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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

ROBERT W. AHLSTROM, on behalf of  
himself, all others similarly situated,

*Plaintiff,*

vs.

DHI MORTGAGE COMPANY LTD.  
L.P., a Texas limited partnership; and  
DOES 1 through 50, inclusive,

*Defendants.*

CASE NO. 5:19-cv-03435-BLF

**CLASS ACTION SETTLEMENT  
AGREEMENT AND RELEASE BETWEEN  
PLAINTIFF AND DEFENDANT**

1           This Class Action Settlement Agreement and Release (hereinafter “**Settlement**” or  
2 “**Agreement**”) is made and entered into by and between plaintiff Robert W. Ahlstrom, through  
3 his next of kin Kianna Ahlstrom, (hereinafter, “**Plaintiff**”), individually and on behalf of the  
4 settlement class, and defendant DHI Mortgage Company LTD., L.P. (hereinafter “**DHI**”)  
5 (collectively, “**the Parties**”) and subject to the approval of the Court.

- 6
- 7       1.     On October 6, 2017, Plaintiff filed a Representative Action Complaint in the Santa Clara  
8 County Superior Court, Case No. 17STCV317032, against DHI for civil penalties  
9 pursuant to the Private Attorneys General Act, California Labor Code section 2698 *et*  
10 *seq.* (the “**PAGA Action**”) based on the same alleged Labor Code violations as the Class  
11 Action.
- 12
- 13       2.     On March 27, 2019, Plaintiff filed a Class Action Complaint in the Alameda County  
14 Superior Court, Case No. RG19012495, against DHI, which DHI removed to the United  
15 States District Court, Northern District of California, Case No. 5:19-cv-034535-BLF  
16 (the “**Class Action**”). The Class Action alleges that DHI failed to pay for all wages  
17 earned, including overtime, failed to provide compliant meal periods and rest breaks  
18 and/or failed to pay meal and rest break premiums based on the regular rate of pay, failed  
19 to timely pay all wages owed upon termination, failed to furnish compliant wage  
20 statements, violated California Business & Professions Code Section 17200 *et seq.*, as  
21 well as breach of written contract and breach of the implied covenant of good faith and  
22 fair dealing.
- 23
- 24       3.     On February 16, 2023, the Parties participated in a day-long mediation before Hon. Brian  
25 Walsh (Ret.), a well-regarded mediator who has mediated many wage-and-hour class  
26 actions.
- 27
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1 4. Prior to the February 16, 2023 mediation, the Parties engaged in formal discovery and  
2 also engaged in an informal exchange of information. DHI provided Plaintiff with  
3 documentation regarding its policies regarding timekeeping, overtime, meal periods and  
4 rest breaks, and wage statements, as well as time and payroll records for a sample of  
5 putative class, collective, and PAGA members. Furthermore, counsel for the Parties  
6 conferred extensively concerning this information, the merits of the Parties' claims  
7 and/or defenses, and other issues relevant to reaching a settlement.

8  
9 5. The Parties were able to reach a settlement following the February 16, 2023 mediation.

10  
11 6. Plaintiff and his counsel have conducted sufficient discovery (formal and informal) and  
12 analysis to evaluate the strengths and weaknesses of his respective claims and DHI's  
13 defenses, and to recommend this Settlement to the Class Members and the Court.

14  
15 **TERMS OF SETTLEMENT**

16  
17 NOW, THEREFORE, in consideration of the mutual covenants, promises and warranties set forth  
18 herein, the Parties agree, subject to the Court's approval, as follows:

19  
20 7. Definitions of Certain Settlement Terms:

21  
22 a. The word "**Person**" shall have the meaning set forth in California Government  
23 Code Section 17.

24  
25 b. The Class Action and the PAGA Action shall hereafter be collectively referred to  
26 as the "**Action.**"

- 1 c. The Settlement Class in the Class Action is all DHI California non-exempt  
2 employees who worked as mortgage loan officers or similar position from March  
3 27, 2015 through the date of preliminary approval. DHI represents that, as of  
4 December 22, 2022 (end-date of mediation sample data), this is fewer than 50  
5 people. These shall be referred to as the “**Class Members.**”
- 6 d. The PAGA Group in the PAGA Action is all DHI non-exempt employees who  
7 worked as mortgage loan officers or similar positions in California from August 4,  
8 2016 through the date of the trial court judgment date (i.e. November 2021). DHI  
9 represents that, as of December 22, 2022 (end-date of mediation sample data), this  
10 was fewer than 50 people. These shall be referred to as the “**PAGA Group**  
11 **Members.**”
- 12 e. “**Participating Class Members**” means and refers to all Class Members except  
13 those who timely submit a valid Request for Exclusion (as defined herein below)  
14 from this Settlement pursuant to the process described herein.
- 15 f. The Collective members in the Class Action are all DHI California non-exempt  
16 employees who worked as mortgage loan officers or similar positions from March  
17 27, 2016 through the date of conditional approval. These shall be referred to as the  
18 “**Collective Members.**” All Collective Members other than those who do not  
19 timely and properly opt into the Settlement will be bound by the Settlement and its  
20 release of claims. To opt-in, Collective Members must sign and send the Opt-In  
21 Claim Form attached as **Exhibit 1** by mail to the settlement administrator within  
22 45 days.
- 23 g. “The “**Settlement Class**” means and refers to Class Members, PAGA Group  
24 Members and Collective Members.
- 25  
26  
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h. “**Class Counsel**” means and refers to Shaun Setareh, Thomas Segal and Farrah Grant of Setareh Law Group.

