

1 **DEFINITIONS**

2 As used in the Agreement the following terms have the meanings specified
3 below:

4 1. "Account" means a Customer's loan account secured by a Vehicle and
5 serviced by WFDS or WFAF.

6 2. "Action" or "Wells Fargo CPI MDL" means *In Re Wells Fargo*
7 *Collateral Protection Insurance Litigation* Case No. 8:17-ML-2797-AG-KES,
8 including the claims and allegations asserted in Plaintiffs' Consolidated Class Action
9 Complaint (Dkt. No. 49), First Amended Complaint (Dkt. No. 129), and Second
10 Amended Complaint (Dkt. Nos. 239-1/240-1), filed in the United States District Court
11 for the Central District of California.

12 3. "Adjustment for Prior Tax Reporting" means compensation to be
13 provided to Settlement Class members that had deficiency balances waived in
14 previous years and had a 1099-C filed. Those Accounts will have added to their
15 compensation an adjustment for prior tax reporting at the backup withholding rate of
16 24% times the sum of any Unpaid Repossession Costs Credit and/or an Equity
17 Adjustment Credit.

18 4. "Affiliates" means entities controlling, controlled by, or under common
19 control with the subject party.

20 5. "Allocation Plan" is the Allocation Plan attached to the Agreement as
21 **Exhibit B.**

22 6. "Assessed Fees" means fees, including late fees, non-sufficient funds
23 fees, deferral fees, and any other fees (such as pay-by-phone fees) assessed to a
24 Customer's Account(s) during the CPI Impact Period.

25 7. "Authorized Recipient" means any Settlement Class member who, in
26 accordance with the terms of this Agreement, is entitled to a distribution consistent
27 with the Allocation Plan, Distribution Plan, or order of the Court.

28 8. "CFPB" means the Consumer Financial Protection Bureau.

1 9. "Class" or "Settlement Class" means: Wells Fargo Dealer Services
2 ("WFDS") Customers who had a CPI Policy placed on their Account(s) that became
3 effective at any time between October 15, 2005 and September 30, 2016 and Wells
4 Fargo Auto Finance ("WFAF") Customers who had a CPI Policy placed on their
5 Account(s) that became effective at any time between February 2, 2006 and
6 September 1, 2011. The definition of "Class" and "Settlement Class" excludes Non-
7 Compensable Flat Cancels.

8 10. "Class Counsel" means Co-Lead Counsel and Gibbs Law Group LLP,
9 Levin Sedran & Berman, Weitz & Luxenberg, P.C., and Casey Gerry Schenk
10 Francavilla Blatt & Penfield, LLP.

11 11. "Class Period" means October 15, 2005 through September 30, 2016.

12 12. "Co-Lead Counsel" means Baron & Budd, P.C. and Robins Kaplan LLP.

13 13. "Consent Orders" means and refers to the Consent Orders which Wells
14 Fargo entered into with the OCC and the CFPB on April 20, 2018.

15 14. "Counsel for Wells Fargo" means David Powell, Jason Evans, Carolee
16 Hoover, Alicia Baiardo, and Aaron Marienthal of McGuireWoods LLP.

17 15. "Counsel for National General" means Corey Worcester, Jane Byrne,
18 and Renita Sharma of Quinn Emanuel, Urquhart & Sullivan, LLP.

19 16. "Court" means the United States District Court for the Central District
20 of California.

21 17. "CPI Billing Date" means the date at which the Gross Written CPI
22 Premium was added to the Customer's Account balance.

23 18. "CPI Billing Period" means the period during which the Customer was
24 charged for a CPI Policy, beginning on the date the Gross Written CPI Premium was
25 added to the Customer's Account balance, and ending on the last date that the
26 Customer was billed for CPI. The last date the Customer was billed for CPI is the
27 earlier of the CPI Cancel Entry Date and the CPI End Date.

28 19. "CPI Cancel Entry Date" means the date National General recorded

1 evidence that the Customer had his or her own physical damage insurance during the
2 time that a CPI Policy was in place.

3 20. "CPI End Date" means the date that the CPI Policy expired.

4 21. "CPI Impact Period" means the time period in which amounts billed for
5 an Eligible CPI Policy may have continued to impact the Customer's Account, which
6 begins on the CPI Billing Date and ending on: (1) if the Customer was never more
7 than 30 days past due during the CPI Billing Period, the earlier of the CPI Cancel
8 Entry Date and the CPI End Date; or (2) if the Customer was delinquent at least once
9 during the CPI Billing Period, at the earliest of the following events: account pay-
10 off, charge-off (if not followed by a repossession), start of a new CPI Policy, or Cure
11 Event.

