

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FILED

JAN 15 1998

SELMA S. BUYCKS-ROBERSON; CALVIN R.)
ROBERSON; and RENEE BROOKS, on behalf)
of themselves and others similarly situated,)

Plaintiffs,)

vs.)

CITIBANK FEDERAL SAVINGS BANK,)

Defendant.)

CLERK OF DISTRICT COURT

No. 94 C 4094
Judge Castillo

Magistrate Judge Lefkow

DOCKETED

JAN 16 1998

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into as of this 9th day of January, 1998 by the plaintiffs in the above entitled action, Selma Buycks-Roberson, Renee Brooks and Calvin Roberson, and defendant Citibank, Federal Savings Bank ("Citibank"), by and through their respective undersigned attorneys.

DEFINED TERMS

1. Acts. The federal statutes commonly known as the Equal Credit Opportunity Act, the Fair Housing Act and Sections 1981 and 1982 of the Civil Rights Act are referred to herein as the "Acts."
2. Agreement. This Settlement Agreement is referred to herein as the "Agreement."
3. Action. The lawsuit entitled Selma Buycks-Roberson, et al., plaintiffs, v. Citibank Federal Savings Bank, defendant, pending in the United States District Court for the Northern District of Illinois, Case No. 94 C 4094, is referred to herein as the "Action."

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4. Settlement Class. Subject to the Court's approval, and for purposes of this Settlement only, the following class shall be certified in this Action (the "Class" or "Settlement Class") as follows:

All persons (i) who are African-American; and (ii) who applied for a first mortgage home purchase or refinance loan with Citibank for property located in Cook, DuPage, Lake or McHenry County, Illinois; and (iii) whose request for such a loan was turned down by Citibank at any time during the period from July 6, 1992 to December 31, 1995.

Persons described above are referred to herein as "Settlement Class Members" or "Class Members."

5. Class Notice. The "Notice of Pendency of Class Action, Proposed Class Settlement and Hearing," in substantially the same form as that attached to this Agreement as Exhibit A, is referred to herein as the "Class Notice."

6. Class Counsel. Judson H. Miner of the law firm of Miner, Barnhill & Galland, and Fay Clayton and John Wickert of the law firm of Robinson, Curley & Clayton, P.C., are referred to herein as "Class Counsel."

7. Complaints. The Complaint filed in this Action on July 8, 1994, the First Amended Complaint filed on December 29, 1994, and the Second Amended Complaint filed on July 13, 1995 are referred to herein as the "Complaints."

8. Court. The United States District Court for the Northern District of Illinois, Eastern Division, is referred to herein as the "Court."

9. Effective Date. The "Effective Date" of this Agreement shall be thirty (30) days after the entry of Final Judgment, as that term is defined herein.

10. Final Approval. As used herein, "Final Approval" means the issuance by the Court of a final, appealable order which is the same in substance as the Final Judgment and Order of Dismissal attached hereto as Exhibit B, which, among other things, approves this Settlement pursuant to Federal Rule of Civil Procedure 23(e).

11. Final Judgment. A judgment in this action is a "Final Judgment," as that term is used herein, only after both of the following have occurred: (a) the Court gives Final Approval to the Agreement by executing an order which is the same in substance as the form of Final Judgment and Order of Dismissal attached hereto as Exhibit B; and (b) the time has expired in which to seek review or appeal of such order without any review or appeal having been taken or, if such review or appeal is taken, such review or appeal shall have been finally determined (subject to no right of further review or appeal) by the highest court before which such review or appeal can be sought and allowed, and such review or appeal shall have been resolved in such manner as to permit the consummation of the Settlement effected by this Agreement in accordance with all of its terms and provisions.

12. Citibank Federal Savings Bank. Citibank Federal Savings Bank is herein referred to as "Citibank."

13. Plaintiffs and Class Representatives. The terms "Plaintiffs" and "Class Representatives," as used herein, mean Selma Buycks-Roberson, Renee Brooks and Calvin Roberson.

14. Preliminary Approval. "Preliminary Approval" refers to the Court's determination that this Settlement is within the range of possible approval and, therefore, that

a Notice should be sent to the Class and a hearing should be held with respect to the fairness of the Settlement.

15. Preliminary Approval Order. As used herein, "Preliminary Approval Order" means the issuance of an order which is the same in substance as the Preliminary Approval Order attached hereto as Exhibit C.

16. Released Claims. "Released Claims" shall have the meaning set forth in Paragraph 39.

17. Released Parties. "Released Parties" means Citibank Federal Savings Bank, its past, present or future predecessors, successors, assigns, subsidiaries, divisions, affiliates and parent corporations, including but not limited to Citicorp Mortgage, Inc, and their past, present or future directors, officers, employees, heirs, executors, administrators, representatives, shareholders, agents, accountants, attorneys, and any and all predecessors, successors and assigns of any of the foregoing.

18. Settlement. The settlement as set forth in this Agreement is referred to herein as the "Settlement."

19. Settlement Hearing. "Settlement Hearing" shall have the meaning set forth in Paragraph 35.

20. Interest Rate. "Interest Rate" means the note rate of interest on a particular loan.

21. Credit Score. "Credit Score" means the score Citibank assigns to an applicant based on its proprietary credit scoring system.

22. Bureau Score. "Bureau Score" means the score that is assigned to an applicant based on that applicant's credit history by one or more of the following three independent credit bureaus: (i) Trans Union; (ii) TRW; or (iii) CBI.