i. “Administrator” means and refers to the administrator responsible for administering this settlement, IYLM Group, Inc.

8. Settlement Date: The Settlement will become Final after it has been finally approved by the Court and either (1) the United States Court of Appeals for the Ninth Circuit has rendered a final judgment affirming the Court’s final approval without material modification and the date for further appeal has passed without further appeal; (2) the United States Court of Appeal for the Ninth Circuit has rendered a final judgment affirming the Court’s final approval without material modification and the further appeals have been resolved without material modification of the final approval order; or (3) the applicable date for seeking appellate review of the Court’s final approval of the Settlement has passed without a timely appeal or request for review having been made. On said date, Plaintiff shall also dismiss the PAGA Action with prejudice by filing the requisite documents in both Santa Clara County Superior Court and the California Court of Appeal, Sixth Appellate District.

9. Settlement Amount.

a. In consideration for this Settlement and a release by the Settlement Class and each Participating Class, Collective, and PAGA Group Member, as provided herein, DHI has agreed to pay Three Hundred Thousand Dollars (\$300,000.00) (the “**Gross Settlement Amount**”). In no event shall the amount paid by DHI exceed the Gross Settlement Amount, subject to any adjustment based on workweeks as indicated in the next paragraph, and in no event shall any part of the Gross Settlement Amount revert to DHI.

b. This Agreement is entered based on DHI's estimate and representation that at the time of signing the Memorandum of Understanding (in May 2023), there were approximately 48 Class members who worked approximately 8,573 workweeks from the start of the Class Period through February 16, 2023 (the date of mediation). DHI estimates that there are approximately 48 Class Members who worked 9,466 workweeks through October 20, 2023. Should the number of workweeks at time of signing this settlement agreement exceed the estimated 8,573 workweeks by more than 5%, the Total Settlement Amount will either increase proportionally beyond the 5% increase, or the end date of the Class Period will be adjusted so that the number of workweeks does not exceed 105% of the estimate. DHI shall have, in its sole discretion, which option to select.

c. The "**Net Settlement Amount**" is defined as the Gross Settlement Amount, less all of the following: (1) all costs of settlement administration, estimated to be approximately \$3,500; (2) attorneys' fees of up to one third of the Gross Settlement Amount (the maximum amount of Class Counsel's fee application); (3) Class Counsel's reasonable out-of-pocket costs (not to exceed \$55,000); (5) the Class Representative Service Payment Award, not to exceed the sum of \$10,000 to Plaintiff Robert Ahlstrom, through his next of kin Kianna Ahlstrom; (6) \$15,000, which is seventy-five percent (75%) of the \$20,000 earmarked for the release of Plaintiff's and each PAGA Group Member's PAGA claims, which shall be paid to the California Labor and Workforce Development Agency ("LWDA"); and (7) \$5,000 which is the PAGA Group Members' share of the net \$20,000 earmarked for the release of PAGA claims.

10. Settlement Formula and Distribution: Subject to the conditions of this Agreement, Participating Settlement Class Members shall be entitled to a share of the Net Settlement

1 Amount (the “**Settlement Share**”). Each Settlement Share shall be determined as  
2 follows:

3  
4 a. The Claims Administrator shall assign to each Class Member a "Settlement Ratio,"  
5 which shall be a fractional number comprised of (i) that person's Individual Work  
6 Weeks as the numerator, and (ii) the aggregate total of all Class Members' Individual  
7 Work Weeks as the denominator. The Claims Administrator shall assign to each  
8 Settlement Class Member the "Settlement Share" which shall be calculated by  
9 multiplying that Settlement Class Member's Settlement Ratio by the amount allocated  
10 to Class Members from seventy five percent (75%) of the Net Settlement Amount.

11  
12 b. The Claims Administrator shall assign to each Collective Member a "Settlement  
13 Ratio," which shall be a fractional number comprised of (i) that person's Individual  
14 Work Weeks as the numerator, and (ii) the aggregate total of all Collective Members'  
15 Individual Work Weeks as the denominator. The Claims Administrator shall assign to  
16 each Collective Member the "Settlement Share" which shall be calculated by  
17 multiplying that Collective Member's Settlement Ratio by the amount allocated to  
18 Class Members from twenty-five percent (25%) of the Net Settlement Amount.

