

SAMUEL MWANGI, individually and on behalf of all others similarly situated,
 Plaintiff
 vs.
 SERVICE 1ST FEDERAL CREDIT UNION,
 Defendant.

COURT OF COMMON PLEAS
 LUZERNE COUNTY
 NO. 2019-792
 CLASS ACTION

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

You may be entitled to receive a settlement payment and cancellation of any Deficiency Balance in connection with a class action against Service 1st Federal Credit Union

*A Pennsylvania Court has authorized this notice.
 This is not a solicitation from a lawyer. You are not being sued.*

- This settlement resolves a lawsuit over whether Service 1st Federal Credit Union (“S1FCU”) sent borrowers proper notice of their rights after vehicle repossession.
- S1FCU denies and disputes the claims asserted in the Litigation. The parties disagree about whether any money (and if so, how much) could have been awarded to you if the Plaintiff were to prevail at trial. The settlement avoids the costs and risks to members of the Class like you from continuing with the lawsuit, and provides relief to the Class.
- This settlement will: (a) provide a gross fund of \$2,000,000 to be distributed to Class Members after payment of administrative costs, Class Counsel fees and costs, and a service award to Plaintiff; (b) forgive post-repossession Deficiency Balances of approximately \$1,661,000; and (c) require S1FCU to request credit reporting agencies to delete your auto loan history from your credit report, in accordance with the proposed Class Action Settlement Agreement.
- Your rights are affected whether you act or not. Read this notice carefully.

Your Legal Rights and Options in this Settlement	
Do Nothing	If the settlement is approved by the Court as presented, any post-auction deficiency balance will be forgiven, and S1FCU will request the credit reporting agencies to delete your loan history from your credit report. You will also be paid a share of the net settlement proceeds, approximately \$2,000 per loan. Members of the Deficiency Notice Subclass will be paid an additional amount of approximately \$176 per loan , for a total of approximately \$2,176 per loan .
Exclude Yourself	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against S1FCU concerning repossession or financing of your vehicle. Act by September 16, 2021 .
Object	Write to the Court about why you don’t like the settlement and do not want it approved. Act by September 16, 2021 .
Go to a Hearing	Ask to speak in Court about the fairness of the settlement on October 15, 2021 .

- These rights and options – **and the deadlines to exercise them** – are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the settlement. Payments will be made if the Court approves the settlement and after any appeals are resolved. Please be patient.
- For more information or to review key documents or the Class Action Settlement Agreement, you can visit www.Service1stRepoSettlement.com

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BASIC INFORMATION

1. Why did I get this notice package?

The Court approved this notice because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the settlement. If the Court approves it, and objections and appeals (if any), are resolved, the Settlement Administrator will make the payments the settlement allows.

The Court in charge of the case is the Court of Common Pleas of Luzerne County, Pennsylvania, and the case is known as *Samuel Mwangi, individually and on behalf of all others similarly situated v. Service 1st Federal Credit Union*, No. 2019-792. The person suing is Samuel Mwangi, the Plaintiff (also called “Class Representative”) and the company being sued, Service 1st Federal Credit Union, is called the Defendant, or “S1FCU.”

This package explains the lawsuit, the settlement, your legal rights, what benefits are available, who is eligible, and how to get them.

S1FCU’s records reflect that you and any co-borrower on your vehicle loan were sent one or more notices from S1FCU following the repossession of your vehicle between January 24, 2013 and January 31, 2019. S1FCU’s conduct post-repossession, including its use of these notices forms the basis for this lawsuit.

2. What is this lawsuit about?

The lawsuit claims that S1FCU violated Pennsylvania’s Uniform Commercial Code by failing to send its borrowers in Pennsylvania (a) proper notice of disposition of collateral (“Repossession Notice”) after repossession of their vehicle(s), and (b) proper explanation of calculation of deficiency (“Deficiency Notice”) after the sale of the vehicle(s).

Specifically, Plaintiff asserts on behalf of himself and a class of borrowers (“Repossession Notice Class”) that the Repossession Notice sent by S1FCU misrepresents the time period the borrower has to redeem the vehicle and fails to state the method of intended disposition. Plaintiff also asserts on behalf of himself and a class of borrowers (“Deficiency Notice Subclass”) that the Deficiency Notice fails to provide a proper explanation of how S1FCU calculated a deficiency balance.

S1FCU denies that its disclosures violated any law, and S1FCU asserts that it satisfied all of the legal requirements as to its notices. S1FCU asserts other defenses. S1FCU further contends that many of the members of the Class owe S1FCU money for balances still due on their accounts following the sale of their repossessed vehicle(s) at auction.