23. Home Equity Loan. "Home Equity loan" means a loan secured by the equity in a borrower's existing home.

24. Application Fee. "Application Fee" means those fees normally charged to an applicant by Citibank in the processing of the applicant's loan application. For purposes of this Agreement, those fees include only the following: the loan processing fee; credit bureau fees and appraisal fee.

RECITALS

WHEREAS:

25. Plaintiffs brought this Action on behalf of themselves and other African-Americans who applied for and were denied first mortgage loans with Citibank, alleging that Citibank denied such loans on the basis of their race or the racial composition of their neighborhoods in violation of the Equal Credit Opportunity Act, the Fair Housing Act, and Sections 1981 and 1982 of the Civil Rights Act.

26. Citibank has at all times denied, and continues to deny, each and every claim of wrongdoing raised against it in this Action. Citibank further denies that it is liable in damages in any way to the Plaintiffs or any other member of the Class.

27. Citibank recognizes the expense and length of time necessary to continue this Action through trial and the appeals that may follow and the burden upon and interference with Citibank's ordinary business operations that could be caused by the continued litigation.

Citibank, denying any wrongdoing, has agreed to settle the lawsuit in order to avoid the costs and business disruption of further litigation and to provide additional encouragement to African-Americans to apply for, and obtain, loans from Citibank. Citibank has concluded, therefore, that it is in its best interest to resolve this Action on the terms stated in this Agreement to avoid this additional expense and inconvenience and to put to rest all of the claims that were brought, could have been brought, or could hereafter be brought in this Action, or in similar actions.

28. Class Counsel has made an investigation of the facts and circumstances underlying the issues raised by the claims alleged by the Plaintiffs in this Action and has researched the law applicable to these issues and claims. Class Counsel recognizes the expense and length of time necessary to continue this Action through trial and the appeals that may follow, the difficulty of complex litigation, and the uncertainty inherent in predicting the outcome of this Action. Based on all of these considerations, Plaintiffs and Class Counsel have concluded that the Settlement set forth in this Agreement is fair, reasonable and in the best interests of the Class.

29. The parties hereto and their counsel believe that the proposed Settlement of the Action on the terms and conditions set forth hereinafter is fair, adequate, reasonable and proper, and further state that this Settlement is the result of arms-length negotiations between the parties hereto. This Agreement reflects a compromise between the parties of disputed claims concerning Citibank's mortgage loan practices and policies, including without limitation all claims under the Acts, as well as other federal, state or local laws, or common law, for injunctive relief and monetary damages resulting from Citibank's mortgage loan practices at any time from July 6, 1992 through December 31, 1995. In no event shall this Agreement be construed or deemed as an admission or concession by Citibank of the truth of any allegation

or the validity of any claim asserted in this Action, or of any liability or fault on the part of Citibank, and all such allegations are expressly denied. It is expressly acknowledged by all the parties to this Action that there was no finding of a policy or practice of discrimination by Citibank.

NOW THEREFORE, in consideration of the agreements, covenants, releases, representations and warranties set forth herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, it is hereby agreed, subject to approval by the Court, that this Action shall be finally settled, compromised and dismissed with prejudice as follows:

AGREEMENT

30. The foregoing Definitions and Recitals are incorporated herein by reference and are made a part of this Agreement.

31. Class Members' Right to Opt Out. Any member of the Class may elect to be excluded from this Settlement and from the Class by opting out of the Class within thirty (30) days of the date on which the Class Notice is mailed. Class Members shall opt out by mailing a Notice of Exclusion from the Class to Michael W. Dobbins, the Clerk of the Court, at a P.O. Box to be obtained by Class Counsel, which opt out must be postmarked within thirty (30) days of the date on which the Class Notice is mailed. Class Counsel shall obtain the P.O. Box at least 5 days before the date on which Class Notice is mailed. Any Class Member who opts out shall not be entitled to any of the benefits set forth in Paragraph 33 of this Agreement and shall not be subject to the release of claims set forth in Paragraph 39. Any Class Member who opts out and wishes to proceed with litigation against Citibank must file a separate and independent

action, and that action shall be assigned to a judge according to the court's random assignment system.

32. Option to Withdraw. As set forth in Paragraph 27, the parties recognize that Citibank has concluded that it is in its best interest to enter into this Agreement in order to avoid the additional expense and inconvenience of further litigation and to put to rest all claims that were, could have been brought, or could hereafter be brought in this Action. The parties also recognize that these goals will likely be frustrated if litigation either in this or any other action of the claims asserted or that could have been asserted in this Action continues notwithstanding this Agreement. Therefore, in the event that the number of Class Members specified in a separate letter agreement dated December 3, 1997 between Class Counsel and Citibank's counsel provide timely notice of their desire to opt out of the Class, Citibank shall have the option to withdraw from this Agreement. Citibank shall have 21 days following the deadline for Class Members to opt-out in which to decide whether to exercise the foregoing option to withdraw from this Agreement. If Citibank exercises that right, the Agreement shall be null and void; this Action will continue; and the parties shall move jointly for vacation of any and all orders entered pursuant to this Agreement.

33. Settlement Terms. Subject to and conditional upon the entry of Final Approval and Final Judgment approving this Settlement Agreement, Citibank agrees to the following:

A. Non-Monetary Benefits for All Settlement Class Members.

(i) Lending Consortium. Citibank will undertake efforts to organize a lending consortium consisting of Citibank and several other lenders in the Chicagoland area to assist low to moderate income loan applicants in obtaining mortgages. The program will be modeled

after existing programs in other cities and will stay in effect for two years following the date of the consortium's establishment.