19  
20 c. The “**PAGA Allocation.**” PAGA Group Members will receive a pro rata share of the  
21 \$5,000 portion of the \$20,000 PAGA payment. They will receive this payment and be  
22 bound by the PAGA release whether or not they request exclusion from the  
23 settlement.

24  
25 11. Reference to DHI's Records: The number of workweeks worked by Class Members will  
26 be determined by reference to DHI's records. DHI's records shall be presumptively  
27 correct for determining who the Class Members are (including which individuals are  
28 excluded), and the number of workweeks.

12. Allocation of Settlement Payments:

a. One-half (1/2) of all Settlement Share payments to Participating Class Members and Collective Members shall be considered wages and shall be subject to the withholding of all applicable local, state and federal taxes. Participating Class Members and Collective Members will receive from the Administrator a W-2 for the payment and taxes that will be withheld at the rate required by law.

b. One-half (1/2) of all Settlement Share payments to Participating Settlement Class Members and Collective Members, and 100% of the PAGA Allocation, if applicable, shall be considered non-wages for the settlement of interest and statutory and civil penalty claims. Participating Settlement Class Members will also receive from the Administrator an IRS Form 1099 for these payments, in accordance with IRS requirements, and will be responsible for correctly characterizing this compensation for tax purposes and to pay any taxes owing.

13. Class Representative Service Payment Awards: Subject to the approval of the Court, DHI will pay Plaintiff Robert Ahlstrom, through his next of kin Kianna Ahlstrom, Ten Thousand Dollars (\$10,000) as a service payment award for time and efforts as the Class Representative and taking the risk of paying DHI's costs in the event of an unsuccessful outcome, as well as for his assistance to his counsel in prosecuting this Action on behalf of the absent class members. This service payment award is in addition to his right to participate in the settlement distribution process. These service payment awards shall be paid from the Gross Settlement Amount.

a. If the Court fails to approve the service payment award, or approves a lower service payment award than provided for in this Agreement, the unapproved



amount shall become part of the Net Settlement Amount to be allocated according to the terms of this Agreement.

14. Payment of the LWDA Allocation: DHI, via the Administrator and from the Gross Settlement Amount, will pay the LWDA Allocation to the State of California for its share of civil penalties pursuant to PAGA, approved by the Court. This payment is 75% of the PAGA payment, the amount the Parties have earmarked for the release of Plaintiff's and each Class Member's claims, if any, under the PAGA.

15. Attorneys' Fees and Costs:

- a. Class Counsel shall submit an application for an award of attorneys' fees not to exceed one third of the Gross Settlement Amount (\$100,000). The amount will cover all work performed to date and all work to be performed in connection with the approval by the Court of this Agreement and the final conclusion of this Action. DHI agrees not to oppose any fee application that is not in excess of the amount specified in this paragraph.
- b. Class Counsel shall submit an application for reimbursement of costs and expenses in an amount not to exceed Fifty Five Thousand Dollars (\$55,000). The amount not to exceed \$55,000 will cover all costs and expenses incurred to date or to be incurred. This amount shall come from the Gross Settlement Amount. DHI agrees not to oppose any cost and expense application that is not in excess of the amount specified in this paragraph.
- c. If the Court fails to approve the amount of attorneys' fees and costs Class Counsel requests, or approves a lower amount of attorneys' fees and costs than the maximum amount that may be requested under this Agreement, the unapproved

1 amount shall become part of the Net Settlement Amount to be allocated according  
2 to the terms of this Agreement.

3  
4 16. Administration Fees: All costs of administration of the Settlement by the Administrator  
5 shall be paid out of the Gross Settlement Amount. The costs of administering the  
6 settlement are estimated to be \$3,500.00. In no event will DHI be obligated to pay any  
7 costs of administration of the Settlement other than from the Gross Settlement Amount.  
8 In the event the Administrator administers the settlement for less than the amount of the  
9 Gross Settlement Amount earmarked for this purpose, such funds shall become part of the  
10 Net Settlement Amount to be allocated according to the terms of this Agreement.

