

EXHIBIT B

SETTLEMENT AGREEMENT

I. The Parties

This Settlement Agreement (the "Agreement") is entered into as between Daniel and Elizabeth Perez, a married couple residing in the State of Arizona, on behalf of themselves and their dependents, heirs, successors and assigns (hereinafter, collectively the "Perezes") on the one hand and, on the other, Wachovia Mortgage F.S.B., f/k/a World Savings Bank, F.S.B. (collectively, "World"), on behalf of themselves and each of their parent, subsidiary and affiliate corporations and entities, including, but not limited to, Wachovia Corporation and Wells Fargo & Co., and each of their directors, officers, employees, investors, shareholders, actual agents, authorized representatives, attorneys and insurers (collectively, "World"). World and the Perezes are referred to herein collectively as the "Parties."

II. Effective Date

The Agreement shall become effective upon the date on which the United States District Court for the Northern District of California issues an order approving the material terms of both this Agreement and a separate settlement agreement between World and Leticia Zamora, as provided in Section V below (the "Effective Date").

III. Summary of the Parties' Dispute

In or about April of 2007, the Perezes, as co-borrowers, executed a promissory note in favor of "World Savings Bank, F.S.B." (the "Note") for the purpose of receiving Loan Number 0045300126, in the principal amount of \$423,750 (the "Loan"), which was secured by a parcel of real property located at 11926 South 38th Avenue in Laveen, Arizona (the "Property").

The Perezes and Leticia and Javier Zamora collectively filed a putative "Class Action Complaint" against World (the "Complaint") in the United States District Court for the Northern District of California, San Francisco/Oakland Division (the "Court") entitled *Leticia Zamora, et al. v. Wachovia Corporation, et al.*, and currently denominated as Action No. 3:07-CV-4603 JSW (the "Action"). On September 27, 2007, the Perezes and Leticia Zamora ("Plaintiffs") filed a putative "First Amended Class Action Complaint" in the Action. (The complaint and first amended complaint in the Action are collectively referred to hereinafter as the "Complaint.")

Plaintiffs asserted and/or threatened specific claims in the Complaint relating to the Loan and/or to alleged policies, procedures and actions that Plaintiffs contend were undertaken by World with respect to Plaintiffs individually as well as with respect to a putative class of minority borrowers who entered into loan transactions with World. The Complaint purports to set forth claims for relief by both Plaintiffs and the putative class under the Equal Credit Opportunity Act [15 U.S.C. Section 1691, et seq.], the Fair Housing Act [42 U.S.C. Section 3601 et seq.] and the Civil Rights Act [42 U.S.C. Sections 1981 et seq. and 1982 et seq.]

IV. Compromise and Release Provisions

The Perezes and World have agreed to resolve, fully and finally, all of the Perezes' actual and potential individual claims against World, including, but not limited to, the claims set forth on the Perezes' behalf in the Complaint, and including all matters, known or unknown, which have been, or could have been, raised, between the Perezes and World in the Action, up to and including the Effective Date.

Accordingly, for good and valuable consideration, including the mutual covenants herein contained, the Parties agree as follows:

A. Modification of the Terms of the Loan

No later than ten (10) business days after the Effective Date, World shall provide the Perezes with the following material modifications to the Loan, as of September 30, 2009 (collectively, the "Loan Modification"):

1. Reduce the principal balance of the Loan to \$380,000, plus certain escrow account advances made by World on behalf of the Perezes (in the approximate amount of \$2,400); and
2. Convert the interest rate to a fixed rate of 1.67% per annum; and
3. Extend the term of the Loan to 40 years.

World will not charge or assess to the Perezes any fees or costs for the Loan Modification or in connection with the preparation, execution or recording of any documentation of the Loan Modification. The Loan Modification shall be in the form attached hereto as Exhibit A.

The Perezes and World each agree to execute the Loan Modification any and all other documents deemed necessary by World, in its sole discretion, to effectuate the Loan Modification, provided that any such documents are in accordance with this Agreement and applicable law.