The goal of the consortium will be to establish a review process whereby low to moderate income denied mortgage loan applicants (as defined, *infra*, at p.10) of a participating lender may be eligible to have their declined loan applications reviewed by a loan committee established by the consortium. The loan committee would then reevaluate their loan application to determine if any of the other lending institutions participating in the consortium could approve the loan request under their particular loan policies and programs. Lending institutions participating in the consortium would not be obligated by any terms previously quoted by the originating institution. Establishment of the review process and review by the loan committee would and does not imply or guarantee that mortgage credit will be extended to any applicant. If the loan committee determines that the loan cannot be made by any of the participating lenders, the consortium staff members would instead provide free counseling to mortgage applicants to assist them in clearing up credit problems or other deficiencies that caused their application to be denied.

If such a consortium is formed, eligible declined applicants would be provided with a brochure or other form of notice along with the adverse action letter advising them of the consortium and that they may be able to have their loan request reviewed by the consortium's loan committee to request a new evaluation of their mortgage application for potential financing by one of the other lenders participating in the consortium. The

loan committee would meet on a regular basis to review denied applications that were forwarded to the committee by eligible loan applicants.

To be eligible to appeal to the committee, the following criteria (or such other criteria as agreed to by the consortium members) would have to be met:

- (a) the applicant must have applied for either a purchase or refinance mortgage loan of a one or two unit owner occupied residence;
- (b) the applicant intends to be a primary resident of the property for which financing is sought;
- (c) the location of the property to be financed must be in the Illinois counties of either Cook, Lake, DuPage or McHenry;
- (d) the amount of the loan applied for must not exceed the maximum amount permitted by Fannie Mae and Freddie Mac under their conforming loan programs;
- (e) the combined household income must not exceed 80% of the median income for the county in which the applicant resides (i.e., the low to moderate income range); and
- (f) the lending institution that denied the applicant's loan request must be a participating member in the consortium.

Citibank shall have a period of up to six months (the "organization period") from the date of Final Approval of the Settlement, within which to attempt, in good faith, to organize the lending consortium, as described above. If, at any time within the six month organization period Citibank determines that the consortium cannot be organized

or otherwise finds that there is inadequate interest within the lending community to establish such a consortium, Citibank may instead establish the mortgage counseling service described in paragraph (ii) below, regardless of whether the six month organization period has fully expired.

(ii) Mortgage Counselor. If a lending consortium (as described above) cannot be formed, Citibank will establish an independent mortgage counseling service for eligible Citibank applicants who are denied mortgage loans. Citibank will choose an independent mortgage counselor who is acceptable to Class Counsel. Should Citibank seek to establish the mortgage counseling service, it shall provide written notice of its intent to do so to Class Counsel and shall have at least three months from the date of the notice within which to organize the service. If established, the independent mortgage counseling service will stay in effect for two years following the date of its establishment.

The goal of the mortgage counseling program will be to establish a counseling service whereby low to moderate income denied Citibank mortgage loan applicants may be eligible to have their loan denial reviewed by the independent mortgage counselor (the "mortgage counselor"). The mortgage counselor would then reevaluate the loan application to determine if the counselor agrees with the original loan decision by Citibank or whether the counselor believes that the loan could be made under Citibank's loan policies, practices, and programs. If the mortgage counselor agrees with the original loan decision by Citibank, the mortgage counselor will provide free counseling to mortgage applicants to assist them in clearing up credit problems or other deficiencies that caused their application to be denied. If the mortgage counselor disagrees with

Citibank's original decision and believes that the loan should be approved under Citibank's loan policies, practices, and programs, the counselor may review the decision with a Citibank representative. The Citibank representative shall be available for such discussions with the counselor on a regular basis. The Citibank representative will then reevaluate the loan application. If the Citibank representative determines that the loan cannot be approved under Citibank's loan policies, practices, and programs, the mortgage counselor will instead provide free counseling to mortgage applicants to assist them in clearing up credit problems or other deficiencies that caused their application to be denied.

If such a mortgage counseling service is formed, eligible declined applicants would be provided with a brochure or other form of notice along with the adverse action letter advising them of the counseling service and that they may be able contact the counselor to request a new and independent evaluation of their mortgage application. The applicants would be further advised that establishment of the counselor review process and contacting the counselor would and does not imply or guarantee that mortgage credit will be extended by Citibank to any applicant.

To be eligible for review and counseling by the mortgage counselor, the same criteria as noted in paragraphs (a) through (f) above with reference to the lending consortium would have to be met, except that the program would be available solely to mortgage applicants declined loans by Citibank, not applicants declined by other lending institutions.

In connection with the independent review process contemplated by the mortgage counselor service described in this Agreement, the mortgage counselor may make reasonable requests for information from Citibank to determine whether eligible African-American applicants who contact the mortgage counselor are being treated the same as similarly situated white applicants. Any such requests for information must be made by the mortgage counselor in writing and directed to the designated Citibank representative. If a disagreement arises regarding the reasonableness of a request for information made by the mortgage counselor, the disagreement will be resolved an independent arbitrator to be agreed to by the parties. The independent arbitrator may resolve only those disputes that arise relative to requests for information as described herein. The independent arbitrator has no authority to, and may not, consider or resolve, or attempt to consider or resolve, disputes, if any, that may arise relative to the disposition of a loan request referred to the mortgage counselor.