12 22. "CPI Interest" means interest accrued on CPI Premium. When
13 calculating the amount of any refund of such interest as compensation under this
14 Settlement Agreement, Wells Fargo may deduct the amount(s) of any refund(s) of
15 such interest previously provided to the Customer for the CPI Policy subject to
16 compensation.

17 23. "CPI Policy" means a CPI policy placed on a Customer's Account.

18 24. "CPI Remediation Plan(s)" mean any written plan(s) submitted by
19 Wells Fargo to the OCC and/or the CFPB related to remediation of Customer impacts
20 arising from CPI, including such plans submitted pursuant to requirements under
21 Consent Orders with those agencies dated April 20, 2018, which documents may
22 contain confidential supervisory information Wells Fargo is prohibited from
23 disclosing.

24 25. "CPI" means collateral protection insurance.

25 26. "CPI-Related Repossession" means a Repossession on an Account with
26 a Duplicative CPI Policy, or with a CPI Policy that was placed in Arkansas, Michigan,
27 Mississippi, Tennessee, or Washington during the applicable time period specified in
28 the definition of "Five State—Repossession Customers", where the Repossession

1 occurred during the CPI Impact Period for that CPI Policy.

2 27. "Credit Report Adjustment" has the meaning expressed in Settlement
3 Agreement Section III(G).

4 28. "Cure Event" means, if the Customer was delinquent at least once
5 during the CPI Billing Period, the date at which the Account is current (i.e., less than
6 30 days past due at the statement date) for three consecutive months after the end of
7 the CPI Billing Period.

8 29. "Customer" means a customer of WFDS between October 15, 2005 and
9 September 30, 2016, or a customer of WFAF between February 2, 2006 and
10 September 1, 2011.

11 30. "Day" or "Days" has the meaning ascribed to it in Federal Rule of Civil
12 Procedure 6, and all time periods specified in this Agreement shall be computed in a
13 manner consistent with that rule. All references to days shall be interpreted to mean
14 calendar days, unless otherwise noted.

15 31. "Distribution Plan" means the plan or formula of allocation of the Other
16 Compensation that shall be distributed to Authorized Recipients, to be approved by
17 the Court in the form attached hereto as **Exhibit C** and made a part of this Agreement.

18 32. "Defendants" means Wells Fargo and National General.

19 33. "Duplicative Coverage" or "Duplicative CPI Policy" means a Flat-
20 Cancel CPI Policy or a Partial-Cancel CPI Policy placed on an Account.

21 34. "Duplicative Coverage Customers" means Customers included in the
22 Settlement Class who:

23 a. had a Duplicative CPI Policy on their Account(s) that became effective
24 at any time between October 15, 2005 and September 30, 2016 (for
25 WFDS Customers) or between February 2, 2006 and September 1, 2011
26 (for WFAF Customers); and

27 b. that Duplicative CPI Policy is not eligible for compensation under the
28 definition of Five State—Repossession Customers, Duplicative

1 Coverage—Repossession Customers, or Five State Customers.

2 35. “Duplicative Coverage—Repossession Customers” means Customers
3 included in the Settlement Class who:

4 a. had a Duplicative CPI Policy on their Account(s) that became effective
5 at any time between October 15, 2005 and September 30, 2016 (for
6 WFDS Customers) or between February 2, 2006 and September 1, 2011
7 (for WFAF Customers);

8 b. experienced a CPI-Related Repossession on their Account at any time
9 between October 15, 2005 (for WFDS Customers) or February 2, 2006
10 (for WFAF Customers) and the Effective Date; and

11 c. that CPI Policy is not eligible for compensation under the definition of
12 Five State—Repossession Customers.

13 36. “Duplicative CPI Interest” means CPI Interest accrued during the period
14 of time in which the Customer had his or her own physical damage insurance and the
15 CPI Policy also provided coverage, less any refund of CPI Interest previously
16 provided to the Customer for that CPI Policy. If the Customer has already received a
17 full refund of Duplicative CPI Interest, no additional CPI Interest will be compensated
18 under this Settlement Agreement.

19 37. “Duplicative CPI Premium” means CPI Premium assessed during the
20 period of time in which the Customer had his or her own physical damage insurance
21 and the CPI Policy also provided coverage, less any refund of CPI Premium
22 previously provided to the Customer for that CPI Policy. If the Customer has already
23 received a full refund of Duplicative CPI Premium, no additional CPI Premium will
24 be compensated under this Settlement Agreement.