The Perezes agree that the Loan Modification is the product of negotiation and resolution of disputed claims and thus shall not be subject to or governed by any federal or state consumer lending disclosure or timing requirements, including, but not limited to, those set forth in the federal Truth-In-Lending Act [15 U.S.C. Section 1640 *et seq.*].

B. Forgiveness of Certain Delinquent Loan Payments

World agrees to forgive the Perezes' presently overdue and unpaid regularly scheduled monthly payments on the Loan through September 14, 2009 (the "Delinquent Payments"), as well as any late charges and/or fees associated with the Delinquent Payments.

C. Attorneys' Fees and Costs

Within thirty (30) days of the Effective Date, World agrees to pay to the trust account of Bonnett Fairbourn Friedman & Balint, P.C., as the Perezes' co-counsel of record in this Action, by cashiers' or certified check(s) or by wire transfer, the sum of Two Hundred Thousand Dollars (\$200,000), in good funds, as full and final satisfaction of all claims for attorneys' fees incurred by or on behalf of the Perezes and/or Zamora in or relating in any way to the Action against World, World's participation in the Loan and/or any claim that the Perezes has or may have against World. The Perezes, Zamora and their counsel of record agree that this sum shall be the full amount claimed by the Perezes and/or Zamora or their counsel at any time for attorneys' fees or costs that the Perezes, Zamora and/or their counsel have incurred relating to such matters, and including any and all work performed for or on behalf of the Perezes or Zamora in or related to the Action by, but not limited to, Bonnett Fairbourn Friedman & Balint, P.C., Roddy, Klein & Ryan, Chavez & Gertler, L.L.P., Housing and Economic Rights Advocates, Barroway Topaz Kessler Meltzer & Check LLP and/or Coughlin Stoia Geller Rudman & Robbins LLP. In all other respects the Parties shall each bear their own costs and attorneys' fees relating to the Perezes' individual claims in the Action and all matters referenced herein. The Perezes and their

counsel agree that World bears no responsibility for the division or allocation among the Perezes' counsel of any fees paid by World pursuant to this Agreement.

D. General Release

With the sole exception of the executory provisions of this Agreement, the Perezes hereby forever release World of and from any and all causes of action, claims and/or demands, whether known or unknown, which the Perezes now have or have ever had, or believed they have or ever had, from the beginning of time up to the Effective Date of this Agreement, and including specifically, but not necessarily limited to, all claims for relief brought, attempted to be brought or which could have been brought in the Action and/or arising out of or related in any way to the Loan and/or the modification of the Loan. The Perezes further acknowledge that this release extends to any claims that other persons or entities might bring or attempt to bring on behalf of the Perezes as a member of an actual or putative class that relate in any way to the Loan or the lending activities of World.

E. Covenant Not to Sue

The Perezes agree that they will not bring, commence, maintain or prosecute, directly or indirectly, or assign any right to bring, maintain or prosecute, any action at law or proceeding in equity or any legal or administrative proceeding or other claim for damages or other relief against World, based in whole or in part upon the matters which are the subject of the Perezes' general releases as described in Paragraph IV.D of this Agreement.

F. Dismissal of the Perezes' Individual Claims for Relief

In consideration of the agreements and other consideration provided herein, the Perezes agree that, within ten (10) business days after Effective Date, they shall cause their counsel of record in the Action to submit to the Court a Request for, and Proposed Order of, Voluntary Dismissal With Prejudice of each and every cause of action alleged in the Action by the Perezes on behalf of themselves individually and removal of the Perezes as named putative class representatives in the Action.

G. Return of Confidential Mediation Documents

Promptly upon the execution of the Loan Modification, the Perezes direct their Counsel to return to World all documents delivered to the Perezes and/or their counsel in connection with the private mediation sessions among the parties held before the Honorable Edward Infante (ret.).