Any request for information from the mortgage counselor that seeks information on or for more than five (5) similarly situated white applicants shall be deemed unreasonable if made in connection with the mortgage counselor's consideration of any single denied African-American applicant. All single requests that exceed 5 in number shall not be subject to arbitration (as set forth herein), but instead may be denied by Citibank. The selection of similarly situated white applicants shall be made solely by Citibank. If, however, the mortgage counselor disagrees that the white applicants selected by Citibank are similarly situated, the disagreement shall be resolved by the arbitrator. If the arbitrator believes that the selected white applicants are not similarly

situated, then the mortgage counselor may request additional files of similarly situated white applicants in the same number determined by the arbitrator not to be similarly situated.

- B. Monetary Benefits for Class Members. Under this Agreement, monetary benefits available to Settlement Class Members who do not opt-out of the Settlement varies depending upon whether such Members are eligible for membership in either Benefit Class A, Benefit Class B, or Benefit Class C, as described herein. All Settlement Class Members who do not opt-out of the Settlement are members of Benefits Class A and are also entitled to the relief available to the entire Settlement Class, as set forth in Paragraph A, above. Settlement Class Members eligible for membership in either Benefit Class B or Benefit Class C who do not opt out of the Settlement are entitled to the relief available to their particular Benefit Class, as well as the relief available to Benefit Class A and the entire Settlement Class, as set forth in Paragraph A, above.
- C. Financial Benefits for Benefit Class A. Benefit Class A comprises all Settlement Class Members who do not exclude themselves from the Settlement Class. Benefit Class A members will be entitled to have the Application Fee, as that term is defined in Paragraph 24, waived, on a one-time basis, should they apply for a first mortgage loan with Citibank at any time within two years from the date of the Final Judgment approving this Settlement. To qualify to obtain the Application Fee waiver, the Settlement Class Member must submit a Proof of Claim postmarked within 30 days of the date on which Class Notice is mailed. If the Court enters a Final Judgment approving the Settlement, Settlement Class Members who have timely submitted Proofs of Claim

will be mailed a letter from Citibank advising them of which Benefit Class they qualify for and setting forth the process to be followed by them in order to claim and receive their benefits. Benefit Class A members will have two years from the date of the Final Judgment approving the Settlement within which to take advantage of and use their Application Fee waiver at Citibank. The members of Benefit Class A are identified by name in a separate letter agreement dated January 8, 1998 between Class Counsel and Citibank's counsel.

- D. Relief With Respect to Members of Benefit Classes B and C. Citibank will create a Benefits Fund in the amount of \$360,000 to be distributed and disbursed to the Members of Benefit Class B and Benefit Class C in the manner set forth below. The amount of the Benefits Fund is fixed and will not exceed \$360,000. The actual amounts received by Members of Benefit Classes B and C may vary depending upon the total number of qualified Class Members in Benefit Classes B and C. If the total amount available in the Benefits Fund is not claimed by Benefit Classes B and C Members within two years of the date of Final Judgment, any assets remaining in the Benefits Fund will be used by Citibank within three years after the date of Final Judgment approving the Settlement to provide funding for outreach, educational or other programs designed to assist minorities in obtaining loans from Citibank. These funds shall be in addition to Citibank's existing financial commitments, if any, to such programs, or may be used to enhance existing programs. Citibank shall provide notice to class counsel of its intended use of these funds, which notice shall include such information as necessary to demonstrate that the funds will be used consistent with the terms of this Agreement.

- E. Qualification of Benefit Classes B and C Members. To qualify for membership in Benefit Class B or C, the Settlement Class Member must submit a timely Proof of Claim. A Class Member who wishes to claim monetary benefits under the Settlement must submit a Proof of Claim postmarked within 30 days of the date on which Class Notice is mailed. If the Court enters Final Judgment, Benefit Class Members who have timely submitted Proofs of Claim will be mailed a letter from Citibank advising them which Benefit Class they qualify for and setting forth the process to be followed by them in order to claim and receive some of the benefits described below for which they may be eligible. Benefit Class B and Benefit Class C members will have two years from the date of the Final Judgment approving the Settlement within which to claim any benefits to which they be entitled to from Citibank. The Proofs of Claim included with the Class Notice will also advise the Class Member which Benefits Class, if any, the particular Class Member is eligible to participate in.
- F. Membership in Benefit Class B. Benefit Class B comprises all Settlement Class Members who do not exclude themselves from the Settlement Class and who (a) submitted an application for a first mortgage home purchase loan which was denied by Citibank at any time during the period from July 6, 1992 through December 31, 1995 or submitted an application for a first mortgage refinance loan which was denied by Citibank at any time during the period from July 6, 1992 to December 31, 1992; and (b) had an "Designated Credit Score," as that term is defined in Paragraph 33(J), at the time they originally applied for a first mortgage loan with Citibank. The Class Members eligible for

participation in Benefit Class B are identified by name in a separate letter agreement dated January 8, 1998 between Class Counsel and Citibank's counsel.

G. Consequences of Being a Member of Benefit Class B. Qualified Members of Benefit Class B who:

- (1) re-apply for a first mortgage loan with Citibank at any time within two years from the date of a Final Judgment approving the Settlement, satisfy the Lending Criteria, as described in Paragraph 33(K), at the time they re-apply, and are approved for a first mortgage loan by Citibank and accept the loan, are entitled to cash or credits against closing costs in an amount between \$2500.00 and \$3,250.00, depending upon the number of Class Members who timely file Proofs of Claim; or
- (2) re-apply for a first mortgage loan with Citibank at any time within two years from the date of a Final Judgment approving the Settlement, satisfy the Lending Criteria, as described in Paragraph 33(K), at the time they re-apply, and are denied a first mortgage loan by Citibank, are entitled to a cash payment in an amount between \$2,500.00 and \$3,250.00 depending upon the number of Class Members who timely file Proofs of Claim; or
- (3) re-apply for a first mortgage loan with Citibank at any time within two years from the date of a Final Judgment approving the Settlement, satisfy the Lending Criteria, as described in Paragraph 33(K), at the time they re-apply, and are approved for a first mortgage loan by Citibank but decline the loan, are entitled to no benefits under the Settlement, except as provided in paragraph (4), below.

