

**SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SAN MATEO**

DANIEL C. SILVA AND LARRY MATTISON, Individually, and on behalf of all others similarly situated,	)	Case No. CIV 443418
	)	
Plaintiffs,	)	
vs.	)	
PROVIDENT FUNDING ASSOCIATES, L.P., and PROVIDENT FUNDING GROUP, INC.,	)	
	)	
Defendants.	)	

**NOTICE OF CLASS ACTION, PROPOSED SETTLEMENT, AND SETTLEMENT HEARING**

**TO: THOSE PERSONS WHO HAVE OR HAD A LOAN WITH PROVIDENT FUNDING ASSOCIATES, L.P. AND WERE  
ASSESSED A LATE CHARGE BETWEEN NOVEMBER 30, 2000, AND JULY 14, 2005**

*A California Court authorized this notice.*

*This is not a solicitation from a lawyer.*

- A settlement has been proposed in this class action lawsuit about the assessment and/or payment of late charges in connection with certain loans. To those who qualify, the settlement will provide **cash payments** to people who paid certain late charges, and credits to people who were assessed but did not pay certain late charges.
- The settlement will resolve this lawsuit. The Court in charge of this case still has to decide whether to approve the settlement at the Settlement Hearing. Payments or credits will only be made if the Court approves the settlement, and after appeals, if any, are resolved in favor of the settlement.
- Your legal rights are affected whether you act, or don't act. Read this notice carefully.

**You Have the Following Choices:**

Do Nothing	You will automatically receive any settlement payment or credit for which you are eligible.
Object	You may file with the Court the reasons why the settlement is not fair, reasonable, and adequate.
Attend The Settlement Hearing	If you do not exclude yourself from the Class, you may attend and appear at the Settlement Hearing.
Exclude Yourself	You may file with the Court a written exclusion from the Class and proposed settlement, and not receive any settlement payment or credit for which you are eligible.

Regardless of whether you stay in the lawsuit or exclude yourself, your loan will not be affected.

**BASIC INFORMATION**

**1. Why Did I Receive This Notice?**

You received this Notice because you have been identified as being a member of the Class as defined in Section 3 below.

**2. What Is This Lawsuit About?**

This class action lawsuit was brought against Provident Funding Associates, L.P. and Provident Funding Group, Inc., ("Provident") in connection with the late charges assessed when a borrower pays his or her loan on a monthly basis to Provident. On August 30, 2006, the Court in this case certified the Class ("Class Certification Order") described in section 3 below, appointed Plaintiffs Daniel C. Silva and Larry Mattison as the representatives for the Class (the "Class Representatives"), and appointed the attorneys identified in section 6 as Counsel for the Class ("Class Counsel"). The Class Representatives claimed that Provident improperly assessed and/or collected late charges due to (i) sending to borrowers

Your options —the deadlines to exercise them —are explained in this notice.

QUESTIONS? CALL 1-800-687-3754 (Administrator's toll-free number)

allegedly defective payment coupons and envelopes between February 2001 and April 2004 that purportedly caused delays in the delivery of their mailed loan payments; and (ii) allegedly failed to timely credit a borrower's payment that was received on or before the last day of the grace period in the promissory notes, which is the 16<sup>th</sup> day of the month unless that day falls on a non-business day in which event it is the next business day ("Grace Period").

Based upon these claims, the Class Representatives sought damages and restitution related to the monthly late charges that were allegedly wrongfully assessed or collected. Provident denied all allegations of wrongdoing.