11  
12 17. Payment Date: DHI shall pay the Gross Settlement Amount on the “**Payment Date**,”  
13 which shall be the latest of the following occurrences:

- 14  
15 a. Thirty (30) calendar days following the entry of a Judgment finally approving this  
16 Settlement, provided no objection is made to this Settlement prior to or at the  
17 hearing for final approval of this Settlement.
- 18  
19 b. If an objection to this Settlement is made before or at the hearing for final approval  
20 of this Settlement, then ninety (90) days after the notice of entry of a Judgment  
21 finally approving this Settlement is served, provided that no appeal is filed.
- 22  
23 c. If an appeal has been taken or sought, fourteen (14) days after the date the  
24 Judgment finally approving this Settlement is finally affirmed by an appellate  
25 court with no possibility of subsequent appeal or other judicial review, or the date  
26 the appeal(s) or other judicial review are finally dismissed with no possibility of  
27 subsequent appeal or other judicial review.
- 28

1 18. No Further Payments: DHI shall have no obligation to pay or provide any further  
2 consideration to any Settlement Class Member or the LWDA by reason of this Agreement  
3 or because of the foregoing payments, including but not limited to contributions to any  
4 401(k) or other retirement or employee benefit plan, vacation, or sick pay, etc. Any  
5 payments made pursuant to this Agreement will not trigger any obligation of DHI to make  
6 any withholding for 401(k) contributions or to make any contributions to any 401(k) or  
7 similar such plan.

8  
9 19. Certification for Settlement Purposes Only: If this Agreement does not become final for  
10 any reason, the Parties' willingness to stipulate to certification as part of this Settlement  
11 shall have no bearing on, and will not be admissible in connection with, the issue of  
12 whether any class should be certified in this case or in any subsequent proceeding. The  
13 Parties and their counsel will not offer or make reference to this provisional stipulation to  
14 class certification for purposes of this Settlement in any subsequent proceeding in this  
15 Action (except for purposes of having this Agreement approved by the Court) or in any  
16 other action.

17  
18 20. Parties' Contentions: In entering into this Agreement, DHI denies all liability or  
19 wrongdoing of any kind associated with the claims alleged in any of Plaintiff's  
20 Complaints, and further denies that this Action is appropriate for class, representative,  
21 collective, or private attorney general treatment. DHI contends, among other things, that  
22 it has complied with the California Labor Code, the Fair Labor Standards Act, the  
23 Business and Professions Code, and any and all applicable laws, at all times. In entering  
24 into this Agreement, Plaintiff believes that he has filed a meritorious action and that class  
25 and collective certification is appropriate.

26  
27 21. Settlement Fair, Reasonable, and Adequate: Plaintiff and his counsel are of the opinion  
28 that the terms set forth in this Agreement are fair, reasonable, and adequate and this

Agreement is in the best interest of the Settlement Class in light of all known facts and circumstances, including the existing judgment against Plaintiff in the PAGA action, the risk of significant delay, defenses asserted by DHI, and numerous potential appellate issues. DHI and its counsel also agree that this Agreement is fair and reasonable and in the best interests of the Settlement Class and each Settlement Class Member.

### THE SETTLEMENT ADMINISTRATOR

22. Selection of Administrator: Subject to the Court's approval, IYLM Group, Inc., shall be retained as the Administrator.
23. Class List: Within forty-five (45) calendar days of the Preliminary Approval Date, DHI shall provide to the Administrator a listing containing, for each and every member of the Settlement Class, the following information: (1) name, (2) last known address, (3) Social Security number; (4) the number of workweeks; and (5) whether the individual is a member of the PAGA Group. This information is confidential and not to be shared with anyone (other than the Administrator), including Class Counsel.
24. Administrator's Duties: The Administrator's duties will include preparing, printing, and mailing the Notice of Settlement to Class Members; conducting any necessary verifications of Class Member Social Security numbers; conducting a National Change of Address search on all Class Members before the initial Notice of Settlement mailing; conducting skip tracing on any Notice of Settlement returned by the U.S. Postal Service as non-deliverable, as needed, and re-mailing the Notice of Settlement to the Class Member's new address; reviewing and processing Requests for Exclusion (as defined herein below) and objections to the Settlement; handling disputes made by Class Members; providing the Parties with periodic status reports about the delivery of Notice of Settlement, receipt of Requests for Exclusion and objections to the Settlement; calculating

1 Settlement Shares; issuing the checks to effectuate the payments due under the Settlement;  
2 issuing the tax reports required under this Settlement; and otherwise administering the  
3 Settlement pursuant to this Agreement.

4  
5 25. Qualified Settlement Fund: The Parties agree that the settlement funds will be placed in  
6 an account held by the Administrator to effectuate the terms of this Agreement and the  
7 orders of the Court. The Parties agree that the settlement fund (1) shall be established  
8 pursuant to an order of the Court prior to the receipt of any monies from DHI; (2) that it  
9 shall be established to resolve and satisfy the contested Claims that have resulted, or may  
10 result, from the matters that are the subject of this Action and that are released by this  
11 Settlement; and (3) that the fund or account that is established and its assets are segregated  
12 and shall be segregated (within a separately established fund or account) from the assets  
13 of DHI and all related other persons. The Administrator shall be responsible for  
14 establishing, administering, and otherwise operating the settlement fund, including  
15 preparing and filing federal, state, and local tax returns. The Administrator shall also be  
16 responsible for preparing and issuing all checks to the Participating Class and Collective  
17 Members, Plaintiff, the LWDA, Class Counsel, the employer's share of any payroll taxes,  
18 and all checks for claims administration costs and expenses that are approved by the Court  
19 and any other payments included in this Agreement and approved by the Court.

