

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS**

IN RE AMERIQUEST MORTGAGE CO.
MORTGAGE LENDING PRACTICES
LITIGATION

MDL No. 1715
Lead Case No. 05-cv-07097
Centralized before the
Honorable Marvin E. Aspen

**THIS IS LEGAL NOTICE OF A CLASS ACTION SETTLEMENT INVOLVING
MORTGAGE LOANS MADE OR SERVICED BY AMERIQUEST, ARGENT OR ONE OF
THEIR AFFILIATES ON OR AFTER DECEMBER 14, 2001.**

A federal court authorized this Notice. This is not a solicitation from a lawyer.

**Una copia de este aviso está disponible en español en
www.AmeriquestMDLSettlement.com. Usted puede también obtener una copia
escrita de este aviso en español si se comunicó con el administrador por el
teléfono, 1-877-872-3812.**

THE SETTLEMENT COVERS MORTGAGE LOANS MADE BY AMERIQUEST MORTGAGE COMPANY, AMC MORTGAGE SERVICES, INC., BEDFORD HOME LOANS, INC., TOWN & COUNTRY CREDIT CORPORATION, OLYMPUS MORTGAGE COMPANY, AND ARGENT MORTGAGE COMPANY, LLC. (IN THIS NOTICE, THIS GROUP OF COMPANIES IS CALLED "AMERIQUEST.") YOU ARE GETTING THIS NOTICE BECAUSE, ACCORDING TO AMERIQUEST'S RECORDS, YOU ARE A CLASS MEMBER WHO IS AFFECTED BY THIS SETTLEMENT.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

FILE A CLAIM	If you file a claim by March 9, 2010 and the claim is determined to be valid, you will be entitled to receive a payment from the Settlement Fund. More information about the Settlement Fund is provided in section 5A below. You will also release your claims. More information about the release is provided in section 5B below. Instructions for filing a claim are on the Claim Form attached to this Notice and in section 7 below.
EXCLUDE YOURSELF	If you choose to exclude yourself from the Settlement, you must do so by February 22, 2010. You will not receive payments from the Settlement Fund. This is the only option that allows you to retain the claims you have against Ameriquest and to pursue your claims in another case at your own cost and expense. More information about excluding yourself from the Settlement is provided in section 8 below.
OBJECT	If you wish to object to the Settlement, you must meet the requirements for objections described below by February 22, 2010. You (or your attorney) may also appear in Court provided you file a timely objection and a notice of appearance. More information about objecting to the Settlement is provided in section 9 below.
DO NOTHING	If you do nothing, you will release claims against Ameriquest, but you will not receive a payment from the Settlement Fund. However, you will still be eligible to receive foreclosure prevention counseling. More information about the release is provided in section 5B below.

This Notice answers the following questions:

1. Why should I read this Notice?
2. What is this lawsuit about?
3. What are the Classes?
4. How do I know if I am a Class Member?
5. What are the terms of the Settlement?
6. Why are Plaintiffs' attorneys recommending this Settlement?
7. What are the procedures for participating in the Settlement?
8. What if I don't want to participate in the Settlement?
9. What are the procedures relating to Court review and approval of the Settlement?
How can I object?
10. Where can I find additional information?

1. WHY SHOULD I READ THIS NOTICE?

This Notice is given pursuant to an Order of the United States District Court for the Northern District of Illinois (the "Court"), dated December 8, 2009. The purpose of this Notice is to inform you of the Settlement of a Class Action, entitled *In Re Ameriquest Mortgage Co. Mortgage Lending Practices Litigation*, MDL No. 1715, Lead Case No. 05-cv-07097 (the "Action"), which concerns residential mortgage loans in the United States originated or serviced by the following entities (collectively, "Ameriquest"): Ameriquest Mortgage Company; AMC Mortgage Services, Inc. (FKA Bedford Home Loans, Inc.); Town & Country Credit Corporation; Olympus Mortgage Company (NKA Bedford Home Loans, Inc.); and Argent Mortgage Company, LLC.