### **3. Who Is Included In The Class?**

The Class Certification Order certified a Class consisting of those persons who between November 30, 2000, and July 14, 2005, sent payment by mail to the Los Angeles processing facility that Provident has used to process note payments, and were assessed or paid late charges. This Class contains the following Subclasses: (i) those persons whose promissory notes were secured by their primary residence and who between February 2001 and April 2004 sent payment to Provident by mail to the Los Angeles processing facility, using the coupon and envelope provided to them and who were assessed or paid late charges; (ii) those persons whose promissory notes were secured by property other than their primary residence and who between February 2001 and April 2004 sent payment to Provident by mail to the Los Angeles processing facility, using the coupon and envelope provided to them, and who were assessed or paid late charges, which subclass does not include claims under Cal. Civ. Code § 1750 et seq.; (iii) those persons whose promissory notes were secured by their primary residence and who between November 30, 2000, and July 14, 2005, sent payment by mail to the Los Angeles processing facility, and were assessed or paid late charges; and (iv) those persons whose promissory notes were secured by property other than their primary residence and who between November 30, 2000, and July 14, 2005, sent payment by mail to the Los Angeles processing facility, and were assessed or paid late charges, which subclass does not include claims under Cal. Civ. Code § 1750 et seq. **Excluded from the Class** are all persons (i) whose monthly payments that resulted in the assessment of a late charge were not mailed before the last day of the grace period set forth in their promissory notes; (ii) whose monthly payments prior to February 2001 and after April 2004 that resulted in the assessment of a late charge were processed more than one day after the last day of the grace period set forth in their promissory notes; (iii) whose late charges were waived by Provident prior to June 5, 2006; (iv) whose monthly payments that resulted in the assessment of a late charge were in an amount less than the full amount of the monthly principal and interest set forth in their notes; (v) whose monthly payment of principal and interest, included a late charge payment for that month; (vi) who are legal representatives, officers, directors, assigns and successors of Provident or any of their affiliates, subsidiaries, or parents; and (vii) who are the presiding and any appellate judges in this case, and all relatives of these judges within the third degree of consanguinity. Notwithstanding anything to the contrary in connection with the above exclusion from the Class, any Class Member who has been assessed multiple late charges some of which are not subject to any exclusion, is a Class Member to the extent of such non-excluded late charges. **The Class and Class Members, as defined and used in this Notice, do not include those persons excluded from the Class.**

### **4. Why Did The Parties Agree To The Proposed Settlement?**

The Court did not decide in favor of the Class or Provident. Instead, the Class Representatives and Provident have agreed to a settlement. Based on their investigation, Class Representatives and Class Counsel believe that the lawsuit should be settled, because (i) the proposed settlement is fair and reasonable, provides significant benefits to the Class, and is in the best interests of the Class, and (ii) the uncertainties of the litigation.

While denying any wrongdoing and denying the Class's allegations, Provident has agreed to this settlement based on (i) the uncertainty and substantial costs of class action litigation; (ii) its desire to put to rest the Class's claims and end the expense and disruption caused by the defense of this lawsuit; and (iii) because the proposed settlement is fair and reasonable.

### **5. What Benefits Does The Settlement Provide?**

The proposed settlement provides payments or credits that total \$1.2 million. The proposed settlement allocates the payments and credits in the following manner to the Class:

- A. All late charges assessed for monthly loan payments received one day after the end of the Grace Period: \$720,000 or approximately \$35 per late charge.
- B. All late charges assessed for monthly loan payments received two days after the end of the Grace Period: \$360,000 or approximately \$24 per late charge.
- C. All late charges assessed for monthly loan payments received three days after the end of the Grace Period: \$120,000 or approximately \$19 per late charge.

Those Class Members who were assessed and paid late charges that fall within one of the above categories will be sent a check. Those Class Members, who were assessed but did not pay late charges, and fall within one of the above categories, will receive a credit to their Provident loan account. To determine how much, if any, you are entitled to receive, you should access [www.hblawfirm.com](http://www.hblawfirm.com) and go to the link for "Provident Class Action Settlement." At that link, to access the above information, you will need to type your loan number that appears under your name and address on this Notice.

Class Members, who are entitled to these benefits, have to do nothing to receive the relief. Such payments and credits will be provided automatically following the final approval of the proposed settlement.