20  
21 26. Administrator's Findings: The Administrator shall report, in summary or narrative form,  
22 the substance of its findings and, in that regard, the Administrator's approval of claims  
23 shall be considered presumptively correct and binding on the Parties, unless the Court  
24 rules otherwise. The Administrator shall be granted reasonable access to DHI's records to  
25 perform its duties. All disputes relating to the Administrator's ability and need to perform  
26 its duties shall be referred to the Court, if necessary, which will have continuing  
27 jurisdiction over the terms and conditions of this Agreement. The Administrator submits  
28 to the jurisdiction of the Court in connection with its appointment as Administrator.

27. Administrator's Reports: The Administrator shall provide weekly reports to counsel concerning receipt of Settlement Class Members' requests for exclusion, objections, opt ins, and returned mail to any Settlement Class Member.

## ADMINISTRATION OF SETTLEMENT

28. Notice of Settlement: Within sixty (60) days of the Preliminary Approval Date, the Notice of Settlement, in the form attached hereto as **Exhibit 2**, and approved by the Court, shall be sent by the Administrator to each Settlement Class Member. The Notice of Settlement shall be sent by first-class mail to each Settlement Class Member's current or last known address on file at DHI, following an updated review of the National Change of Address Registry by the Administrator. The Administrator shall also mail the Collective Members the FLSA opt-in form within (60) days of the Preliminary Approval Date.

a. Returned Notices: All Notice of Settlement mailing packets returned from this mailing with forwarding addresses affixed thereto will be utilized by the Administrator to locate the Settlement Class Members through reasonable and customary skip tracing efforts used in the administration of such settlements.

It will be presumed that if an envelope has not been returned within thirty (30) days of the mailing that the Settlement Class Member received the notice.

b. The Administrator shall provide the Court, at least five (5) court days prior to the final fairness hearing, a declaration of due diligence and proof of mailing with regard to the mailing of the Notice of Settlement, and all attempts to locate Class Members. Class Counsel shall be responsible for working with the Administrator to timely file the declaration of due diligence.

29. Administrator's Responsibility for Payment: The Administrator is responsible for having the payments to each Participating Class and Collective Member issued, calculating and withholding all required state and federal taxes, and performing the tax reporting on such payments. Upon completion of its review, the Administrator shall provide the Parties with a report listing the amounts of payments made to each Participating Class and Collective Member. This report will not contain names or identifying information of Participating Settlement Class Members. Settlement checks will be valid for one hundred eighty (180) days. At the end of that 180-day period, settlement checks will be void. The amounts of any voided settlement checks shall be distributed to Alliance for Children's Rights.

30. Exclusions: The Notice of Settlement shall describe the process for Class Members to submit a request for exclusion (i.e., "opt-out") ("**Request for Exclusion**") from this Settlement. Class Members who submit a Request for Exclusion cannot object to the Settlement, cannot be Participating Class Members, and are not eligible for a Settlement Share from the Net Settlement Amount (except a PAGA payment if applicable) unless they revoke their Request for Exclusion in writing prior to the Final Fairness Hearing. The Settlement Administrator will send Collective Members the Opt-In Claim Form with instructions of how to opt-in. To opt-in, Collective Members must sign and send the Opt-In Claim Form attached as **Exhibit 1** by mail to the settlement administrator within 45 days. Collective Members who do not timely and properly opt into the Settlement will not be bound by the Settlement and its release of claims as to the FLSA, and will not be eligible for their respective share of the Net Settlement Amount on the collective action. Neither party, nor counsel for any party, shall contact any Class or Collective Member to influence, attempt to influence, or advise them not to participate in the Settlement.

a. Any Class Member who does not validly submit a Request for Exclusion within forty-five (45) days of the date the Notice of Settlement is sent to the Settlement

Class shall be bound by the terms of this Agreement and the class release, even if he/she files an objection to the Settlement.

b. No Class Member will be permitted to pursue a claim released by this Settlement on the grounds that a Request for Exclusion was submitted timely and lost, destroyed, misplaced, or otherwise not received by the Administrator unless the Class Member has adequate proof that the Request for Exclusion was mailed timely certified and return receipt requested or has equivalent proof of timely delivery.

c. Neither Plaintiff nor Class Counsel shall contact any Class or Collective Member to influence, attempt to influence, or advise them not to participate in the Settlement.