3. Why is this a class action?

In a class action, one or more people called Class Representatives (in this case Samuel Mwangi), sue on behalf of all people who have similar claims. All these people are “Class Members,” and grouped together are a “Class.” One court resolves the issues for all Class Members, except for those who exclude themselves from the Class. S1FCU has challenged whether this case should proceed as a class action but has agreed not to oppose this case proceeding as a class for settlement purposes only.

4. Why is there a settlement?

Plaintiff believes the Class might have won more money than the settlement amount had the case gone to trial, but substantial delays and risks would have occurred, including the risk of the case not being certified as a class. S1FCU believes that the claims asserted in the case are without substantial merit, and that the Plaintiff may have recovered nothing if there had been a trial. But, there has been no trial. Instead, both sides agreed to a settlement. That way, they avoid the cost of a trial and appeal, and class members like yourself will get compensation and other settlement benefits promptly. The Class Representative and his attorneys think the settlement is best for all Class Members.

WHO IS IN THE SETTLEMENT

5. How do I know that I am part of the settlement?

If you received this Notice in the mail, S1FCU's records reflect that you are part of the Class. The Court has preliminarily certified two classes, the Repossession Notice Class and the Deficiency Notice Subclass. To see which Class you belong to, see the bottom of page 1. The Repossession Notice Class includes those borrowers who were sent certain notices after their vehicle was repossessed. The Deficiency Notice Subclass includes those borrowers who were sent certain notices after their repossessed vehicle was sold by S1FCU.

The Repossession Notice Class is defined as who purchased and financed a motor vehicle primarily for consumer use; who financed the vehicle purchase through S1FCU, or whose vehicle Loan and Security Agreement or Retail Installment Sales Contract was later assigned to S1FCU; from whom S1FCU, as secured party, repossessed the vehicle or ordered it repossessed; who had a Pennsylvania address as of the date of repossession; and, who were not sent a post-repossession notice which stated that the borrower had a right to redeem the property any time before S1FCU sells or disposes of the vehicle; and/or, who were not sent a post-repossession notice which specified the method of intended disposition as either a public sale or private sale; and/or, who were not sent a Repossession Notice at all; in the period commencing January 24, 2013, through January 31, 2019.

The Deficiency Notice Subclass is defined as all members of the Repossession Notice Class whose vehicle was sold or auctioned by S1FCU, but leaving a surplus or claimed deficiency balance; and who were sent an explanation of the alleged deficiency or surplus ("Deficiency Notice") in the period from January 24, 2013, through January 31, 2019.

THE SETTLEMENT BENEFITS – WHAT YOU GET

6. What does the settlement provide for me?

- Cash Component:
 - o S1FCU has agreed to create a Settlement Fund of \$2,000,000. Approved administrative costs, Class Counsel fees and expenses, and a service award for the Class Representative will be paid from that fund. The Net Fund that remains will be distributed to the members of the Classes.
 - o If you are a member of Repossession Notice Class, 93% of the Net Fund will be distributed in equal amounts to you and the other members of the Repossession Notice Class. There are approximately 522 secured obligations (and about 670 people including co-borrowers) in the Repossession Notice Class. If fees and expenses are allowed as requested, it is expected that your cash payment will be approximately \$2,000, unless there were multiple borrowers on your loan in which case you will receive a portion of this amount.
 - o If you are a member of the Deficiency Notice Subclass, 7% of the Net Fund will be distributed in equal amounts to you and the other members of the subclass. There are approximately 446 secured obligations in the Deficiency Notice Subclass. If fees and expenses are allowed as requested, it is expected that your cash payment will be an additional sum of approximately \$176, unless there were multiple borrowers on your loan in which case you will receive a portion of this amount.
 - o If you are in the Repossession Notice Class and the Deficiency Notice Subclass, you will be entitled to payment totaling approximately \$2,176.
 - o If after the first distribution of checks to the Classes more than \$100,000 remains in the Net Fund (from uncashed or undistributable checks), there will be a second distribution of checks to the Classes. A balance remaining after the second distribution will be paid to *cy pres* beneficiaries, Pennsylvania Interest on Lawyers Trust Account ("IOLTA"), North Penn Legal Services, and Consumer Credit Counseling Service of Northeastern Pa. Inc. for consumer uses.