In consideration for the benefits provided by the settlement, the Class releases Provident of all claims involving late charges

assessed or paid between November 30, 2000 and July 15, 2005 that are included within the Class. As a Class Member, you will be bound by any judgment benefiting or adverse to the Class and you may not maintain a separate lawsuit.

## THE LAWYERS REPRESENTING YOU

### 6. Do I Have A Lawyer In This Case?

The Court in the Class Certification Order appointed the law firms of Steyer Lowenthal Boodrookas Alvarez & Smith LLP, in San Francisco, CA; Hubbard & Biederman LLP, in Dallas, TX; and Podoll & Podoll P.C., in Greenwood Village, CO, to represent all Class Members. The names of the lawyers handling this lawsuit at those firms and their addresses are as follows:

Jeffrey Lowenthal  
Carlos Alvarez  
Steyer Lowenthal Boodrookas  
Alvarez & Smith LLP  
One California Street, Third Floor  
San Francisco, CA 94111  
www.steyerlaw.com

Robert Biederman  
Hubbard & Biederman LLP  
1717 Main Street, Suite 4700  
Dallas, TX 75201  
www.hblawfirm.com

Richard Podoll  
Robert Kitsmiller  
Podoll & Podoll P.C.  
5619 DTC Parkway, Suite 1100  
Greenwood Village, CO 80111  
www.podoll.net

### 7. Should I Get My Own Lawyer?

If you want to remain a member of the Class, but you do not wish to be represented by the appointed Class Counsel, you may enter an appearance through your own attorney at your own expense. To do so, you must file an Entry of Appearance with the Clerk of the Court San Mateo County Superior Court, 400 County Center, Redwood City, CA 94063 and serve the Notice on Class Counsel and Provident's Counsel at the addresses listed below in Section 11. **The Court and the parties must receive your Notice of Intention to Appear no later than January 8, 2008.**

### 8. Do I Have to Pay Class Counsel?

**No.** You will not be personally responsible for any costs or attorney's fees incurred in this lawsuit. If the Court approves the proposed settlement, Class Counsel will request that the Court award the attorney's fees and costs in an amount not to exceed \$655,000. The amount awarded by the Court to Class Counsel will be paid by Provident separate and apart from the payments to the Class, and will not reduce or diminish in any manner the \$1.2 million in settlement benefits. Class Counsel have incurred costs exceeding \$90,000 in the prosecution of this case, and their billed time to this case exceeds \$1.2 million.

Class Counsel also will seek \$10,000 for each Class Representative for a total of \$20,000 to compensate them for their substantial time and effort in prosecuting this case. The amount awarded by the Court to the Class Representatives also will be paid by Provident separate and apart from the payments to the Class, and will not reduce or diminish in any manner the \$1.2 million in settlement benefits.

## YOUR RIGHTS AND OPTIONS

As a Class Member, you will be bound by any judgment benefiting or adverse to the Class and you may not maintain a separate lawsuit. To the extent that you are eligible, you will be entitled to the settlement benefits described above.

### 9. What Happens If I Do Nothing At All?

You don't have to do anything if you want to receive the benefits provided by the proposed settlement.

### 10. How Do I Exclude Myself?

If you do not wish to be included in the Class and not receive the settlement benefits, for which you are eligible, you must mail a written exclusion to the Clerk of the Court, care of Gilardi & Co., LLC, P O Box 8060, San Rafael, CA 94912-8060. Your written request to be excluded must be **postmarked no later than January 8, 2008**. Your request for exclusion **must** contain:

- (1) the name of this lawsuit *Daniel C. Silva & Larry Mattison v. Provident Funding Associates, L.P., et al.*, No. CIV 443418;
- (2) your full name and current address;
- (3) a clear statement of intention to exclude yourself such as "I wish to be excluded from the Class";
- (4) your Provident loan number(s); and
- (5) your signature.

### 11. How Do I Object?

If you believe the settlement is not fair, reasonable and adequate, including the proposed payments to Class Counsel and Class Representatives, you may file an objection with the Court. You will still be in the settlement, you will still be bound by any judgment, and you will still receive benefits if the settlement is approved and you are eligible.