The Settlement is subject to final approval by the Court. If the Court grants final approval, the Settlement will result in: (1) the distribution of money and other relief to the Classes (as described below); and (2) the dismissal of the Action and the release of claims (as described below) against Ameriquest and other related entities and individuals as defined below.

This Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court about the merits of the claims or defenses of any party to the Action.

2. WHAT IS THIS LAWSUIT ABOUT?

The Class Action lawsuit was brought against Ameriquest for alleged improper mortgage lending and mortgage loan servicing activities in violation of numerous federal and state laws, including the Truth in Lending Act ("TILA"), breach of contract, unjust enrichment, and state Consumer Protection and Deceptive Trade Practices Acts. Ameriquest denies all allegations made against it, denies that its lending or loan servicing practices violated any law, and denies that it financially harmed any of its customers.

3. WHAT ARE THE CLASSES?

There are five (5) Classes. You are a Class Member if you fall into *any* of these Classes. *You received this Notice because Ameriquest's records show that you are a member of at least one Class.* The following is a summary of the Classes.

Note: If you received a payment in the 2006 Settlement between 49 state Attorneys General and Ameriquest or if you released your claims in a prior case against Ameriquest,¹ you are excluded from all of the Classes in this Settlement.

CLASS ONE: TILA RESCISSION CLASS

The TILA Rescission Class is a nationwide class of borrowers who at any time on or after February 8, 2003, (or, for residents of Massachusetts, at any time on or after February 8, 2002) have actually requested rescission in writing of their loans pursuant to applicable provisions of the Truth in Lending Act or state disclosure laws on or before December 1, 2009.

CLASS TWO: BAIT AND SWITCH CLASS

The Bait and Switch Class is a nationwide class of borrowers who meet one or more of the following criteria:

- (i) loan records establish a final disclosed annual percentage rate that is at least 0.9% higher (as calculated pursuant to TILA) than the disclosed annual percentage rate (calculated pursuant to TILA) contained in preclosing written disclosures made to the borrower;
- (ii) loan records establish that the borrower received a loan containing a prepayment penalty, but preclosing written disclosures made to the borrower described a loan without a prepayment penalty; or
- (iii) loan records establish that the borrower received a loan containing a variable rate, but preclosing written disclosures made to the borrower described a loan containing a fixed rate.

CLASS THREE: DISCOUNT POINTS CLASS

The Discount Points Class is a nationwide class of borrowers who either entered into loans (i) made after December 14, 2001, and before February 3, 2003, on which they had to pay discount points in *any* amount; or (ii) made on or after February 3, 2003 on which they had to pay at least *three* discount points.

CLASS FOUR: WHOLESALE BORROWER CLASS

The Wholesale Borrower Class is a nationwide class of borrowers who paid an amount constituting more than 3% of their funded loan amount in settlement charges to Ameriquest or a mortgage broker.

CLASS FIVE: LOAN SERVICING CLASS

The Loan Servicing Class is a nationwide class of borrowers who paid Ameriquest default and delinquency fees or costs in an amount in excess of a total of \$1,000. These fees and costs include fees listed in Ameriquest's records as late fees, legal fees, phone pay non sufficient fund (NSF) fees, bad check non sufficient fund (NSF) fees, appraisal fees, inspection fees, and recoverable corporate advance fees.

¹ These settlements include: Ricci v. Ameriquest Mortgage Co., Civil File Case No. 05-2546 (State of Minnesota, Hennepin County) and Pierceall v. Ameriquest, Judicial Council Coordination Proceeding No. 4162 (Superior Court of the State of California, San Mateo County).

4. HOW DO I KNOW IF I AM A CLASS MEMBER?

You are receiving this Notice because, according to Ameriquest's records, Ameriquest originated and/or serviced your loan during the Class Period (which is from December 14, 2001, to the present unless otherwise stated) and because its records indicate that you fall into at least one of the Classes summarized above.