V. Representations and Warranties

The Perezes represent and warrant that, at all times referred to herein, they alone owned the claims that they are each releasing under this Agreement, that no other person or entity has or has had any interest in said claims and that they have the sole right to execute this Agreement regarding such claims. The Perezes further represent and warrant that neither of them have or will have sold, assigned, conveyed or otherwise transferred, prior to the Effective Date, any claim or demand which either of them ever had, or now have, against the other, whether directly or through another person or entity.

The Perezes further represent and warrant that they have not, and will not have prior to the Effective Date, sold, transferred, gifted, deeded, encumbered or otherwise transferred or diluted in any way their fee ownership interest in the Property such that World's security interest in the Property for the Loan has been or will be extinguished, disrupted or diminished or diluted in any way. The Perezes further represent and warrant that, pending completion and execution of the

documentation of the modification of the Loan, they will keep the Property in good repair and will not encumber, transfer or otherwise dilute in any way their fee ownership interest in the Property, such that World's security interest in the Property under the Loan and/or the modified Loan will meet World's requirements.

VI. Court Approval Required

The Parties agree that this Agreement, and their proposed obligations as set forth herein, are contingent upon a finding by the Court that the terms of this Agreement are fair to the Parties and were reached in good faith. The Parties agree to present this Agreement promptly to the Court and to cooperate in a joint application for an order by the Court making such a determination.

VII. Execution and Court Approval of Zamora Settlement Required

The Parties agree that this Agreement, and their proposed obligations as set forth herein, are further contingent upon: (1) the completion and execution of a separate settlement agreement between Zamora and World regarding Zamora's individual claims in the Action (the "Zamora Agreement"); and (2) a finding by the Court that the terms of the Zamora Agreement are fair to Zamora and World and were reached in good faith. World and the Perezes' counsel agree to use their best reasonable efforts to present the Zamora Agreement promptly to the Court and to cooperate in a joint application for an order by the Court making such a determination.

VIII. No Admission of Liability

This Agreement is intended as means of settling disputed claims, liability for which is expressly denied by each of the respective Parties. Neither this Agreement or any of its terms or considerations is to be deemed, construed or proffered as an admission of liability or responsibility by either Party at any time for any purpose. The Perezes' counsel of record in the Action specifically acknowledges, represents and agrees that no present or future plaintiff in the Action, or in any other proceeding, may attempt to introduce the existence, terms or execution of this Agreement by World in the Action or any proceeding for any reason, including but not limited to an offer or proof or evidence of any admission, concession and/or wrongdoing by World.

IX. Representation by Independent Legal Counsel

The Perezes confirm and agree that they have been represented in negotiations for, and preparation of, this Agreement by independent legal counsel of their own choosing, that their duly authorized representatives and legal counsel have each read this Agreement, that they each have had it fully explained to them by their legal counsel, that they are fully aware of its contents and its legal effect and that, under such circumstances, they have each voluntarily agreed to execute this Agreement and abide by its terms.

X. Waiver of California Civil Code Section 1542 Regarding Unknown Claims

The Perezes each have been advised by their legal counsel of the existence and legal effect of Section 1542 of the Civil Code of California, and each of them expressly waives the benefits of that statute. In doing so, the Perezes each recognize and confirm their understanding that said statute provides that:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which, if known by him, must have materially effected his settlement with the debtor."

The Perezes both realize and acknowledge that one or both of them may have sustained, or might sustain in the future, losses because of some action by, or allegedly taken on behalf of, World that is the subject of a release given the other by this Agreement, and further acknowledge that such losses are presently unknown and unsuspected and/or may manifest in the form of future loss and/or expense. Nonetheless, the Perezes each acknowledge and agree that this Agreement has been negotiated and agreed upon in light of this realization and, being fully aware of the situation, they do each intend to release and forever discharge the other as set forth above from any and all such unknown claims, including damages which are unknown and unanticipated.