If you want to object, you must file your objection in writing with the Court. Your objection must include:

- (1) the name of this lawsuit *Daniel C. Silva & Larry Mattison v. Provident Funding Associates, L.P., et al.*, No. CIV 443418;
- (2) your full name, current address, and telephone number;

- (3) your Provident loan number;
- (4) the basis for your objection including any factual support that you wish to bring to the Court's attention and any evidence that you want to introduce in support of the objection; and
- (5) your signature.

**You must file your written objection with the Court so it is received no later than January 8, 2008.** Mail or deliver your objection to Clerk of the Court, San Mateo County Superior Court, 400 County Center, Redwood City, CA 94063.

You also must deliver copies of your objection to the attorneys in the case so that it is received **no later than January 8, 2008** to the following persons:

Counsel for the Class:

Jeffrey Lowenthal  
Carlos Alvarez  
Steyer Lowenthal Boodrookas Alvarez & Smith LLP  
One California Street, Third Floor  
San Francisco, CA 94111

Counsel for Provident:

Neil R. O'Hanlon  
Hogan & Hartson LLP  
1999 Avenue of the Stars  
Suite 1400  
Los Angeles, CA 90067.

## THE SETTLEMENT HEARING

### 12. When and Where Will the Court Decide Whether to Grant Final Approval of the Settlement?

The Court has scheduled a hearing on **January 28, 2008, at 2:00 p.m.** at the San Mateo County Superior Court, Complex Civil Center, 800 North Humboldt Street, San Mateo, CA 94401. At this hearing, the Court will consider whether the proposed settlement is fair, reasonable, and adequate, including the application by Class Counsel for attorneys' fees and Class Representatives for additional compensation. If there are objections, the Court will consider them.

### 13. May I Attend the Settlement Hearing?

As a Class Member, you may-but are not required- to attend the Settlement Hearing. However, if you intend to attend the Settlement Hearing and object to the proposed settlement, you first must comply with the Section 11 governing Objections. Also, if you intend to appear at the Settlement Hearing, you or your attorney must file a Notice of Intention to Appear with the Clerk of the Court, San Mateo County Superior Court, 400 County Center, Redwood City, CA 94063 and serve the Notice on Class Counsel and Provident's Counsel at the addresses listed above in Section 11. **The Court and the parties must receive your Notice of Intention to Appear no later than January 8, 2008.**

### 14. Additional Information

All references in this notice to the proposed settlement, pleadings and Court orders are only summaries. Complete copies of the pleadings, orders and other documents filed in this litigation may be examined and copied at any time during regular office hours at the offices of the Clerk of the Court, San Mateo Superior Court, 400 County Center, Redwood City, CA 94063. The case is titled *Daniel C. Silva & Larry Mattison v. Provident Funding Associates, L.P. et al.*, No. CIV 443418.

Certain documents and other information are also available on the Internet at [www.hblawfirm.com](http://www.hblawfirm.com)

Plaintiffs, Class Counsel, Defendants and Defendants' counsel express no opinion concerning the tax consequences of the proposed settlement to Class Members and make no representations, warranties or other assurances regarding such tax consequences. No opinions, representations, warranties, or other assurances shall be deemed to have been made by Plaintiffs, Class Counsel, Defendants and Defendants' counsel with respect to such tax consequences by virtue of the proposed settlement, and Plaintiffs, Class Counsel, Defendants and Defendants' counsel shall not be held liable for any such tax consequences that may occur. Each Class Member's tax obligations, and the determination thereof, are the sole responsibility of the Class Member, and it is understood that the tax consequences may vary depending on the particular circumstances of each individual Class Member.

**PLEASE DO NOT CALL OR WRITE TO THE COURT FOR INFORMATION OR ADVICE.**

DATED: November 27, 2007

BY ORDER OF THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, COUNTY OF SAN MATEO

QUESTIONS? CALL 1- 800-687-3754 (Administrator's toll-free number)