- (4) Benefit Class B Members who would otherwise qualify under Paragraph (3), but have Interest Rates on their existing first mortgage loans more favorable than that available at Citibank at the time the Class Member seeks to re-apply for a first mortgage loan at Citibank, may instead apply for a home equity loan, rather than a first mortgage loan, with Citibank. If such Member qualifies for a home equity loan under existing Citibank standards and the loan is approved by Citibank and accepted by such Member, such Member is entitled to a cash payment or closing cost credits in the amount of \$1,625.00. If such Member does not qualify for a home equity loan under existing Citibank standards and the loan is denied, such Member is entitled to a cash payment in the amount of \$1,625.00. If such Member qualifies for a home equity loan under existing Citibank standards and the loan is approved but the Member declines the loan, the Member is entitled to no benefits under the Settlement.

No Class Member may claim benefits under this paragraph (4) if at the time they apply for the home equity loan, Citibank has already approved a loan application submitted by the Class Member for a first mortgage loan. In such case, the Class Members will be subject to paragraph (1) above should they accept the first mortgage loan and receive no benefits should they decline it. In such cases where a Class Member applies under this Agreement to refinance an existing first mortgage and the interest rate on their existing mortgage is more favorable than that Citibank makes available to the Class Member at the time they so apply, then Citibank agrees that, before it begins to process the Class

Member's refinance application, it will advise the applicant of their option under this provision to instead apply for a home equity loan.

- (5) Members of Benefit Class B who do not satisfy the Lending Criteria at the time they re-apply for a first mortgage loan with Citibank, are entitled to a cash payment in the amount of \$1,625.00, unless Citibank approves their loan, in which case such Members will be subject to paragraphs (1) through (4), above.

H. Membership in Benefit Class C. Benefit Class C comprises all Settlement Class Members who do not exclude themselves from the Settlement Class and who (a) submitted an application for a first mortgage refinance loan which was denied by Citibank at any time during the period from January 1, 1993 to December 31, 1995; and (b) had an "Designated Credit Score," as that term is defined in Paragraph 33(J), at the time they originally applied for a first mortgage loan with Citibank. The Class Members eligible for participation in Benefit Class C are identified by name in a separate letter agreement dated January 8, 1998 between class counsel and Citibank's counsel.

I. Consequences of Being a Member of Benefit Class C. Qualified Members of Benefit Class C who:

- (1) re-apply for a first mortgage loan with Citibank at any time within two years from the date of a Final Judgment approving the Settlement, satisfy the Lending Criteria, as described in Paragraph 33(K), at the time they re-apply, and are approved for a first mortgage loan by Citibank and accept the loan, are entitled to cash or credit against closing costs in an amount between \$770.00 and

\$1,000.00 depending upon the number of Class Members who timely file Proofs of Claim; or

- (2) re-apply for a first mortgage loan with Citibank at any time within two years from the date of a Final Judgment approving the Settlement, satisfy the Lending Criteria, as described in Paragraph 33(K), at the time they re-apply, and are denied a first mortgage loan by Citibank, are entitled to a cash payment in an amount between \$770.00 and \$1,000.00 depending upon the number of Class Members who timely file Proofs of Claim; or
- (3) re-apply for a first mortgage loan with Citibank at any time within two years from the date of a Final Judgment approving the Settlement, satisfy the Lending Criteria, as described in Paragraph 33(K), at the time they re-apply, and are approved for a loan by Citibank but decline the loan, are entitled to no benefits under the Settlement, except as provided in paragraph (4), below.
- (4) Benefit Class C Members who would otherwise qualify for a first mortgage loan under paragraph (3), but have Interest Rates on their existing first mortgage loans that are more favorable than that available at Citibank at the time the Class Member seeks to re-apply for a first mortgage loan at Citibank, may instead apply for a home equity loan, rather than a first mortgage loan, with Citibank. If such Member qualifies for a home equity loan under existing Citibank standards and the loan is approved by Citibank and accepted by such Member, such Member is entitled to a cash payment or credit against closing costs in an amount between \$770.00 and \$1,000.00, depending upon the number of Class

Members who timely file Proofs of Claim. If such Member does not qualify for a home equity loan under existing Citibank standards and the loan is denied, such Member is entitled to a cash payment in an amount between \$770.00 and \$1,000.00 depending upon the number of Class Members who timely file Proofs of Claim. If such Member qualifies for a home equity loan under existing Citibank standards and the loan is approved but the Member declines the loan, the Member is entitled to no benefits under the Settlement.

No Class Member may claim benefits under this paragraph (4) if at the time they apply for the home equity loan, Citibank has already approved a loan application submitted by the Class Member for a first mortgage loan. In such case, the Class Members will be subject to paragraph (1) above should they accept the first mortgage loan and receive no benefits should they decline it. In such cases where a Class Member applies under this Agreement to refinance an existing first mortgage and the interest rate on their existing mortgage is more favorable than that Citibank makes available to the Class Member at the time they so apply, then Citibank agrees that, before it begins to process the Class Member's refinance application, it will advise the applicant of their option under this provision to instead apply for a home equity loan.