31. Objections to the Settlement:

a. Class Members who do not submit a timely Request for Exclusion shall be permitted to object to the Settlement before final approval. To object, a Class Member must submit a timely written objection to the Administrator.

b. Any written objections shall state each specific objection and any legal and factual support for each objection. The objection must also state the Class Member's full name, address, and the dates of his/her employment at DHI. To be valid and effective, any objections to approval of the Settlement must be submitted to the Administrator no later than forty-five (45) days after the Administrator mails the Notices of Settlement to the Settlement Class.

c. If the Court rejects the Class Member's objection, the Class Member will still be bound by the terms of this Agreement including the release.



32. Handling of Disputes:

- a. If a Settlement Class Member disputes the accuracy of DHI's records, counsel for the Parties will make a good-faith effort to resolve the disagreement. If the dispute is not thereby resolved, it will be referred to the Administrator, who will talk to such persons and representatives from DHI and issue a non-appealable, final decision as to the total amount due, if any, to the Class Member.
- b. The submission of any dispute to the Administrator must be made within forty-five (45) days after the Notices of Settlement are sent to the Settlement Class Members.

**RELEASE OF CLAIMS BY THE SETTLEMENT CLASS**

33. Release of Claims:

- a. Upon the Settlement Date, and except as to such rights or claims as may be created by this Agreement, Plaintiff and each Participating Class Member (the "**Releasing Parties**") fully releases and discharges DHI Mortgage Company Ltd L.P., its present, former, and future parents, subsidiaries, affiliates, predecessors, successors and assigns, and each of their respective past and present members, shareholders, directors, officers, employees, agents, servants, registered representatives, insurers and attorneys (collectively hereafter, the "**Released Parties**") from any and all claims, debts, liabilities, demands, obligations, guarantees, actions, or causes of action of whatever kind or nature, whether known or unknown, that arise out of or reasonably relate to the factual allegations in the operative complaints and the prior complaints in this matter including claims for failure to pay all wages due, including minimum wages and overtime; failure to provide meal and rest periods, failure to furnish accurate itemized wage

statements; and failure to pay all wages due to discharged and quitting employees; breach of written contract for alleged failure to pay allegedly earned commissions at termination; and breach of the implied covenant of good faith and fair dealing related to same. The released claims include, but are not limited to, claims brought under state the California Labor Code, , California Business and Professions Code sections 17200-17208, and the Industrial Welfare Commission Wage Order. Such claims include claims for wages, statutory penalties, civil penalties, damages, liquidated damages, or other relief under the California Labor Code, PAGA, relief from unfair competition under California Business and Professions Code section 17200 *et seq.*; attorneys' fees and costs; and interest. (**"Class Members' Released Claims"**).

- b. Upon the Settlement Date, and except as to such rights or claims as may be created by this Agreement, Plaintiff and each Participating Collective Member (the **"Releasing Parties"**) fully releases and discharges the Released Parties from any and all claims, debts, liabilities, demands, obligations, guarantees, actions, or causes of action of whatever kind or nature, whether known or unknown, that arise out of or reasonably relate to the factual allegations in the operative complaints and the prior complaints in this matter including claims for failure to pay all wages due, including minimum wages and overtime; failure to keep required, and accurate records of all hours worked. The released claims include, but are not limited to, claims brought under federal law, the Fair Labor Standards Act (the **"FLSA"**). Such claims include claims for wages, statutory penalties, civil penalties, damages, liquidated damages, or other relief under the FLSA, relief from unfair competition under California Business and Professions Code section 17200 *et seq.*; attorneys' fees and costs; and interest. (**"Collective Members' Released Claims"**).

1 c. The State of California and all PAGA Group Members fully releases and discharges  
2 the Released Parties from claims for civil penalties under PAGA under Labor  
3 Code sections 201, 202, 203, 204, 210, 212, 223, 225.5, 226(a), 226.3, 226.7, 256,  
4 510, 512, 558, 1194, 1197, 1197.1, 1198, 1199, 2699(f) that arise out of or  
5 reasonably relate to the factual allegations in the operative complaints, the notice  
6 letters to the California Labor Workforce and Development Agency ("LWDA"),  
7 and the prior complaints in the PAGA Action. ("**PAGA Members' Released**  
8 **Claims**"). All PAGA Group Members shall release such claims for civil penalties  
9 under PAGA and will receive a portion of the amount set aside as PAGA penalties,  
10 regardless of whether they opt out of the Class Settlement or whether they opt into  
11 the Collective Settlement.