5. WHAT ARE THE TERMS OF THE SETTLEMENT?

After more than three years of hard-fought litigation followed by two years of intensive mediation with an experienced retired judge acting as a third-party mediator, the parties have reached a Settlement Agreement on the following terms:

A. Settlement Fund

The Settlement provides a monetary fund of \$22 Million ("Settlement Fund"), which will be used for (1) Settlement Payments to Class Members, (2) Foreclosure Prevention Services, (3) Notice and Claims Administration Costs, (4) Service Payments to the plaintiffs who brought these lawsuits (the "Class Representatives"), and (5) Attorneys' Fees and Costs approved by the Court. Each item is described more fully below.

1. Settlement Payments

After payments of other items covered by the Settlement, the entire balance of the fund will be divided, according to a formula, among Class Members who file timely, valid claims. A Claim Form is included with this Notice. Please follow the instructions carefully and submit the form no later than March 9, 2010 if you wish to be paid. If you do not file a timely valid claim, you will not be paid. As explained below, you can submit your claim by mail or online or by facsimile at 1-866-590-8535.

The amount of your payment will be determined by a formula that is contained in the Distribution Plan included with the Settlement Agreement. The formula is based on expert evaluation of data contained in Ameriquest's records. In general, the formula is designed to reflect the amount of average potential harm associated with the claims of each Class adjusted for the legal strengths and weaknesses of those claims.

You will be entitled to a payment for the harm associated with each Class for which you are a member. Your payment will be based on the number of points assigned to your claim in relation to the total number of points of all claimants.

There are more than 700,000 Class Members. Because we do not know how many claims will be filed or how many points will ultimately be assigned, we cannot accurately tell you the size of your likely Settlement Payment. Although you can receive more information about the Settlement Agreement and the Distribution Plan (see section 10, below), the Settlement Administrator will not be able to answer inquiries about the exact amount of your payment until shortly before payments are made.

2. Foreclosure Prevention Services

In addition to Settlement Payments, \$200,000 of the Settlement Fund will be used to provide foreclosure prevention counseling services to eligible Class Members. Eligible Class Members are those who still have a loan originated by Ameriquest, regardless of what company is currently servicing your loan. Plaintiffs have designated Neighborhood Housing Services of Chicago (“NHS”) to provide foreclosure prevention counseling to such eligible Class Members. These services will be available to eligible Class Members if and when the Settlement becomes effective (see 9 below).

Once the Settlement is final, eligible Class Members will be able to access the foreclosure prevention counseling by contacting NHS at 1-866-690-8562. Counseling will be on a first come-first served basis until funding for the program is fully expended or until one year from the date of settlement approval, whichever is earlier. You may access this benefit whether or not you file a claim.

3. Donation of Amounts Left Over in the Settlement Fund to Charities

Any amounts left over in the Settlement Fund (uncashed checks, for example) will be donated to one or more charities that serve similar populations to Ameriquest borrowers. The charities will be selected by Ameriquest and approved by Plaintiffs.

4. Plaintiffs’ Litigation Costs and Fees

The Court will determine what fees to award to the attorneys who have brought these actions. Plaintiffs intend to apply for attorneys’ fees and costs in an amount not to exceed \$7.33 million. The attorneys expect to show that they have expended more than that amount in time and costs on this litigation. The attorneys’ fees and costs awarded by the Court will be paid from the Settlement Fund.

5. Service Payments

The Court will determine what Service Payment to make to the Class Representatives in these actions. Plaintiffs intend to apply for fees and costs from the Settlement Fund in an amount not to exceed \$7,500 per Class Representative household. Service payments awarded by the Court will be paid from the Settlement Fund.

B. Release By Class Members

The following is a summary of the Release. A complete description of the release can be found in the Settlement Agreement. See section 10, below.

