

AMENDMENT TO CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

*Jorge Luis Estrada, et al., v. Royalty Carpet Mills, Inc.
Orange County Superior Court Case No. Case No. 30-2013-00692890-CU-OE-CXC*

This Amendment to Class Action and PAGA Settlement Agreement (“Amendment”) is entered into between Plaintiffs Jorge Luis Estrada, et al. (“Plaintiffs”) and Defendant Royalty Carpet Mills, LLC. (“Defendant”) (together, the “Parties”) with reference to the following facts:

- a. The Parties previously executed a Class Action and PAGA Settlement Agreement dated June 26, 2025 (“Agreement” or “Settlement Agreement”)
- b. Plaintiffs filed their Motion for Preliminary Approval of Class Action and PAGA Settlement on July 14, 2025 (the “Motion”).
- c. On September 5, 2025, the Court issued a Minute Order confirming its Tentative Ruling, which identified issues with the Agreement, Class Notice, and Proposed Order.
- d. The Court has since continued the Motion to October 31, 2025, to permit the Parties to respond to the issues.
- e. The Parties now enter into this Amendment to modify and replace specific language in the Agreement to address the Court’s concerns, while leaving all other terms of the Agreement unchanged and in full force and effect.

I. 1. DEFINITIONS.

Paragraph 1.8 of the Settlement Agreement is hereby amended and restated in its entirety to read as follows:

- 1.8 “Class” means all persons employed by Royalty in California as hourly-paid or non-exempt employees who worked at Royalty’s Dyer, Derian, and/or Porterville carpet manufacturing and warehouse facilities during the respective Class Periods, excluding those individuals who are defined as “Excluded Individuals.” “Excluded Individuals” means former Dyer and Derian employees who previously entered into settlement and release agreements with Defendant, are not subject to new releases under this Settlement Agreement, and will not share in the Gross Settlement Amount, as explained in Paragraph 2.2 below.

Paragraph 1.14 of the Settlement Agreement is hereby amended and restated in its entirety to read as follows:

- 1.14 “Residual Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual Class Payments, Individual PAGA

Payments, the LWDA PAGA Payment, Class Representatives' Service Payments, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, Administration Expenses Payment, and Defendant's Employer Taxes. The Residual Amount, if any, is to be paid to Participating Class Members on a pro rata basis (in proportion to each Class Member's Individual Class Payment). Any Residual Amount distributed will be allocated as interest for tax reporting purposes.

Paragraph 1.23 of the Settlement Agreement is hereby amended and restated in its entirety to read as follows:

1.23 "Individual Class Payment" means the amount of unpaid premium wages (plus any prejudgment interest) to be paid to a Class Member for meal period violations allegedly suffered during the applicable Class Period.

II. 2. RECITALS.

Paragraph 2.2 of the Settlement Agreement is hereby amended and restated in its entirety to read as follows:

2.2 In 2016, before the case was certified as a class action, sixty percent of the Royalty employees entered into settlement and release agreements ("Releases") with Defendant, releasing their wage and hour and PAGA claims arising from the occurrences alleged in this Action in exchange for varying monetary payments totaling \$300,410.05. 103 Porterville Class Members signed Releases, and 56 did not. Porterville Class Members who signed Releases will not receive any money for meal period violations from this Settlement from October 22, 2010, through August 23, 2016, but will receive compensation for violations from August 24, 2016, through June 14, 2017. Additionally, Porterville Class Members will not receive Individual PAGA Payments from this Settlement. 111 Dyer/Derian Class Members signed Releases, and 85 did not. The 111 Dyer/Derian Class Members who signed Releases are not subject to new releases, will not share in the Gross Settlement Amount, and will not be mailed Class Notice of the pending Settlement. Accordingly, 244 Class Members are entitled to receive compensation from this Settlement.

Paragraph 2.6 of the Settlement Agreement is hereby amended and restated in its entirety to read as follows:

2.6 The Court granted class certification of certain claims and denied certification of others. During a bench trial, the Court granted Royalty's motion to decertify the rest period subclasses. Additionally, the Court granted judgment in Royalty's favor on Plaintiffs' third cause of action for wage statement penalties and on the fourth cause of action for waiting

time penalties. Accordingly, Plaintiffs no longer have any rest period, wage statement, or waiting time class claims to resolve in this Settlement. The Court's judgment and class certification rulings were the subject of appeals, including to the California Supreme Court. For settlement purposes, the Parties stipulate to certification of the Class as defined in Paragraph 1.8.

