax advisors concerning the tax consequences of the payments they receive under the Settlement. IRS Forms W-2 and 1099 (and the equivalent California forms) will be distributed to Class Members reflecting the payments they receive under the Settlement. E-Loan, Inc. will pay the employer's portion of FICA, FUTA and California withholdings on the portion of the amounts designated as wages.

Releases. If approved by the Court, the proposed Settlement Agreement will be binding on you in the following manner. As for California law claims, it will be binding on all members of the Class who do not timely "opt out" of the settlement, and will release E-Loan, Inc., its past or present officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and reinsurers, and its and their respective successors and predecessors in interest, subsidiaries, affiliates, parents, and attorneys ("Released Parties") of any and all claims for violation of any California wage and hour law and Business and Professions Code § 17200, et seq., for wages, penalties, interest, damages, including liquidated damages, attorneys' fees and costs, and injunctive and other equitable relief that were asserted or could have been asserted in this action, related to the allegations contained in Plaintiff's Complaint arising from Class Members' employment in Class Jobs during the Class Period ("Released California Claims"). As for federal law claims, it will be binding on all Class Members who have filed or will file Consent to Join Forms, and will release the Released Parties of any and all claims for violation of the federal Fair Labor Standards

Act, 29 U.S.C. § 201 *et seq.* (“FLSA”), for wages, interest, damages, penalties including liquidated damages, and attorneys’ fees and costs, that were asserted or could have been asserted in this Action, related to the allegations contained in Plaintiff’s Complaint arising from Settlement Class Members’ employment in Class Jobs during the three years prior to the Settlement Class Member’s filing of a Consent to Join Form (“Released Federal Claims”). Your release expressly includes an express waiver and relinquishment by you of any and all rights and benefits which you may otherwise have relating to the Released California and Federal Claims pursuant to California Code of Civil Procedure § 1542 which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known to him or her must have materially affected his or her settlement with the debtor.

You will not be releasing any claims of retaliation by E-Loan, Inc. arising out of participation in this litigation, any claims to vested benefits pursuant to the terms of any E-Loan, Inc. employee benefit plan, and any claims under the workers compensation and insurance laws.

Conditions of Settlement. This Settlement is conditioned upon the Court entering an order at or following the Settlement Hearing finally approving the Settlement as fair, reasonable, adequate and in the best interests of the Settlement Class. The Class, through Class Counsel, will have the option to seek to reject the Settlement in its entirety if fewer than 60% of Class Members file timely Claim Forms.

IV. RIGHT TO CLAIM MONEY FROM THE SETTLEMENT

Class Members who want to receive money under the Settlement must completely fill out, sign and date the enclosed Claim Form/Consent to Join Form, and mail the completed form **postmarked by no later than April 13, 2007** to the Claims Administrator at the following address:

Mousai v. E-Loan, Inc. Claims Administration Center
c/o Rosenthal & Company LLC
P.O. Box 6177
Novato, CA 94948-6177
1-800-207-0343

Claim Forms postmarked after April 13, 2007 will be denied. If you wish to have confirmation that the Claims Administrator has received your Claim Form, please send your Claim Form to the Claims Administrator by certified U.S. Mail with a return-receipt request.

The Claim Form lists the dates that you worked in a Class Job during the Class Period. If you believe the dates listed on the Claim Form are incorrect, you may send a letter indicating the correct dates to the Claims Administrator along with the Claim Form. You may also send the Claims Administrator any documents or other information that supports your change to the information on the Claim Form. The Claims Administrator will use E-Loan, Inc.’s records and any information you provide to resolve any dispute about your employment dates.

Class Members who do not submit a Claim Form or who file Claim Forms after the April 13, 2007 deadline **will not receive any money** from the Settlement. You may submit a claim even if you have previously signed a release of claims with E-Loan. **Class Members who do not submit a timely claim may still be bound by the Releases in the manner described above.**

V. RIGHT TO OPT OUT

If you do not wish to participate in the Settlement of your California law claims, you may exclude yourself from the settlement, or “opt out.” **If you opt out, you will receive no money from the settlement, and you will not be bound by its terms.** To opt out, you must submit a written statement requesting exclusion from the Settlement no later than **April 13, 2007**. Your written statement must contain your name, address, telephone number and Social Security number, must be returned by mail to the Claims Administrator at the address listed in Section IV above, and must be postmarked on or before April 13, 2007. Your opt out statement must also, at minimum, contain the following language:

I wish to opt out of the settlement of this case, Mousai, et al. v. E-Loan, Inc., et al. (N.D. Cal. Case No. C 06-01993 SI). I understand that by requesting to be excluded from the settlement, I will receive no money from the settlement funds created in accordance with the Settlement Agreement entered into by E-Loan, Inc. I understand that if I am excluded from the class monetary settlement, I may bring a separate action. I understand that in any separate lawsuit, I may receive nothing or less than I would have received if I had filed a claim for money pursuant to the Settlement Agreement.