XI. Preservation of Claims against Third Parties

The Parties each acknowledge and agree that they both have or may have independent claims against third parties, including, but not limited to, direct claims and/or claims for indemnity or equitable contribution and/or claims that arise out of or relate to the matters alleged in the Complaint and/or this Agreement. The Parties further acknowledge and agree that, by entering into this Agreement neither of them intend to or shall be deemed to release such claims or forego the right to pursue such claims, whether in the Action or in any other proceeding.

XII. Severability

The terms of this Agreement are severable. Should any portion (word, clause, phrase, sentence or paragraph) be declared by a court of competent jurisdiction to be void or unenforceable in any particular jurisdiction, such portion shall be considered independent and severable from the remainder and shall not affect the enforceability of the remainder of the Agreement. If any portion as written should be interpreted by a Court of competent jurisdiction to be so broad as to be unenforceable, then such portion shall be restricted only to the extent necessary to make such portion enforceable to the fullest extent permitted by law.

XIII. Confidentiality

The Parties agree that neither they nor their counsel shall discuss the material terms of the Agreement regarding the consideration paid by World to the Perezes, which are set forth in Paragraphs IV.A, IV.B and IV.C above, with any person, entity or organization not affiliated directly with a party to this agreement other than the Court or their legal counsel, financial advisors or consultants or tax preparers, except as required by operation of law.

XIII. Construction of Terms

The Parties have cooperated and participated in the drafting and preparation of this Agreement, and in any dispute over construction or interpretation of this Agreement, no term shall be construed against any Party on the basis that such Party drafted any provisions of this Agreement.

XIV. Integration Clause

This Agreement, together with the executed Loan Modification, shall constitute the entire and sole agreement between the Perezes and World as to the matters referred to herein, and any prior or contemporaneous agreement, promise, negotiation or understanding not expressly set forth in writing within this Agreement shall be of no force or effect. With the sole exception of future documentation of the Loan Modification, this Agreement shall not be altered, modified or otherwise changed except by a writing executed by both the Perezes and a duly authorized representative of World.

XV. Choice of Law, Forum and Venue

This Agreement, and the Loan Modification, the respective rights and obligations of the Parties hereunder, shall be construed under and by the laws of the United States and, to the extent they do not conflict with federal law, the laws of the State of California. The Parties agree further that the Court shall retain jurisdiction over this matter and shall be the proper forum and venue for any dispute or matter that arises out of or relates to this Agreement or the formation of this Agreement.

XV. Counterparts

This Agreement may be executed in counterparts, each of which shall be an original and all of which, taken together, shall constitute a single instrument.

DATED: October __, 2009.

Daniel Perez

DATED: October __, 2009.

Elizabeth Perez

DATED: October __, 2009.

Wachovia Mortgage F.S.B.

By _____

[Print] _____

Its: _____

APPROVED AS TO FORM AND CONTENT:

Reed Smith LLP

Bonnett Fairbourn Friedman & Balint, P.C.

By _____

By _____

Jack R. Nelson
Attorneys for Wachovia Mortgage F.S.B.

Attorneys for Daniel and Elizabeth Perez

CERTIFICATION OF PLAINTIFFS' COUNSEL:

I, _____, am a lawyer licensed to practice in the State of _____ and before the Court. I am one of the counsels of record for the Perezes in the Action. I attest that the Perezes have personally met with and been advised, by legal counsel of their choosing, with respect to the nature, effect and terms of this Agreement. I am satisfied that the Perezes

each fully understand the nature and effect of this Agreement, as well as all of the rights that they are compromising, extinguishing and/or gaining by executing this Agreement.

I understand and agree that World, as well as any court of competent jurisdiction, is entitled to rely on my representation set forth herein in executing, and hereafter enforcing, this Agreement.

I declare under penalty of perjury under the laws of the United States and the State of California that the foregoing Certification of Plaintiff's Counsel is true and correct.

Dated: October __, 2009.