III. 3. MONETARY TERMS.

The first sentence of Paragraph 3.2.2 of the Settlement Agreement is hereby deleted and replaced with the following, and all other provisions in Paragraph 3.2.2 remain unchanged:

3.2.2 To Class Counsel: A Class Counsel Fees Payment of not more than \$1,450,000.00 (50% of the Gross Settlement Amount) and a Class Counsel Litigation Expenses Payment of not more than \$196,266.88. Class Counsel expects to incur additional expenses of approximately \$1,250.00 for filing and translation fees. Reimbursement for these future litigation expenses shall be paid to Class Counsel from the amount allocated for the Class Counsel Fees Payment (i.e. \$1,450,000.00).

Paragraph 3.2.4 of the Settlement Agreement is hereby amended and restated in its entirety to read as follows:

3.2.4 To the Class and Each Participating Class Member: The Administrator will distribute a total of \$1,149,312.58 to all Participating Class Members for alleged meal period violations during the applicable Class Periods. This total consists of \$861,626.23 in unpaid meal period premium wages and \$287,686.35 in prejudgment interest. Of these amounts, \$566,359.54 in wages and \$189,096.24 in interest (65.73%) will be allocated to the Porterville Class, and \$295,266.69 in wages and \$98,590.11 in interest (34.27%) will be allocated to the Dyer/Derian Class. This allocation is based on expert analysis of Royalty's timekeeping records and its on-premises meal period policy at the Porterville facility. The unpaid premium wages are calculated at one hour of pay at the Class Member's regular hourly rate of pay for each workday of more than 6 hours in which: (a) for a Dyer/Derian Class Member, the time records reflect a late first meal period and/or a missing second meal period, and (b) for a Porterville Class Member, all workdays over 6 hours during the applicable Class Period were treated as meal period violations because Royalty's written policy prohibited employees from leaving the premises for their meal periods. No more than one meal period premium will be paid for any single workday, even if more than one potential violation occurred that day. Each Participating Class Member will receive an Individual Class Payment consisting of (1) 100% of their unpaid premium wages, plus (2) a pro rata share of prejudgment interest, calculated according to the Class Member's proportionate share of the total classwide unpaid premium wages. Additionally, any

Residual Amount, if any, will be paid to Participating Class Members on a pro rata basis according to their Individual Class Payments.

The last sentence of Paragraph 3.2.4.1 of the Settlement Agreement is hereby deleted and replaced with the following, and all other provisions in Paragraph 3.2.4.1 remain unchanged:

3.2.4.1 Tax Allocation of Individual Settlement Payments

The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Any Residual Amount paid to Participating Class Members will be allocated to the Non-Wage Portion. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

IV. 5. RELEASE OF CLAIMS.

5.1 Plaintiffs' Release. *Delete the phrase "ascertained in the course of the Action" from Paragraph 5.1 and replace the comma between the words "Operative Complaint" and "Plaintiff's PAGA Notice" with the word "or." All other provisions in Paragraph 5.1 remain unchanged.*

Paragraph 5.2 of the Settlement Agreement is hereby amended and restated in its entirety to read as follows:

5.2 Release by Participating Class Members Who Are Aggrieved Employees: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint, including claims for (1) failure to provide meal periods or pay meal period premiums (Labor Code §§ 226.7, 512); (2) for PAGA penalties based on the alleged labor code violations; and (3) unlawful business practice claims under Bus. & Prof. Code § 17200 based on the alleged labor code violations.

Paragraph 5.3 of the Settlement Agreement is hereby amended and restated in its entirety to read as follows:

5.3 Release by Non-Participating Class Members Who Are Aggrieved Employees: All Non-Participating Class Members who are Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all

claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint, and the PAGA Notice and particularly for failure to provide meal periods or pay meal period premiums (Labor Code §§ 226.7, 515).

V. 7. **Requests for Exclusion (Opt-Outs).**

7.4 Notice to Class Members.

7.4.2 *Paragraph 7.4.2 of the Settlement Agreement is hereby amended by adding the following sentence at the end of the paragraph:*

“All mailed Class materials, including the Class Notice, Request for Exclusion Form, and Settlement Payment Dispute Form, shall use body text no smaller than 12-point font.”

7.5 Requests for Exclusion (Opt-Outs)

7.5.1 *Paragraph 7.5.1 of the Settlement Agreement is hereby amended by adding the following sentence at the end of the paragraph:*

“A Request for Exclusion (Opt-Out) Form is attached hereto as Exhibit B.”

7.6 *Paragraph 7.6 is hereby amended by adding the following sentence at the end of paragraph 7.6:*

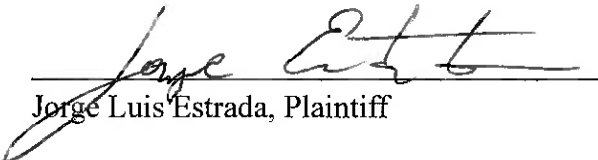
“A Settlement Payment Dispute Form is attached hereto as Exhibit C.”

