

Karla Ayala
v.
Valley First Credit Union

NOTICE OF PENDING CLASS ACTION AND PROPOSED SETTLEMENT

**READ THIS NOTICE FULLY AND CAREFULLY; THE PROPOSED SETTLEMENT
MAY AFFECT YOUR RIGHTS!**

**IF YOU HAVE APPLIED OR ATTEMPTED TO APPLY FOR
MEMBERSHIP WITH VALLEY FIRST CREDIT UNION
("DEFENDANT") AND YOUR APPLICATION FOR MEMBERSHIP WAS
DENIED SINCE JANUARY 1, 2020, THEN YOU MAY BE ENTITLED TO
A PAYMENT FROM A CLASS ACTION SETTLEMENT**

The United States District Court for the Eastern District of California has authorized this
Notice; it is not a solicitation from a lawyer.

SUMMARY OF YOUR OPTIONS AND THE LEGAL EFFECT OF EACH OPTION	
DO NOTHING	If you don't do anything, you will receive a payment from the Settlement Fund so long as you do not opt out of or exclude yourself from the settlement (described in the next box). If you do not opt out of or exclude yourself from the settlement, you will release any claims against Defendant relating to the challenged practice (described below).
EXCLUDE YOURSELF FROM THE SETTLEMENT; RECEIVE NO PAYMENT BUT RELEASE NO CLAIMS	You can choose to exclude yourself from the settlement or "opt out." This means you choose not to participate in the settlement. You will keep your individual claims against Defendant but you will not receive a payment. If you exclude yourself from the settlement but want to recover against Defendant, you will have to file a separate lawsuit or claim.
OBJECT TO THE SETTLEMENT	You can file an objection with the Court explaining why you believe the Court should reject the settlement. If your objection is overruled by the Court, then you will receive a payment and you will not be able to sue Defendant for the claims asserted in this litigation. If the Court agrees with your objection, then the settlement may not be approved.

These rights and options – *and the deadlines to exercise them* – along with the material terms of the settlement are explained in this Notice.

BASIC INFORMATION

1. What is this lawsuit about?

The lawsuit that is being settled is entitled *Karla Ayala v. Valley First Credit Union*, Case No. 1:22-CV-00657-HBK. The case is a “class action.” That means that the "Named Plaintiff," Karla Ayala, is representing all other individuals who applied for or attempted to apply for membership with Valley First Credit Union (“Defendant”), from June 1, 2020 through June 1, 2022, using a “work-only” Social Security Number, including but not limited to DACA recipients, and were denied membership based on their citizenship. The persons in this group are collectively called the “Class Members.”

The Named Plaintiff claims that denying her membership violated the Civil Rights Act of 1866, 42 U.S.C. §§ 1981 *et seq.* and the California Unruh Civil Rights Act, California Civil Code §§ 51, *et seq.* Defendant claims it approved Plaintiff’s membership application but because of an internal miscommunication, Plaintiff’s loan could not be funded and she therefore did not finalize her membership. Defendant maintains that its practices and policies were and now are proper.

2. Why did I receive this Notice of this lawsuit?

You received this Notice because Defendant’s records indicate that you applied for or attempted to apply for membership with Defendant with a work-only Social Security Number and were denied membership based solely on your lack of U.S. citizenship or lack of permanent residency status. The Court directed that this Notice be sent to all Class Members because each Class Member has a right to know about the proposed settlement and the options available to him or her before the Court decides whether to approve the settlement.

3. Why did the parties settle?

In any lawsuit, there are risks and potential benefits that come with a trial versus settling at an earlier stage. It is the Named Plaintiff’s and her lawyers’ job to identify when a proposed settlement offer is good enough that it justifies recommending settling the case instead of continuing to trial. In a class action, the Named Plaintiff’s lawyers, known as Class Counsel, make this recommendation to the Named Plaintiff. The Named Plaintiff has the duty to act in the best interests of the class as a whole and, in this case, it is her belief, as well as Class Counsels’ opinion, that this settlement is in the best interest of all Class Members.

There is legal uncertainty about whether a judge or a jury will find that Defendant’s challenged practice in this case was a violation of the Civil Rights Act of 1866 or the California Unruh Civil Rights Act. Even if the Named Plaintiff were to win at trial, there is no assurance that the Class Members would be awarded more than the current settlement amount and it may take years of litigation before any payments would be made. By settling, the Class Members will avoid these and other risks and the delays associated with continued litigation.

While Defendant disputes the allegations in the lawsuit and claims denies any liability or wrongdoing, it enters into the settlement solely to avoid the expense, inconvenience, and distraction of further proceedings in the litigation.

WHO IS IN THE SETTLEMENT

4. How do I know if I am part of the Settlement?

If you received this notice, then Defendant's records indicate that you are a Class Member who is entitled to receive a payment.