12  
13 d. Plaintiff Robert Ahlstrom, through his next of kin Kianna Ahlstrom, agrees to a full,  
14 general release of any and all claims Plaintiff Robert Ahlstrom has, had, or may  
15 have had, including, but not limited to, all claims in the PAGA Action, the Class  
16 Action, and all those arising out of or reasonably related to the factual allegations  
17 in any pleading in the cases. Plaintiff Robert Ahlstrom, through his next of kin  
18 Kianna Ahlstrom, also agrees to execute a waiver of all rights or benefits afforded  
19 by California Civil Code section 1542. Section 1542 provides:

20  
21 **"A general release does not extend to claims that the creditor or releasing**  
22 **party does not know or suspect to exist in his or her favor at the time of**  
23 **executing the release and that, if known by him or her, would have materially**  
24 **affected his or her settlement with the debtor or released party."**

25  
26 Although the Class Members' and Collective Members' Released Claims and the  
27 PAGA Members' Released Claims under this Agreement are not general releases  
28 of all claims, Plaintiff expressly acknowledges that he is providing a full, general

1 release, and is waiving the protections of Section 1542 as it relates to the Released  
2 Claims only.

3  
4 **DUTIES OF THE PARTIES PRIOR TO PRELIMINARY APPROVAL**

5  
6 34. The Parties shall promptly submit this Agreement to the United States District Court for  
7 the Northern District of California in support of the motion for preliminary approval and  
8 determination by the Court as to its fairness, adequacy, and reasonableness under  
9 Fed.R.Civ.P. 23(e). Plaintiff shall have primary responsibility for seeking preliminary and  
10 final approval, and shall also timely fulfill all responsibilities under California Labor Code  
11 section 2699(l) in relation to the PAGA settlement.

12  
13 **WAIVER OF CERTAIN APPEALS**

14 35. The parties waive all appeals from the final approval of the Settlement unless the Court  
15 materially modifies the Settlement, except that Plaintiff and Class Counsel may appeal  
16 from an order by the Court that reduces the amounts sought for the Class Representative  
17 Payment or the Class Counsel Fees or Expenses Payment. Such an order or affirmance of  
18 such an order will not entitle Plaintiff or the Class to void the Settlement. DHI's payment  
19 obligations under the Settlement will be suspended pending any appeal of the Judgment.

20  
21 **VOIDING THE AGREEMENT**

22 36. DHI shall have the right, in its sole discretion, to rescind this Agreement if more than five  
23 percent (5%) of Class Members "opt-out" of the Settlement Class by submitting a valid  
24 and timely Request for Exclusion, or, if less than 10% of Collective Members fail to  
25 validly, timely opt in to the Settlement. DHI may exercise its option to void this  
26 Settlement as provided in this paragraph by giving notice, in writing, to Class Counsel and  
27 to the Court at any time prior to final approval of the Settlement by the Court, but not later  
28

1 than two (2) weeks after receiving notice that either of the thresholds identified above  
2 have been exceeded. If the right to void is exercised in accordance with the terms of this  
3 paragraph, all portions of the Settlement shall be null and void and any order or judgment  
4 entered by the Court in furtherance of this Agreement shall not apply.

5  
6 37. If the conditions of the Settlement set forth herein are not satisfied, or if DHI voids the  
7 Settlement under Paragraph 36 above, or if the Payment Date does not occur, or, if one or  
8 more of the material terms of the Agreement is not approved or is materially modified or  
9 reversed, then this Agreement shall be cancelled, terminated, and shall have no force or  
10 effect, unless the Parties agree otherwise. If the Settlement is not finally approved, or if  
11 this Settlement is terminated, revoked, or cancelled pursuant to its terms, the Parties to this  
12 Settlement shall be deemed to have reverted to their respective status as of the date and  
13 time immediately prior to the execution of this Agreement.

#### 14 15 **PARTIES' AUTHORITY**

16  
17 38. The signatories hereby represent that they are fully authorized to enter into this Agreement  
18 and bind the Parties hereto to the terms and conditions hereof.

#### 19 20 **MUTUAL FULL COOPERATION**

21  
22 39. The Parties shall fully cooperate with each other to accomplish the terms of this  
23 Agreement, including execution of such documents and to take such other action as may  
24 reasonably be necessary to implement the terms of this Agreement and to secure the  
25 Court's final approval of this Agreement.

#### 26 27 **NO PRIOR ASSIGNMENTS**

1 40. Plaintiff hereto represents, covenants, and warrants that he has not directly or indirectly  
2 assigned to, transferred to, encumbered, or purported to assign to, transfer to, or encumber  
3 any person or entity any portion of any liability, claim, demand, action, cause of action, or  
4 right herein released and discharged except as set forth herein.

### 5 6 **NO ADMISSION**

7  
8 41. Nothing contained herein, including the consummation of this Agreement, is to be  
9 construed or deemed an admission of liability, culpability, negligence, or wrongdoing on  
10 the part of DHI. Each of the Parties hereto has entered into this Agreement with the  
11 intention to avoid further disputes and litigation settled herein with the attendant  
12 inconvenience, expenses, and uncertainties. This Agreement is a settlement document and  
13 shall, pursuant to Federal Rule of Evidence 408 and California Evidence Code Section  
14 1152, be inadmissible in evidence in any proceeding, except an action or proceeding to  
15 approve, interpret, or enforce this Agreement. DHI agrees to conditional certification of  
16 the Settlement Class for purposes of effectuating this Agreement only.