NO OTHER CHANGES: Except as expressly modified by this Amendment, all other terms and provisions of the Class Action and PAGA Settlement Agreement remain unchanged and in full force and effect.

EXECUTION: This Amendment may be signed in counterparts and electronically.

The Parties and their counsel hereby execute this Amendment to the Settlement Agreement.

Dated: 10-20-25



Jorge Luis Estrada, Plaintiff

Dated:

Cindy Cleaver, Plaintiff

Dated: 10/17/2025

Paulina Nava
Paulina Nava Medina, Plaintiff

Dated:

Jose A. Garcia, Plaintiff

Dated: 10-18-25.

Martin Garcia
Martin Garcia, Plaintiff

Dated:

Rigoberto Moreno, Plaintiff

Dated:

Cipriano Perez, Plaintiff

Dated:

Salvador Avila, Plaintiff

Dated:

Martha Lara Leon, Plaintiff

Dated:

Maria Suarez, Plaintiff

Dated:

Arlette Ramos, Plaintiff

Dated:

Andrea Greenleaf
Royalty Carpet Mills, LLC

Dated: _____
Paulina Nava Medina, Plaintiff

Dated: 10/17/2025 _____
Jose A. Garcia
Jose A. Garcia, Plaintiff

Dated: _____
Martin Garcia, Plaintiff

Dated: _____
Rigoberto Moreno, Plaintiff

Dated: _____
Cipriano Perez, Plaintiff

Dated: _____
Salvador Avila, Plaintiff

Dated: _____
Martha Lara Leon, Plaintiff

Dated: _____
Maria Suarez, Plaintiff

Dated: _____
Arlette Ramos, Plaintiff

Dated: _____
Andrea Greenleaf
Royalty Carpet Mills, LLC

Dated: _____
Paulina Nava Medina, Plaintiff

Dated: _____
Jose A. Garcia, Plaintiff

Dated: _____
Martin Garcia, Plaintiff

Dated: 10-19-25 _____
Rigoberto Moreno, Plaintiff

Dated: _____
Cipriano Perez, Plaintiff

Dated: _____
Salvador Avila, Plaintiff

Dated: _____
Martha Lara Leon, Plaintiff

Dated: _____
Maria Suarez, Plaintiff

Dated: _____
Arlette Ramos, Plaintiff

Dated: _____
Andrea Greenleaf
Royalty Carpet Mills, LLC

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“A Settlement Payment Dispute Form is attached hereto as Exhibit C.”

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Dated:



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Dated:

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Dated:

Jose A. Garcia, Plaintiff

Dated:

Martin Garcia, Plaintiff

Dated:

Rigoberto Moreno, Plaintiff

Dated: 10-20-2025

Cipriano Perez
Cipriano Perez, Plaintiff

Dated: 10/20/2025

Salvador Avila
Salvador Avila, Plaintiff

Dated: 10-20-25

Martha Lara Leon
Martha Lara Leon, Plaintiff

Dated: 10-17-25

Maria Suarez
Maria Suarez, Plaintiff

Dated: 10/20/25

Arlette Ramos
Arlette Ramos, Plaintiff

Dated:

Andrea Greenleaf
Royalty Carpet Mills, LLC

Dated: _____
Paulina Nava Medina, Plaintiff

Dated: _____
Jose A. Garcia, Plaintiff

Dated: _____
Martin Garcia, Plaintiff

Dated: _____
Rigoberto Moreno, Plaintiff

Dated: _____
Cipriano Perez, Plaintiff

Dated: _____
Salvador Avila, Plaintiff

Dated: _____
Martha Lara Leon, Plaintiff

Dated: _____
Maria Suarez, Plaintiff

Dated: _____
Arlette Ramos, Plaintiff

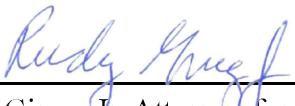
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Andrea Greenleaf
Royalty Carpet Mills, LLC

RUDOLFO GINEZ LAW OFFICE

Dated: 10/17/2025



Rudy Ginez, Jr, Attorney for all Plaintiffs

CE SMITH LAW FIRM


Dated: 10/17/2025

/s/ Clifton E. Smith

Clifton E. Smith, Attorney for all Plaintiffs

BAKER & HOSTETLER LLP

Dated: 10/20/2025



Joseph L. Chairez
Sabrina L. Shadi
Attorneys for Defendant,
Royalty Carpet Mills, LLC

Certificate Of Completion

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Certificate Pages: 5

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Cleveland, OH 44114

Time Zone: (UTC-05:00) Eastern Time (US & Canada)

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andrea@agvvs1.com

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Certified Delivery Events

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Sabrina Shadi

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Certified Delivered

Security Checked

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Signing Complete

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