YOUR OPTIONS

5. What options do I have with respect to the Settlement?

You have three options: (1) do nothing and you will receive a payment according to the terms of this settlement; (2) exclude yourself from the settlement ("opt out" of it); or (3) participate in the settlement but object to it. Each of these options is described in a separate section below.

6. What are the critical deadlines?

There is no deadline to receive a payment. If you do nothing, then you will get a payment.

The deadline for sending a letter to exclude yourself from or opt out of the settlement is January 18, 2024.

The deadline to file an objection with the Court is also January 18, 2024.

7. How do I decide which option to choose?

If you do not like the settlement and you believe that you could receive more money by pursuing your claims on your own (with or without an attorney) and you are comfortable with the risk that you might lose your case or get less than you would in this settlement, then you may want to consider opting out.

If you believe the settlement is unreasonable, unfair, or inadequate and the Court should reject the settlement, you can object to the settlement terms. The Court will decide if your objection is valid. If the Court agrees, then the settlement will not be approved and no payments will be made to you or any other Class Member. If your objection (and any other objection) is overruled, and the settlement is approved, then you will still get a payment.

If you want to participate in the settlement, then you don't have to do anything; you will receive a payment if the settlement is approved by the Court.

8. What has to happen for the Settlement to be approved?

The Court has to decide that the settlement is fair, reasonable, and adequate before it will approve it. The Court already has decided to provide preliminary approval of the settlement, which is why you received notice of the settlement. The Court will make a final decision regarding the

settlement at a “Fairness Hearing” or “Final Approval Hearing,” which is currently scheduled for March 7, 2024.

THE SETTLEMENT PAYMENT

9. How much is the Settlement and how much will I be paid?

The total amount of the Settlement Fund is \$120,000. If the settlement is approved by the Court, then each Class Member who does not opt out will receive a payment of \$2,500 in the form of a mailed check.

10. Do I have to do anything if I want to participate in the Settlement?

No. If you received this Notice, then you will be entitled to receive a payment unless you choose to exclude yourself from the settlement, or “opt out.”

11. When will I receive my payment?

The Court will hold a Fairness Hearing on March 7, 2024, at 1:00 p.m., to consider whether the settlement should be approved. If the Court approves the settlement, then a check will be sent to you ten (10) days after the Court issues an order approving the settlement. However, if someone objects to the settlement, and the objection is sustained, then there is no settlement. Even if all objections are overruled and the Court approves the settlement, an objector could appeal, and it might take months or even years to have the appeal resolved, which would delay any payment.

EXCLUDING YOURSELF FROM THE SETTLEMENT

12. How do I exclude myself from the Settlement?

If you do not want to receive a payment, or if you want to keep any right you may have to sue Defendant for the claims alleged in this lawsuit, then you must exclude yourself, or “opt out.”

To opt out, you **must** send a letter to the Settlement Administrator that you want to be excluded. Your letter can simply say “I hereby elect to be excluded from the settlement in the *Karla Ayala v. Valley First Credit Union* class action. Be sure to include your name, address, telephone number, and email address. Your exclusion or opt out request must be postmarked by January 18, 2024, and sent to:

Karla Ayala v. Valley First Credit Union
Attn: RG/2 Claims Administration LLC
P.O. Box 59479
Philadelphia, PA 19102-9479

13. What happens if I opt out of the Settlement?

If you opt out of the settlement, you will not give up any of your rights to sue Defendant for the claims alleged in this case. However, you will not be entitled to receive a payment from this settlement.

14. What am I giving up if I do not opt out of the Settlement?

If the Court grants final approval of the Settlement and enters judgment, that judgment is binding on all Class Members who do not opt out of or exclude themselves from the Settlement. All Class Members who do not opt out of or exclude themselves from the Settlement will give up (or “release”) their right to sue Defendant for discrimination in connection with a denial of a membership application based solely on their lack of U.S. citizenship. This release includes, but is not limited to, claims under Section 1981 of the Civil Rights Act of 1866 and the California Unruh Act.

OBJECTING TO THE SETTLEMENT

15. How do I notify the Court that I do not like the settlement?

You can object to the settlement or any part of it that you do not like **IF** you do not exclude yourself, or opt out, from the settlement. (Class Members who exclude themselves from the settlement have no right to object to how other Class Members are treated.) To object, you **must** send a written document to the Settlement Administrator at the address below. Your objection should say that you are a Class Member, that you object to the settlement, and the reasons why you object, and whether you intend to appear at the hearing. In your objection, you must include your name, address, telephone number, email address (if applicable) and your signature.