- **Credit Reporting Relief:** Unless you reinstated your loan, S1FCU will request that the credit reporting agencies update your credit report to remove any reference to the S1FCU auto loan contract. Details about how and when this will be done, and limits on S1FCU’s obligation to provide credit reporting relief are spelled out further in the Settlement Agreement.
- **Forgiveness of Deficiency Balance:** If you have been advised by S1FCU that there is a shortfall after the auction of your repossessed vehicle, that balance claimed due is called a “Deficiency Balance.” Unless you elect otherwise, S1FCU will forgive and eliminate any Deficiency Balance on your vehicle loan. The average Deficiency Balance claimed due is around \$6,270. Yours could be more or less than this amount. If you want to know if you have any Deficiency Balance or the amount, you can call the Settlement Administrator at 1-833-215-9289 or Class Counsel at 1-888-668-1225. NOTE: *see Tax Implications* in Section 7 below. You can choose not to receive debt forgiveness by submitting the enclosed Election Not to Accept Deficiency Balance Debt Forgiveness form.

TAX IMPLICATIONS

7. Tax Implications

This settlement has potential tax implications for you. The Settlement Administrator plans to issue IRS 1099-series forms for cash payments over \$600. You may be required to furnish your Social Security Number to the Settlement Administrator as a condition of payment of settlement proceeds over \$600.

If you accept the Deficiency Balance forgiveness, S1FCU may issue to you an IRS 1099c form for the amount of the Deficiency Balance forgiven. This could result in your having to declare income in that amount on your next tax return and pay tax on all or some of that amount! You should consult your tax advisor to help decide if accepting the Deficiency Forgiveness is right for you.

HOW YOU GET THE BENEFITS OF THE SETTLEMENT

8. Do I need to do anything to get a payment or the credit reporting benefit?

No. You do not need to do anything further to remain in the Class. You will get a payment and any credit reporting benefit automatically, assuming court approval of the Settlement.

9. Do I need to do anything to have my outstanding debt eliminated?

No. Any outstanding debt remaining after the auction of your repossessed vehicle will automatically be eliminated upon final approval of the settlement by the Court unless you tell us you do not want your debt eliminated. If you **do not want** your outstanding debt to be forgiven, please read these instructions carefully, fill out the Election Not to Accept Deficiency Balance Debt Forgiveness form, and mail it postmarked no later than **September 16, 2021** to:

Mwangi v. Service 1st FCU
c/o Settlement Administrator
P.O. Box 16
West Point, PA 19486

If you have already been sued and there is a legal judgment against you relating to your Deficiency Balance, S1FCU will inform the Court that you have resolved the issue and will satisfy the judgment. If you do not know if you have any Deficiency Balance, you can call the Settlement Administrator at 1-833-215-9289 or Class Counsel at 1-888-668-1225 to inquire or to find out the amount of any Deficiency Balance.

10. When is the hearing on final approval of the proposed settlement?

The Court will hold a hearing on October 15, 2021 at 10:30 A.M. at 200 N. River Street, 3rd Fl, Wilkes-Barre, PA 18711 to decide whether to approve the settlement. If the Court approves the settlement after the hearing, there may be appeals. It is always uncertain whether there will be an appeal and if so, when it will be resolved. Resolving an appeal can take time, often well more than a year. Please be patient.

11. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you will stay in the Class, and that means that you can't sue, continue to sue, or be part of any other lawsuit against S1FCU related to your repossessed motor vehicle. It also means that the Court's orders will apply to you and legally bind you. Unless you "opt-out" or exclude yourself from this case, you will automatically be deemed to have agreed to a "Release of Claims" which describes exactly the legal claims that you give up if you remain in the Class. The specific language of the release is set forth in the Settlement Agreement, which can be found on the website: www.Service1stRepoSettlement.com.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment or other benefits from this settlement but you want to keep the right to sue or continue to sue S1FCU on your own about any of the subjects or issues set forth in the paragraph above, then you must take steps to get out. This is called excluding yourself – sometimes referred to as "opting out" of the Class.

12. How do I get out of the settlement?

To exclude yourself from the settlement, you must send a letter to the Settlement Administrator, with copies to counsel, by mail (first class, postage pre-paid) saying that you, as well as any and all other person(s) who signed your vehicle loan, want to be excluded from *Samuel Mwangi, individually and on behalf of all others similarly situated v. Service 1st Federal Credit Union*, No. 2019-792. Be sure to include your name, address, email (if available), telephone number and your signature. Mail your exclusion request postmarked no later than **September 16, 2021** to all of three different addresses below.

Settlement Administrator

Mwangi v. Service 1st FCU
c/o Settlement Administrator
P.O. Box 16
West Point, PA 19486

Class Counsel

Cary L. Flitter, Esq.
FLITTER MILZ, P.C.
450 N. Narberth Avenue
Suite 101
Narberth, PA 19072

Defense Counsel

Geralyn M. Passaro, Esq.
LITCHFIELD CAVO, LLP
600 Corporate Dr, Ste 600
Ft. Lauderdale, FL 33334

13. If I don't exclude myself, can I sue S1FCU for the same thing later?

No. Unless you exclude yourself, you give up any right to sue S1FCU for the claims that this settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from this Class to continue your own lawsuit.