25 38. “Effective Date” means the first date by which all of the events and
26 conditions specified in Section VI(A) of the Agreement have occurred and have been
27 met.

28 39. “Eligible Account” means an Account that had a CPI Policy placed on

1 the Account and such policy makes a Customer eligible for compensation in
2 accordance with the terms of this Settlement Agreement.

3 40. "Eligible CPI Policy" means a Duplicative CPI Policy or a CPI Policy
4 placed in Arkansas, Michigan, Mississippi, Tennessee, or Washington during the
5 applicable time period specified in the definition of "Five State—Repossession
6 Customers" herein, and such CPI Policy makes a Customer eligible for compensation
7 under this Settlement Agreement in accordance with the terms of this Settlement
8 Agreement.

9 41. "Equity Adjustment Compensation" means the difference between the
10 amount a Customer could have expected to receive for the Vehicle in a non-
11 liquidation sale using the Kelley Blue Book Lender Value at the time of repossession
12 and the amount actually received for the Vehicle at auction (the "Equity Adjustment
13 Amount"), to the extent the foregoing Equity Adjustment Amount is greater than the
14 outstanding principal deficiency balance on the Account. If the outstanding principal
15 deficiency balance on the Account is greater than the Equity Adjustment Amount,
16 then no Equity Adjustment Compensation will be paid under this Settlement
17 Agreement (but Wells Fargo may apply a credit to the Customer's outstanding
18 principal deficiency balance).

19 42. "Equity Adjustment Credit" means the Equity Adjustment Amount
20 applied to a Customer's Account as a credit to any remaining deficiency or charge-
21 off balance (as opposed to such amount that is paid to the Customer as Equity
22 Adjustment Compensation under the definition set forth above).

23 43. "Exclusion/Objection Deadline" means the deadline for requesting
24 exclusion from the Class or objecting to the Settlement, as set forth in the Class
25 Notice.

26 44. "Execution Date" means the latest date associated with a signature on a
27 fully executed Agreement set forth on the Agreement's signature pages.

28 45. "Final" means, with respect to any order of the Court, including, without

1 limitation, the Judgment, that such order represents a final and binding determination
2 of all issues within its scope and is not subject to further review on appeal or
3 otherwise. Without limitation, an order becomes “Final” when: (a) no appeal has been
4 filed and the prescribed time for commencing any appeal has expired; or (b) an appeal
5 has been filed and either (i) the appeal has been dismissed and the prescribed time, if
6 any, for commencing any further appeal has expired, or (ii) the order has been
7 affirmed in its entirety and the prescribed time, if any, for commencing any further
8 appeal has expired. For purposes of this Agreement, an “appeal” includes appeals as
9 of right, discretionary appeals, interlocutory appeals, proceedings involving writs of
10 certiorari or mandamus, and any other proceedings of like kind. Any appeal or other
11 proceeding pertaining solely to any order issued with respect to an application for
12 attorneys’ fees and expenses consistent with this Agreement shall not in any way
13 delay or preclude the Judgment from becoming Final.

14 46. “Five State Customers” means Customers included in the Settlement
15 Class who:

- 16 a. had a CPI Policy placed on their Account(s) in any of the following states
17 during the period indicated below for each:
- 18 i. Arkansas (between July 30, 2012 and September 30, 2016);
 - 19 ii. Michigan (between July 30, 2011 and September 30, 2016);
 - 20 iii. Mississippi (between July 30, 2014 and September 30, 2016);
 - 21 iv. Tennessee (between July 30, 2011 and September 30, 2016); or
 - 22 v. Washington (between July 30, 2011 and September 30, 2016);

23 and

- 24 b. that CPI Policy is not eligible for compensation under the definition of
25 Five State—Repossession Customers or Duplicative Coverage—
26 Repossession Customers.

27 47. “Five State—Repossession Customers” means Customers included in
28 the Settlement Class who:

- 1 a. had a CPI Policy placed on their Account(s) in any of the following states
2 during the period indicated below for each:
- 3 i. Arkansas (between July 30, 2012 and September 30, 2016);
 - 4 ii. Michigan (between July 30, 2011 and September 30, 2016);
 - 5 iii. Mississippi (between July 30, 2014 and September 30, 2016);
 - 6 iv. Tennessee (between July 30, 2011 and September 30, 2016); or
 - 7 v. Washington (between July 30, 2011 and September 30, 2016);

8 and

- 9 b. experienced a CPI-Related Repossession on their Account at any time
10 between October 15, 2005 (for WFDS Customers) or February 2, 2006
11 (for WFAF Customers) and the Effective Date.