### 17 18 **TAXES**

19  
20 42. Neither Class Counsel nor counsel for DHI intend anything contained herein to constitute  
21 legal advice regarding the taxability of any amount paid hereunder, nor shall it be relied  
22 upon as such. The tax issues for each Settlement Class Member may be unique, and each  
23 Settlement Class Member is advised to obtain tax advice from his or her own tax advisor  
24 with respect to any payments resulting from this Agreement.

25  
26 43. It shall be the responsibility of the Administrator or its designee to timely and properly  
27 withhold from individual Settlement Shares payable to Participating Settlement Class  
28 Members all applicable federal, state, and local income and employment taxes and to

1 prepare and deliver the necessary tax documentation for signature by all necessary Parties  
2 and, thereafter, to cause the appropriate deposits of withholding taxes and informational  
3 and other tax return filing to occur. It shall be the responsibility of the Administrator to  
4 pursue tax refunds on any uncashed checks, and to remit such payments accordingly.  
5 Payments to Participating Settlement Class Members and PAGA Group Members and to  
6 Class Counsel pursuant to this Agreement shall be reported on IRS Forms W-2 or 1099  
7 and provided by the Administrator to the respective Class Members, Class Counsel, and  
8 all applicable governmental authorities as required by law.

### 9 10 **CONSTRUCTION**

- 11  
12 44. The terms and conditions of this Agreement are the result of lengthy, intensive  
13 arms-length negotiations between the Parties and this Agreement shall not be construed in  
14 favor of or against any party by reason of the extent to which any party or his, her, or its  
15 counsel participated in its drafting.

### 16 17 **CAPTIONS AND INTERPRETATIONS**

- 18  
19 45. Paragraph titles or captions contained herein are inserted as a matter of convenience and  
20 for reference, and in no way define, limit, extend, or describe the scope of this Agreement  
21 or any provision hereof. Each term of this Agreement is contractual and not merely a  
22 recital.

### 23 24 **MODIFICATION**

- 25  
26 46. This Agreement may not be changed, altered, or modified, except in writing and signed by  
27 the Parties hereto. This Agreement may not be discharged except by performance in  
28 accordance with its terms or by a writing signed by the Parties hereto.

**INTEGRATION CLAUSE**

47. This Agreement contains the entire agreement between the Parties relating to the Settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a party or such party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

**BINDING ON ASSIGNS**

48. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective spouses, heirs, trustees, and executors, administrators, successors, and assigns, including DHI and the Released Parties.

**CORPORATE SIGNATORIES**

49. Any person executing this Agreement or any such related document on behalf of a corporate signatory hereby warrants and promises for the benefit of all Parties hereto that such person has been duly authorized by such corporation to execute this Agreement or any such related document.

**COUNTERPARTS**

50. This Agreement may be executed in counterparts, and when each Party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one Agreement, which shall be binding upon and effective as to all Parties as set forth herein. Copies and facsimile transmissions of signatures shall be considered the same as an original signature.



1 DATED: 1/10/2024, 2024

SETAREH LAW GROUP

2 By:

  
ID Ape7Hdg2TavhsQQctAiaA2Cx

3 Shaun Setareh, Esq.  
Attorneys for Plaintiff

4 DATED: 1/10/2024, 2024

KIANNA AHLSTROM

5 By:

  
ID szDj2Zum55w2grVrWNupp7V6

6 Kianna Ahlstrom for Robert Ahlstrom, Class  
Representative

7 DATED: \_\_\_\_\_, 2024

DHI MORTGAGE COMPANY LTD L.P.

8 By: \_\_\_\_\_

9 Its: \_\_\_\_\_

10 DATED: \_\_\_\_\_, 2024

WOOD SMITH HENNING & BERMAN LLP

11 By: \_\_\_\_\_

12 Jason C. Ross, Esq.  
Attorneys for Defendant

1 DATED: \_\_\_\_\_, 2024

SETAREH LAW GROUP

2 By: \_\_\_\_\_

3 Shaun Setareh, Esq.  
Attorneys for Plaintiff

4 DATED: \_\_\_\_\_, 2024

KIANNA AHLSTROM

6 By: \_\_\_\_\_

7 Kianna Ahlstrom for Robert Ahlstrom, Class  
Representative

8 DATED: January 12, 2024

DHI MORTGAGE COMPANY LTD L.P.

9 By:  \_\_\_\_\_

10 Its: Assistant Vice President \_\_\_\_\_

11 DATED: January 12, 2024

WOOD SMITH HENNING & BERMAN LLP

14 By:  \_\_\_\_\_

15 Jason C. Ross, Esq.  
Attorneys for Defendant