Unless you opt out of the Settlement, in exchange for the consideration provided pursuant to this Settlement, you will release all known or unknown claims against Ameriquest and related parties. Related parties include owners, executives, officers, investors and attorneys working for Ameriquest as well as affiliated companies. Despite the release, you will retain your right to bring defenses to any foreclosure claim on an Ameriquest loan, except that those defenses cannot result in an affirmative award of damages to you.

C. Termination

Amerquest has reserved the right to terminate the Settlement in certain circumstances. If events occur that give Amerquest the right to terminate the Settlement and it exercises that right, there will be no Final Approval Hearing and the litigation will continue. In the event of termination, information will be posted on the Settlement Administrator's website. (See section 10, below.)

6. WHY ARE PLAINTIFFS' ATTORNEYS RECOMMENDING THIS SETTLEMENT?

Class Counsel recommends this Settlement because it provides real, substantial monetary and equitable benefits to the Classes, and the additional value provided by Amerquest's payment of attorneys' fees, costs, notice, and administration. This case has been extensively prosecuted for more than five years – following a period of very active and hard-fought litigation, the parties engaged in extensive and also hard-fought mediation. Based on the litigation so far and in the judgment of Class Counsel, who have extensive experience in such litigation, the Settlement is fair and reasonable in light of the risks, difficulties, delays, and uncertainties of trial and appeal. In particular, at trial, the Class would have had the burden of proof to establish liability and entitlement to relief. Even if the Class obtained a favorable judgment at trial, there was a known risk that Amerquest would file an appeal, resulting in a delay of payment to the Class, and/or the potential that the trial judgment would be reversed, or the amount of monetary relief to be paid to the Class reduced.

Class Counsel also recommends the Settlement because Amerquest, like many other subprime lenders, went out of business during the litigation. Amerquest has transferred all of its interest in almost all of the loans in question. Even if the Class had prevailed, based on the current and expected future financial condition of Amerquest, there is the material risk that Amerquest would not have had the resources to satisfy such a judgment. Under the Settlement described above, Class Members will receive substantial benefits that are both immediate and certain, thus avoiding the many obstacles that might have prevented them from obtaining relief through trial.

7. WHAT ARE THE PROCEDURES FOR PARTICIPATING IN THE SETTLEMENT?

If you wish to participate in the Settlement, **you must complete and submit the accompanying Claim Form** in accordance with the instructions provided on that form no later than **March 9, 2010**. If you submit the claim form by mail it must be postmarked by **March 9, 2010**. You may also complete and submit your Claim Form online by visiting www.AmerquestMDLSettlement.com, or by facsimile at 1-866-590-8535 no later than **March 9, 2010**.

If you are eligible to receive money, but do not mail, fax or electronically submit your Claim Form on time, **you will be barred** from sharing in the distribution of the Settlement Fund, but will nonetheless be subject to the Release, unless you have opted out as described in Section 8, below.

8. WHAT IF I DON'T WANT TO PARTICIPATE IN THE SETTLEMENT?

If you wish, you can exclude yourself from the Class Settlement ("opt out"). **If you choose to opt out, you will not receive any benefit through the Settlement, and you will not be bound by the Final Order and Judgment which may be entered dismissing this lawsuit against Amerquest.** You would then be free to pursue whatever legal rights you may have by pursuing your own lawsuit against Amerquest at your own cost and expense.

To opt out, you must send a Request for Exclusion by first class mail, postage prepaid, to: Ameriquest MDL Settlement Administrator at P.O. Box 2278, Faribault, MN 55021-2413. Your Request for Exclusion must be in writing and postmarked by **February 22, 2010**. To be effective, a Request for Exclusion must include: (1) the name of this Class Action (*In re Ameriquest Mortgage Co. Mortgage Lending Practices Litigation*, MDL No. 1715, Lead Case No. 05-cv-07097); (2) your name, address, and telephone number; (3) a statement that you wish to be excluded from this Class Action. Note that you may not exclude any other person, including your co-borrowers, or any class of individuals from the Settlement.