- (5) Members of Benefit Class C who do not satisfy the Lending Criteria at the time they re-apply for a first mortgage loan with Citibank are entitled to a cash payment in the amount of \$500.00, unless Citibank approves their loan, in which case such members shall be subject to paragraphs (1) through (4), above.

J. Designated Credit Score. As used in this Agreement, the term "Designated Credit Score" means:

- (1) for Class Members whose first mortgage loan application was denied by Citibank between July 6, 1992 and March 9, 1993, and who did not have a "Credit Score" as defined in paragraph J(2) below, a "Bureau Score," as that term is defined in Paragraph 22, of 600 or less in the case of TRW; 400 or less in the case of CBI; or, 500 or less in the case of Trans Union.
- (2) for Class Members who originally applied for a first mortgage loan with Citibank in 1993 or 1994, a "Credit Score," as that term is defined in Paragraph 21, of 875 or higher; or
- (3) for Class Members who originally applied for a first mortgage loan with Citibank in 1995, a Credit Score of 800 or higher.
- (4) In determining whether a Class Member who originally applied in 1993, 1994 or 1995 satisfied the "Lending Criteria" or had a "Designated Credit Score," the "final" Credit Score (as that term is defined by Citibank) shall be used. If a "final" Credit Score is not available, then the "Preliminary" Credit Score shall be used.

K. Lending Criteria. As used in this Agreement, the term "Lending Criteria" means (1) a Credit Score of 785 or higher; (2) a back-end ratio not exceeding 42 percent; and (3) a loan-to-value ratio not exceeding 95 percent.

L. Multiple Applications. Settlement Class Members who applied more than once for a first mortgage loan with Citibank during the period covered by the Settlement and were

denied each time, may qualify for Benefits under this Agreement only once. Settlement Class Members who were originally denied a first mortgage loan by Citibank, whether they applied individually or with one or more co-applicants, but Citibank subsequently approved a first mortgage loan on the same property, either for them or any of their co-applicants, are entitled only to the one-time Application Fee waiver provided for in Paragraph 33C, and are not eligible for membership in either of the Benefit Classes. The Settlement Class Members falling into this category are to be agreed to and identified by name within 7 days of the date of this Agreement, via a separate letter agreement between Class Counsel and counsel for Citibank.

- M. Multiple or Joint Applicants. In those instances where there was more than one applicant on a particular loan application falling within the scope of this Settlement, the co-applicants or joint applicants on any such application shall be entitled to only one set of benefits under this Settlement. For such Class Members, if more than one of the co-applicants or joint applicants re-apply, benefits available under this Agreement, if timely and properly claimed, shall be distributed to such Class Members jointly, provided that such applicants are seeking financing on the same property. If the applicants are seeking financing on different property, then any and all benefits available under this Agreement shall be divided, shared and distributed between them in equal proportions. The determination of whether distribution of benefits to such applicants would be available jointly or in proportionate shares shall be made upon expiration of the time period permitted under this Agreement for the submission of proofs of claim.

N. Combining Benefits. Benefit Class Members may not combine any benefit received under the Settlement with any other benefits, coupons or discounts that Citibank offers, issues or recognizes.

O. Relief With Respect To Representative Plaintiffs. In recognition of the efforts of Selma Buycks-Roberson, Renee Brooks and Calvin Roberson on behalf of the Class, Citibank will pay them an aggregate award of \$60,000.

34. Class Counsel Costs and Attorneys' Fees. If the Court grants Final Approval of the Settlement, Class Counsel will request the Court's approval of reasonable compensation for their services and costs not to exceed \$950,000 in total amount. Any and all claims for costs or sanctions related to this Action shall be withdrawn. Class Counsel will submit a fee petition to the Court on such a date on or prior to the day of the fairness hearing, as is directed by the Court. The amount of attorneys' fees and costs approved by the Court, not exceeding \$950,000, will be paid by Citibank to Class Counsel on the Effective Date.

35. Preliminary Approval of Settlement. On or before January 12, 1998, the parties shall join in an application to the Court for the entry of an order substantially in the form of Exhibit C (the "Preliminary Approval Order"), which:

- A. Makes a preliminary determination that this Agreement is fair, reasonable and adequate to the Class;
- B. For purposes of this Settlement only:
 - (i) certifies the Settlement Class defined in Paragraph 4 herein.
 - (ii) designates Selma Buycks-Roberson, Renee Brooks and Calvin Roberson as the Class Representatives of the Settlement Class; and

- (iii) designates Judson Miner, Fay Clayton and John Wickert as Class Counsel;
- C. Schedules a hearing to be held within 7 days (or as soon thereafter as practical) (the "Settlement Hearing") after expiration of the final date on which Citibank may exercise its option to withdraw from this Agreement, to determine: the fairness of this Settlement pursuant to Federal Rule of Civil Procedure 23(e); Class Counsel's fees and expenses; and Final Approval of the Settlement;
- D. Finds that the mailing of the Class Notice in a form substantially the same as the notice attached hereto as Exhibit A (or any other such notice as the Court may require) is the only notice required and that such notice satisfies the requirements of due process and federal law; and
- E. Directs that notice of this Settlement be given to the Settlement Class in the manner set forth in Paragraph 36, and finds that the manner in which notice is to be provided satisfies the requirements of due process and federal law.