EXHIBIT A – FORM OF LOAN MODIFICATION

Date of this Agreement:	September 16, 2009
Loan Number:	0045300126
Property Address:	11926 S 38 TH AVE LAVEEN, AZ 85339 - 2041
Note Date:	March 30, 2007
Return Date for this Agreement	_____, 2009

MODIFICATION AGREEMENT

This Modification Agreement (“Agreement”) is made as of the date above between the undersigned (“Borrower”), as obligor(s) on the Loan described above or as title holder(s) to the Property, as the context may require, and Wachovia Mortgage, FSB (“Lender”). Borrower agrees that, except as expressly modified in this Agreement, the Note and the Security Instrument remain in full force and effect and are valid, binding obligations upon Borrower, except as discharged in Bankruptcy, and are properly secured by the Property.

Unless this Agreement is executed without alteration and returned by the Return Date above this Agreement will be of no force or effect and the Loan will remain subject to all existing terms and conditions provided in the Note and Security Instrument. This Agreement will only be deemed received when actually received by Lender at: Wachovia Mortgage, Loan Modifications, TX1351, P. O. Box 659558, San Antonio, Texas 78265-9558.

1. If outstanding and owed as of the Date of this Agreement, Lender agrees to:
 - a. Waive all outstanding Late Charge Fees, Return Check Fees, Attorney’s Fees, Appraisal Fees, and Property Inspection Fees on the Loan; and
 - b. Add amounts owed for “Escrow Amounts Advanced” to the Loan balance.

2. Lender and Borrower further agree to modify the Loan as follows:

a. Forgive accrued, outstanding, and not capitalized interest through	September 14, 2009
b. Reduce the balance owed on the Loan to	\$380,000.00
c. Modify the interest rate to a fixed interest rate of	1.670%
d. Loan begins to accrue interest at the fixed interest rate on	September 15, 2009
e. Modify the payment to a monthly <u>principal and interest</u> payment of	\$1,092.68
f. The first payment under this Agreement is due on	October 15, 2009
g. The maturity date of the Loan is	September 15, 2049

Subsequent monthly payments will be due on the same day of each following month. **The payment amount referenced above DOES NOT include amounts necessary for escrow.**

3. The Interest Change Dates, Calculation of Interest Rate Changes, Payment Change Dates, Calculation of Payment Changes, Index and Payment Cap Limitation no longer apply.

4. The Loan may not be assumed by any other person or entity.

5. If a biweekly loan, the Loan will convert to a monthly payment schedule. References to “biweekly,” “every two weeks,” and “every other Monday” shall be read as “monthly,” except as it relates to the Modified Maturity Date. Interest will be charged on a 360-day year, divided into twelve (12) segments. Interest charged at all other times will be computed by multiplying the unpaid principal by the interest rate, dividing the result by 365, and then multiplying that daily interest amount by the actual number of days for which interest is then due.

As part of the conversion from biweekly to monthly payments, any automatic withdrawal of payments (auto drafting) in effect with Lender for the Loan are cancelled.

6. Lender acknowledges that one or more of the undersigned may have filed for bankruptcy or may have received a discharge in a bankruptcy proceeding. Said individual(s) acknowledge and agree that this Agreement is not a reaffirmation agreement as defined in 11 U.S.C. §524, that any references in this Agreement that imply liability under the Note obligation instead refer to the amounts secured by the property and is not meant to impart personal liability on such individual(s), and that this Agreement and communications related to this Agreement are not attempts to collect, assess or recover a claim against the individual(s) that arose before the commencement of the bankruptcy or that has been discharged.

Borrower agrees that (a) Borrower has read this Agreement in its entirety; (b) Borrower has consulted, or had opportunity to consult, with an attorney of Borrower’s choosing; and (c) Borrower has voluntarily entered into this Agreement.

BORROWER(S):

Wachovia Mortgage, FSB

 DRAFT
DANIEL PEREZ

 DRAFT
Mary C. Reeder
Senior Vice President

 DRAFT
ELIZABETH PEREZ