VI. RIGHT TO OBJECT

If you are a Class Member who has not opted out and believe that the Settlement should not be finally approved by the Court for any reason, you may object to the proposed Settlement Agreement and/or Class Counsel’s request for attorneys’ fees and costs. Objections must be in writing and must state the basis of any objection. Objections must be filed with the Court, on or before **April 13, 2007**. At the same time, copies of objections must be mailed or delivered to Class Counsel and E-Loan, Inc.’s counsel at the following addresses:

Class Counsel:

Laura L. Ho
Roberta L. Steele
GOLDSTEIN DEMCHAK BALLER BORGES & DARDARIAN
300 Lakeside Drive, Suite 1000
Oakland, CA 94612
(888) 723-1494

E-Loan, Inc.'s Counsel:

Eileen R. Ridley
FOLEY & LARDNER, LLP
One Maritime Plaza, 6th Floor
San Francisco, CA 94111
(415) 434-4484

If you wish to object and have the objection considered by the Court, you must also appear at the Final Approval Hearing scheduled for May 30, 2007 at 4:00 p.m., in Courtroom 10 of the United States District Court, Northern District of California, located at 450 Golden Gate Avenue, San Francisco, CA 94102. You have the right to appear either in person or through your own attorney at this hearing. Objections not previously filed in writing in a timely manner as described above will not be considered by the Court. Any attorney who intends to represent an individual objecting to the Settlement must file a notice of appearance with the Court and serve counsel for all parties on or before **April 13, 2007**. All objections or other correspondence must state the name and number of the case, which is Mousai et al. v. E-Loan, Inc., (N.D. Cal. Case No. C 06-01993 SI). If you object to the Settlement, you will remain a member of the Class, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Class Members who do not object. Any member of the Class who does not object in the manner provided above shall have waived any objection to the Settlement, whether by appeal or otherwise.

VII. NO RETALIATION OR UNDUE INFLUENCE

California and federal law prohibit E-Loan, Inc. from retaliating against employees who exercise their rights under the state and federal wage and hour laws. Additionally, E-Loan, Inc. has agreed that it will not take any adverse employment action, or otherwise target, retaliate or discriminate against any Class Member who indicates an intention to participate or not to participate in this Settlement.

VIII. HEARING ON THE SETTLEMENT

The Final Approval Hearing on the adequacy, reasonableness and fairness of the Settlement Agreement will be held at 4:00 p.m. on May 30, 2007 in Courtroom 10 of the United State District Court, Northern District of California, located at 450 Golden Gate Ave, San Francisco, CA 94102. The Hearing may be continued without further notice. **Unless you file an objection, you are not required to attend the Final Approval Hearing, although any Class Member is welcome to attend the hearing.**

IX. ADDITIONAL INFORMATION

This Notice is only a summary of the Action and the Settlement. For a more detailed statement of the matters involved in the Action and the Settlement, you may refer to the pleadings, the Settlement Agreement, and other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court, Northern District of California, located at 450 Golden Gate Avenue, San Francisco, CA 94102 during regular business hours of each court day. You may also contact Class Counsel listed in

Section VI, above, for more information. To download copies of the Settlement Agreement, this Notice, and a sample Claim Form, go to www.gdblegal.com.

PLEASE DO NOT CONTACT THE CLERK OF THE COURT, THE JUDGE, E-LOAN, INC. or E-LOAN, INC.'S ATTORNEYS WITH QUESTIONS.

X. REMINDER AS TO PARTICIPATION REQUIREMENTS

If you wish to receive any portion of the Settlement funds, you must complete and return the enclosed Claim Form/Consent to Join Form to the Claims Administrator, **postmarked not later than April 13, 2007.**

DATED: _____, 2007

BY ORDER OF THE COURT
The Honorable Susan Illston