36. Notice of Settlement. Within no later than 30 days following the date of Preliminary Approval of this Agreement by the court, Citibank agrees to provide, and shall bear the expenses of providing, Court-approved notice to Class Members of the proposed Settlement of this Action by mailing to all known Settlement Class Members at their last known addresses as reflected in the records of Citibank, first-class postage prepaid, in accordance with the Preliminary Approval Order, a copy of the Class Notice in substantially the same form as Exhibit A. In addition to such other matters as the Court may require, the Notice shall apprise Class Members of the material terms of the Agreement, including the opportunity to opt out of the settlement, and that any objections to the proposed settlement and/or to the proposed award

of Class Counsel fees and costs should be served, in writing, upon the Clerk of the Court, Class Counsel and counsel for Citibank, at the addresses and within such time periods as provided for by this Agreement. Such Notice shall further inform Class Members of the date on which the court will hold the final hearing to determine the fairness, reasonableness and adequacy of the proposed settlement and the reasonableness of the proposed fee award to Plaintiffs' Class Counsel.

37. Dismissal Order. Concurrent with the parties' application for Final Approval, the parties will petition the Court for the entry of a Final Judgment and Order of Dismissal, substantially in the form attached hereto as Exhibit B, which shall provide for, among other things, the following:

- A. The Court's Final Approval of this Settlement and a finding by the Court that the terms and conditions of this Settlement are fair, reasonable, adequate and in the best interests of the Settlement Class; that each Class Member who has not timely filed a notice of exclusion from the Settlement shall be bound by this Agreement, including the release and covenant not to sue contained in Paragraph 39; and directing consummation of all of the Settlement's terms and conditions;
- B. Finding that Notice was given to Class Members in this Action in accordance with due process and federal law;
- C. A dismissal on the merits with prejudice of all claims that were asserted in this Action or could have been asserted in this Action;
- D. An order, in conformity with Paragraph 39 of this Settlement: (i) barring and permanently enjoining the institution or prosecution by any and all Settlement

Class Members who have not timely filed a notice of exclusion from the Settlement, either directly, representatively, derivatively or in any other capacity, of any other action against the Defendant, in this Court or in any other court or forum, asserting any claims that are being released or settled herein, including without limitation any claim that was or could have been brought in this Action, from the beginning of time up to and including the date of final judgment, that relates to any application(s) by a Class Member for a first mortgage home purchase or refinance loan; and, (ii) ordering any party violating such order to pay costs and attorneys' fees incurred by any Released Party as a result of a violation of this order; and, (iii) enter Final Judgment thereon. A party shall not be deemed to be in violation of such order if the party voluntarily dismisses with prejudice any court action or other suit or proceeding brought against Citibank within 30 days after the party or his/her counsel of record receives written notice from Citibank demanding that the suit be voluntarily dismissed in light of the terms of this Agreement and provisions of such order;

E. A reservation of exclusive jurisdiction in this Court to enforce all matters relating to the modification, interpretation, administration, implementation, effectuation and enforcement of all terms and provisions of this Agreement; and

F. Awarding attorneys' fees, costs and expenses for Class Counsel as provided in Paragraph 34.

38. Disapproval of Agreement. In the event any court disapproves or sets aside this Agreement, or any part hereof, for any reason, or holds that it will not enter or give effect to

the Final Judgment and Order of Dismissal in substantially the form described in Paragraph 37, or holds that the entry of the Final Judgment and Order of Dismissal or any part thereof should be overturned or modified in any material way, then:

- A. If all parties hereto do not agree jointly to appeal such ruling, this Agreement shall become null and void; this Action shall continue; and the parties shall move jointly that any and all orders entered pursuant to this Agreement be vacated; or
- B. If all parties hereto do agree to jointly appeal such ruling, and if the Final Judgment and Order of Dismissal or its equivalent in all material respects is not in effect after the termination of all proceedings arising out of such appeal, this Agreement shall become null and void; this Action shall continue; and the parties shall move jointly that any and all orders entered pursuant to this Settlement be vacated.

39. Releases by Settlement Class Members. Subject to and conditional upon the entry of Final Approval of this Agreement, and in addition to the effect of Final Judgment, the Plaintiffs and each Settlement Class Member who does not file a timely notice of exclusion from this Settlement, and their respective heirs, executors, administrators, representatives, agents, employees, attorneys, successors and assigns, shall be deemed to have agreed that Plaintiffs and each and every Settlement Class Member has released and forever discharged each and all of the Released Parties, as defined in Paragraph 17, from any and all claims, disputes, actions, liabilities, causes of action, suits, set-offs, counterclaims, demands, or damages, whatsoever, based upon any legal or equitable theory, right of action or otherwise (whether arising under federal, state or local law, common law or regulation), foreseen or unforeseen, known or

unknown, matured or unmatured, accrued or not accrued, which the Plaintiffs or Class Members or any of them ever had, now have, or may hereafter have up until the date of final judgment, based upon, in connection with, arising out of, or which are in any way, directly or indirectly, related to the claims alleged or which could have been alleged in this Action relating to first mortgages, including, for example (i) application(s) by a Class Member for a first mortgage home purchase or refinance loan made at any time prior to the date of final judgment; or (ii) Citibank's loan practices or policies relating to first mortgage home purchase or refinance loans made by Citibank at any time prior to the date of final judgment; or (iii) Citibank's lending decisions relating to first mortgage home purchase or refinance loans made at any time prior to the date of final judgment; or, (iv) any claim that Citibank has discriminated against loan applicants on the basis of race in any aspect of its mortgage lending business at any time from the beginning of time up to the date of final judgment (collectively, the "Released Claims"). Without limiting the generality of the foregoing, the Released Claims include all claims, actions, rights or causes of action arising under federal law including the Acts and any and all regulations promulgated pursuant to the Acts, and any and all state laws, local laws or common law. In addition, the named plaintiffs Selma Buycks-Roberson, Calvin Roberson, and Renee Brooks will each sign and provide Citibank with an original executed copy of a Release in the form attached hereto as Exhibit D.