12 48. "Flat-Cancel CPI Policy" means a CPI Policy that has been canceled by
13 Wells Fargo for the entire term of the CPI coverage because the Customer had his/her
14 own physical damage insurance for the entire term of the CPI Policy.

15 49. "Greater Loan Accrued Interest Compensation" means the difference
16 between the actual loan interest accrued on the loan, and the loan interest that would
17 have accrued on the loan if the Customer's payments to (i) CPI Interest and (ii)
18 Duplicative CPI Premium or CPI premium paid by Five State Customers or Five
19 State-Repossession Customers instead had been applied to the loan balance. Greater
20 Loan Accrued Interest is calculated by adding the CPI Premium and interest payments
21 associated with the policy and calculating the additional loan interest accrued. The
22 interest rate used to calculate the Greater Loan Accrued Interest is the annual
23 percentage rate assigned to the loan at origination.

24 50. "Gross Written CPI Premium" means the cost of a CPI Policy for the full
25 policy term, which was typically twelve (12) months.

26 51. "Judgment" means the order of judgment and dismissal of the Action
27 with prejudice.

28 52. "Loss of Use of Funds Compensation" means compensation for the

1 Customer's lost opportunity to use funds elsewhere. The amount is calculated by
2 applying the one-year constant maturity rate to the sum of the Customer's remediation
3 payment, excluding Loss of Use of Funds Compensation, from the CPI Billing Date,
4 compounded annually.

5 53. "Memorandum of Understanding/Term Sheet" means the Memorandum
6 of Understanding/Term Sheet by the Parties on or about April 4, 2019 memorializing
7 certain terms of the Settlement.

8 54. "National General" means National General Holdings Corp., National
9 General Insurance Company, National General Lender Services, Inc., QBE First
10 Insurance Agency, Inc., Newport Management Corporation, Meritplan Insurance
11 Company, and Balboa Insurance Company and the predecessors, successors, and/or
12 each of their affiliates.

13 55. "Non-Compensable Flat Cancels" means: (a) customers who provided
14 proof of Duplicative Insurance Coverage for the entire CPI Placement Period,
15 resulting in a cancellation of the policy in full before the scheduled CPI Billing Date;
16 (b) customers who provided proof of Duplicative Insurance Coverage for the entire
17 CPI Placement Period, resulting in a cancellation of the policy in full on or after the
18 scheduled CPI Billing Date but before the payment due date reflected on the
19 customer's first periodic statement reflecting any increased monthly payment amount
20 due to the CPI premium; and (c) other customers who provided proof of Duplicative
21 Insurance Coverage for the entire CPI Placement Period, resulting in a cancellation
22 of the policy in full, and who did not pay a Duplicative CPI Premium or Duplicative
23 CPI Interest, who were not assessed Assessed Fees during the CPI Impact Period that
24 were not waived at the time, and who did not experience any negative credit reporting
25 as a result of CPI as set forth in Section III(G) of the Settlement Agreement.

26 56. "Notice and Administrative Costs" means the expenses incurred by the
27 Settlement Administrator pursuant to and in connection with the Allocation Plan,
28 Distribution Plan, and Class Notice, which are attached hereto as **Exhibits B, C, and**

1 **D** and the Orders of the Court which relate to the administration of this Settlement.
2 Such expenses shall include, but are not limited to, costs incurred by the Settlement
3 Administrator in connection with the following:

- 4 a. Efforts incurred by the Settlement Administrator to identify the names
5 and addresses of Settlement Class members;
- 6 b. Mailing and publication of Notice of Settlement to the Settlement Class
7 members (including, but not limited to, the cost to print the Notices, mail
8 the Notices, and publish the Notices, and make certain efforts to locate
9 Settlement Class members whose mailings are returned undelivered);
- 10 c. Maintenance of any website to facilitate communications with
11 Settlement Class members and their access to information;
- 12 d. Implementation of the Distribution Plan and Allocation, including, but
13 not limited to, the cost to print and mail checks;
- 14 e. Fees and expenses of the Settlement Administrator;
- 15 f. Costs of preparing and mailing checks and tax documentation to
16 members of the Settlement Class at the time specified in this Agreement.

17 57. "OCC" means the Office of the Comptroller of the Currency.

18 58. "Offer of Mediation" has the meaning expressed in Settlement
19 Agreement Section III(F).