All objections must be post-marked no later than January 18, 2024, and must be mailed to the Settlement Administrator as follows:

<p>SETTLEMENT ADMINISTRATOR</p>
<p>Karla Ayala v. Valley First Credit Union Settlement Attn: RG/2 Claims Administration LLC P.O. Box 59479 Philadelphia, PA 19102-9479</p>

16. What is the difference between objecting and requesting exclusion from the settlement?

Objecting is telling the Court that you do not believe the settlement is fair, reasonable, and adequate for the class, and asking the Court to reject it. You can object only if you do not opt out of the settlement. Excluding yourself or opting out is telling the Court that you do not want to be part of the settlement, and do not want to receive a payment or release claims you might have against Defendant as alleged in this lawsuit.

17. What happens if I object to the settlement?

If the Court sustains your objection, or the objection of any other Class Member, then there is no settlement. If you object, but the Court overrules your objection and any other objection(s), then you will be part of the settlement.

THE COURT'S FAIRNESS HEARING

18. When and where will the Court decide whether to approve the settlement?

The Court will hold a Final Approval or Fairness Hearing at 1:00 p.m. on March 7, 2024 at the U.S. District Court for the Eastern District of California, 2500 Tulare Street, Fresno, CA 93721 in Courtroom 6. At this hearing, the Court will consider whether the settlement is fair, reasonable and adequate. If there are objections, the Court will consider them. The Court may also decide how much to award Class Counsel for attorneys' fees and expenses. This hearing may be conducted by Zoom. If it is, the instructions to access the hearing will be posted on the settlement website www.AyalaDACASettlement.com.

19. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. You may attend if you desire to do so. If you have submitted an objection, then you may want to attend.

20. May I speak at the hearing?

If you have objected, you may ask the Court for permission to speak at the Final Approval Hearing. To do so, you must include with your objection, described in Question 19, above, the statement, "I hereby give notice that I intend to appear at the Final Approval Hearing."

THE LAWYERS REPRESENTING YOU

21. Do I have a lawyer in this case?

The Court ordered that the lawyers and their law firms referred to in this notice as "Class Counsel" will represent you and the other Class Members.

22. Do I have to pay the lawyer for accomplishing this result?

No. Class Counsel's fees and costs, as approved by the Court, will be paid by Defendant. Defendant has agreed not to oppose Class Counsel's motion for fees up to \$50,000. Further, Class Counsel estimated fees will not exceed \$36,000 which represent 30% of the Settlement Fund Value of \$120,000. Class Counsel's estimated costs are \$500.

23. Who determines what the attorneys' fees will be?

The Court will be asked to approve the amount of Class Counsel's attorneys' fees at the Fairness Hearing. Class Counsel will file an application for fees and costs at least fifteen (15) days prior to the deadline to file objections and will specify the amount being sought as discussed above and the basis for the application. You may review a physical copy of the fee application at the website established by the Settlement Administrator www.AyalaDACASettlement.com, or by reviewing it at the Records Department of the District Court for the Eastern District of California, Fresno Division, which is located at 2500 Tulare Street, Fresno, CA 93721.

24. What does the Named Plaintiff receive?

Class Counsel will also submit an application to the Court for payment of \$5,000 to the Named Plaintiff (called the "Service Award"). Defendant has agreed not to object to a Service Award up

to \$5,000. You may review a copy of the Service Award application at the website established by the Settlement Administrator www.AyalaDACASettlement.com, or by reviewing it at the Records Department of the District Court for the Eastern District of California, Fresno Division, which is located at 2500 Tulare Street, Fresno, CA 93721.

25. Do I have to pay anything to implement the Settlement?

No. the cost of sending notice and checks to Class Members, and all other costs to implement the settlement, will be paid by Defendant in addition to the amount paid into the Settlement Fund. The Claims Administrator estimates that the costs defendant will pay to implement the settlement will be approximately \$10,000.

GETTING MORE INFORMATION

This Notice only summarizes the proposed settlement. More details are contained in the settlement agreement, which can be viewed/obtained online at www.AyalaDACASettlement.com or at the Office of the Clerk of the United States District Court for the Eastern District of California, Fresno Division, which is located at 2500 Tulare Street, Fresno, CA 93721, by asking for the Court file containing the Motion For Preliminary Approval of Class Settlement (the settlement agreement is attached to the motion). You may also ask for the Court file containing Class Counsel's Motion for Fees, Costs, and Service Award.

For additional information about the settlement and/or to obtain copies of the settlement agreement, you should contact the Settlement Administrator as follows:

Karla Ayala v. Valley First Credit Union Settlement
Attn: RG/2 Claims Administration LLC
P.O. Box 59479
Philadelphia, PA 19102-9479

For more information, you also can contact the Class Counsel as follows:

Thomas A. Saenz
Luis L. Lozada
Mexican American Legal Defense and Educational Fund
634 South Spring Street, 11th Floor
Los Angeles, CA 90014
Telephone: (213) 629-2512
tsaenz@maldef.orgllozada@maldef.org

PLEASE DO NOT CONTACT THE COURT OR ANY REPRESENTATIVE OF DEFENDANT CONCERNING THIS NOTICE OR THE SETTLEMENT.