40. No Admission. The Plaintiffs, the Settlement Class and the Defendant agree that this Settlement, and any proceedings in connection herewith, are not, and shall not be construed or invoked by anyone as, an admission of liability or wrongdoing on the part of the Defendant or as an admission as to the validity of any claim asserted against the Defendant. Neither this

Settlement (including the Exhibits hereto) nor any orders or documents related hereto nor any of the terms hereof shall be offered or received in evidence as an admission of liability or wrongdoing on the part of the Defendant. The Defendant expressly disclaims and denies any wrongdoing whatsoever and states that it has entered into this Settlement solely to avoid the inconvenience and expense of protracted and costly litigation.

41. Entire Agreement. This Agreement, including the Exhibits, constitutes the full and entire agreement and understanding between the parties with regard to the subject hereof, and supersedes any prior representations, promises or warranties (oral or otherwise) made by any party. No party shall be liable or bound to any other party for any prior representation, promise or warranty (oral or otherwise) except for those expressly set forth in this Settlement Agreement.

MISCELLANEOUS

42. Counterparts. This Agreement may be executed in one or more counterparts and may be transmitted via facsimile. If so executed or transmitted, the various counterparts shall be and constitute one instrument for all purposes and shall be binding on the party that executed it. For convenience, the several signature pages may be collected and annexed to one or more documents to form a complete counterpart. Photocopies and facsimiles of executed copies of this Agreement may be treated as originals.

43. Modification. This Agreement shall not be amended or modified except by written agreement executed by Plaintiffs' Class Counsel on behalf of Plaintiffs and the Settlement Class Members and by the Defendant (either by a duly authorized officer thereof or by counsel on its behalf).

44. Binding Effect; Assignment. This Settlement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns. No party hereto may assign its rights or obligations hereunder without the prior written consent of all of the other parties hereto.

45. No Further Actions or Publicity. Plaintiffs and Class Counsel agree that any public statements regarding the Settlement of this Action (written or oral) must be agreed upon in advance by Citibank, and that they will make no public statements about this Action or the Settlement other than those which are mutually agreed upon. The Settlement papers and Notice to the Class Members will recite that there was no finding of a policy or practice of discrimination by Citibank. Citibank agrees that it will provide Class counsel with advance notice of press releases, if any, issued by Citibank regarding this Settlement.

46. Time Periods. The time periods and/or dates set forth in this Agreement with respect to the giving of notices and hearings herein are subject to approval and change by the Court or by the agreement of the parties.

47. Document Return. The parties shall, within sixty (60) days of the Effective Date, return to the opposing party all documents and other materials that were furnished to them by the opposing party during the course of discovery and shall destroy all additional copies of such materials.

48. Governing Law. This Settlement Agreement, including the Exhibits, shall be governed by and construed and enforced in accordance with the laws of the United States and, where federal law is not controlling, the laws of the State of Illinois, without reference to principles of choice of law or conflict of laws.

49. Notice. As agents for the receipt of communications between all Class Members who do not opt out of the Class and Citibank relating to this Agreement, Class Members appoint Judson Miner, Miner, Barnhill & Galland, 14 West Erie Street, Chicago, Illinois 60610, facsimile number: (312) 751-0438 and Fay Clayton, Robinson Curley & Clayton, 300 South Wacker Drive, Suite 1700 Chicago, Illinois 60610, facsimile number (312) 663-0303; and Citibank appoints Robert Kriss and Lucia Nale, Mayer, Brown & Platt, 190 S. LaSalle St., Chicago, Illinois 60603, facsimile number: (312) 701-7711. Any communication between any Class Member who does not opt out of the Class and Citibank made in connection with this Agreement shall be deemed to have been made when sent by overnight delivery or registered or certified mail (postage prepaid), or delivered in person or by facsimile, to the attorneys at the addresses and facsimile numbers designated for them in this Paragraph. The persons and addresses designated in this Paragraph as agents may be changed by the represented party by written notice to the other signatories hereto in accordance with this Paragraph.

50. Headings. The headings herein are for convenience only and shall not affect the interpretation or construction of this Settlement.

IN WITNESS WHEREOF, the parties hereto, by their respective counsel, have executed
this Settlement Agreement on this 9th day of January, 1998.

PLAINTIFFS
SELMA BUYCKS-ROBERSON,
RENEE BROOKS
CALVIN ROBERSON

By: Judson Miner (by JHW)
Judson Miner
Miner, Barnhill & Galland
14 West Erie Street
Chicago, IL 60610
and

John H. Wickert
Fay Clayton
John Wickert
Robinson, Curley & Clayton
300 South Wacker Drive
Suite 1700
Chicago, IL 60610

DEFENDANT
CITIBANK, FEDERAL SAVINGS
BANK

By: Lucia Nale
Alan J. Salpeter
Robert J. Kriss
Lucia Nale
Mayer Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60603

Exhibits

Exhibit A: Notice

Exhibit B: Final Judgment Order

Exhibit C: Preliminary Approval Order

Exhibit D: Releases for Named Plaintiffs