20 59. "Opt-Out" means a person who falls within the definition of the Class
21 who has timely and validly elected to be excluded from the Class pursuant to the
22 procedures set forth in the Agreement. It does not include any person whose request
23 for exclusion is challenged by Defendants and the challenge is not overruled by the
24 Court or withdrawn by Defendants, any person whose communication is not treated
25 as a request for exclusion, and/or any person whose request for exclusion is not valid
26 or is otherwise void.

27 60. "Other Compensation" means payments distributed to Other CPI
28 Customers.

1 61. “Other CPI Customers” means Class Members who are not eligible for
2 compensation under the Allocation Plan and paid for a CPI policy that was placed on
3 their Account(s) and remained in effect after the CPI Billing Date.

4 62. “Partial-Cancel CPI Policy” means a CPI Policy that has been cancelled
5 by Wells Fargo for a portion of the initial intended term of the CPI coverage because
6 the Customer had his/her own physical damage insurance for a portion of the CPI
7 Policy term.

8 63. “Payments Made on the Deficiency Balance” means payments made by
9 the Customer to any remaining balance on his/her loan after the proceeds from the
10 sale of a Repossessed Vehicle were applied to the loan balance.

11 64. “Plaintiffs” or “Representative Plaintiffs” means the following
12 individual named plaintiffs: Angela Camacho, Odis Cole, Nyle Davis, Duane
13 Fosdick, Brandon Haag, Paul Hancock, Dustin Harvard, Brian Miller, Analisa
14 Moskus, Regina Gonzalez, Keith Preston, Victoria Reimche, Dennis Small, and
15 Bryan Tidwell, or such individuals appointed by the Court as Representative
16 Plaintiffs.

17 65. “Repossession” means the seizure of a Customer’s Vehicle due to a
18 delinquency on the Customer’s Account.

19 66. “Repossession Costs” means costs incurred by Wells Fargo related to a
20 repossession that were charged to a Customer’s Account and paid by the Customer in
21 the normal course of business.

22 67. “Service Awards” means the amount awarded, if any, to the
23 Representative Plaintiffs upon application as described in Settlement Agreement
24 Section V(E).

25 68. “Settlement” means the settlement of the claims released by the
26 Agreement.

27 69. “Settlement Agreement” or “Agreement” means this settlement
28 agreement entered into by the Settling Parties.

1 70. “Settlement Administrator” means Epiq Administration, the settlement
2 administrator(s) selected by Class Counsel and Defendants, and to be approved by the
3 Court.

4 71. “Settlement Amount” means the total amount of compensation Wells
5 Fargo pays to Customers as set forth in Allocation Plan, a minimum of \$385 million,
6 inclusive of such payments made to Customers in remediation of CPI Policies
7 consistent with the terms of this Settlement Agreement whether before or after final
8 approval by the Court, as well as the Other Compensation (\$8.5 million) paid to the
9 Other CPI Customers.

10 72. “Settlement Class Member” means a person who falls within the
11 definition of the Settlement Class and has not timely and validly elected to be
12 excluded from the Class pursuant to the procedures set forth in the Agreement.

13 73. “Settling Parties” means, collectively, Wells Fargo, National General,
14 and Plaintiffs on behalf of themselves and the Class.

15 74. “Unpaid Repossession Costs Credit” means Wells Fargo’s reversal on
16 an Account of any costs incurred by Wells Fargo related to a Repossession that were
17 charged to a Customer’s Account and not paid by the Customer.

18 75. “Vehicle” means the motor vehicle that is collateral for the Customer’s
19 loan.

20 76. “Wells Fargo” means Wells Fargo Bank, N.A., Wells Fargo & Co.,
21 WFDS, WFAF, and each of their predecessors, successors, and/or affiliates, including
22 but not limited to Westfin Insurance Agency, Inc., and Wells Fargo Insurance, Inc.

23 77. “WFDS” means Wells Fargo Dealer Services, the former name of an
24 auto lending division of Wells Fargo that is now part of a division named Wells Fargo
25 Auto.

26 78. “WFAF” means Wells Fargo Auto Finance, the former name of an auto
27 lending division of Wells Fargo as well as its predecessors, successors, affiliates, and
28 related entities, including (without limitation) Wells Fargo Auto Finance, Inc., Wells

1 Fargo Auto Finance Group, Wells Fargo Financial Acceptance, Inc., Wells Fargo
2 Financial, Inc., NorWest Financial, and City Side.

3 79. As used in the Agreement, the plural of any defined terms includes the
4 singular thereof and vice versa, except where the context requires otherwise.

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28