If the Request for Exclusion is not timely submitted and you are a Class Member, you will be automatically included in the Class and will be legally bound by the proposed Settlement, including its Release provisions. *You may not submit a Claim Form and also exclude yourself from the Settlement.*

9. WHAT ARE THE PROCEDURES RELATING TO COURT REVIEW AND APPROVAL OF THE SETTLEMENT? HOW CAN I OBJECT?

A hearing will be held on April 15, 2010, at 10:30 a.m. before the Honorable Marvin E. Aspen, Judge of the United States District Court for the Northern District of Illinois, located at 219 S. Dearborn Street, Chicago, IL 60604, in Courtroom #2658 (the "Fairness Hearing").

The purpose of the Fairness Hearing is to determine, among other things, (1) whether the terms of the Settlement are fair, reasonable, and adequate; (2) whether the application of Class Counsel for an award of attorneys' fees and costs should be approved and, if so, the amount to be awarded; (3) whether the Class Representatives' application for an award of service payments should be approved; and (4) whether a Final Order and Judgment should be entered dismissing this Class Action with prejudice and on the merits against the Class Representatives and all members of the Class (except for those persons who timely and properly request to be excluded from the Settlement). The Court has the power to adjourn or reschedule the Fairness Hearing from time to time without further notice of any kind.

There is no need for you to attend the Fairness Hearing if you wish to participate in the proposed Settlement, as Plaintiffs' attorneys will represent your rights.

Objections/Appearances in Court

Any Class Member who has not provided a timely written request for exclusion and who wishes to object to the proposed Settlement must provide to Class Counsel and Ameriquest's attorneys, and file with the Court, no later than **February 22, 2010**, a statement specifically describing his/her objection, together with any legal support the Class Member wishes to bring to the Court's attention and any evidence the Class Member wishes to introduce in support of the objection.

Any Class Member and/or his/her attorney who intends to make an appearance in court at the Fairness Hearing must, no later than February 22, 2010 or as the Court may otherwise direct, both (1) file a notice of appearance with the Clerk of the Court and (2) serve a copy of the notice of appearance on Plaintiffs' attorneys and Ameriquest's attorneys. All such objections, papers, and briefs shall expressly refer to the name of this Class Action as it appears at the top of this Notice, as well as to the Honorable Marvin E. Aspen and the case number. All written objections must clearly identify the name and address of the Class Member making the objection, and must provide documentation demonstrating that the person making the objection is in fact a Class Member. All written objections also must

clearly identify any and all witnesses, documents, and other evidence of any kind that are to be presented at the Fairness Hearing in connection with such objections, and also must set forth the substance of any testimony to be given by such witnesses, if any. The pertinent addresses are as follows:

Court:

Hon. Marvin E. Aspen
United States District Court
Northern District of Illinois
219 S. Dearborn Street
Chicago, IL 60604

Class Counsel:

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Ameriquist Defendants' Attorneys:

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Any Class Member who does not comply with these requirements will be deemed to have waived such objection, and will be forever foreclosed from making any objection to the proposed Settlement.

10. WHERE CAN I FIND ADDITIONAL INFORMATION?

This Notice contains only a summary of the terms of the proposed Settlement. You may find the complete Settlement Agreement, the Distribution Plan and other information at www.AmeriquistMDLSettlement.com.

Updates will be posted on the Settlement Administrator's website at www.AmeriquistMDLSettlement.com as information about the settlement process becomes available. Obtaining final settlement approval and accurately reviewing the filed claims and exclusions is a slow process. Please be patient.

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE,
OR AMERIQUEST OR AMERIQUEST'S ATTORNEYS CONCERNING THIS CASE.

BY ORDER OF THE COURT

Date: January 8, 2010

/s/ Marvin E. Aspen
Judge, United States District Court