14. If I exclude myself, can I get money from this settlement?

No. If you exclude yourself, you will not receive any money from this lawsuit or settlement, credit report deletion, forgiveness of any Deficiency Balance, or other relief that this Class Settlement provides.

THE LAWYERS REPRESENTING YOU

15. Do I have a lawyer in this case?

The Court has approved the law firms of Flitter Milz, P.C., in Narberth, PA and Kelley, Polishan & Solfanelli, LLC to represent you and other Class Members. These lawyers are called Class Counsel. You will not be charged individually for these lawyers. If you want to be represented by your own lawyer, you may hire a firm at your own expense.

16. How will the lawyers and Representative Plaintiff be paid?

As part of the class settlement, plaintiff will ask the court to approve a \$25,000 service award for his time and effort in bringing this case. Plaintiff will ask the Court to approve a payment out of the settlement fund in the amount of \$800,000 for Class Counsel fees and up to \$15,000 for reimbursement of expenses. The fees would pay Class Counsel for investigating the facts, litigating the case, negotiating the settlement, filing legal papers with the Court, and oversight of future implementation of the settlement, including fielding inquiries from Class Members. Class Counsel has not been paid for its time or services since this case was originally filed in January 2019. The Court could award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you don't agree with the settlement or some part of it.

17. How do I tell the Court that I don't like the settlement?

If you are a Class Member, you can object to the settlement if you don't like any part of it. You should state why you object and why you think the Court should not approve the settlement. The Court will consider your views. To object, you must file an objection, or send a letter saying that you object to the settlement in *Samuel Mwangi, individually and on behalf of all others similarly situated v. Service 1st Federal Credit Union*, No. 2019-792. Please be sure to include your name, address, email address (if available), telephone number, your signature, and the reasons you object to the settlement. Mail the objection to all of the three different places listed in Section 12 above, postmarked no later than **September 16, 2021**, and file with the Prothonotary Office, Court of Common Pleas of Luzerne County, 200 N. River St, Wilkes-Barre, PA 18711.

18. What's the difference between objecting and excluding?

Objecting is telling the Court that you don't like something about the settlement, and that you, for that reason, want the settlement not to be approved. You can object only if you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend and you may ask to speak, but you don't have to, and attendance is not required or expected unless you advise that you intend to appear or have your lawyer appear.

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

The Court will hold a Fairness Hearing on October 15, 2021 at 10:30 A.M. at 200 N. River St, 3rd Fl, Wilkes-Barre, PA 18711. At this hearing, the Court will consider whether the settlement is fair, reasonable, and adequate and meets the test for class action settlements. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court may also determine the Class Representative Service Award and Class Counsel fees and expenses. Following the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

20. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. But you are welcome to come at your own expense. If you file an objection, you don't have to come to Court to talk about it, but you may. As long as you properly mailed (or electronically filed) your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, if you wish.

21. May I speak at the hearing?

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you or your lawyer must send a letter stating that it is your “Notice of Intention to Appear in *Samuel Mwangi, individually and on behalf of all others similarly situated v. Service 1st Federal Credit Union*, No. 2019-792.” Your Notice of Intention to Appear must be filed or mailed so as to be filed with the Court no later than **September 16, 2021** and be sent to the Prothonotary Office and the Settlement Administrator at the addresses in Section 9. You cannot speak at the hearing if you exclude yourself from the settlement.

IF YOU DO NOTHING

22. What happens if I do nothing at all?

If you do not exclude yourself and the Court finally approves the settlement, you will receive a settlement payment(s), forgiveness of your Deficiency Balance (if any), and credit reporting relief as provided in the Class Action Settlement Agreement. If you do not want your Deficiency Balance forgiven you must elect in writing by returning the enclosed form.

GETTING MORE INFORMATION

23. Are there more details about the settlement?

This notice summarizes the proposed settlement. The pleadings and other records in this litigation, including a copy of the Settlement Agreement, may be examined at any time during regular office hours at the Prothonotary Office, Court of Common Pleas of Luzerne County, 200 N. River St, Wilkes-Barre, PA 18711. These documents will also appear on a [website](http://www.Service1stRepoSettlement.com) created for this case: www.Service1stRepoSettlement.com.

You may also call or write to the following:

**Mwangi v. Service 1st FCU
c/o Settlement Administrator
P.O. Box 16
West Point, PA 19486
1-833-215-9289**

Or

**Class Counsel
FLITTER MILZ, P.C.
450 N. Narberth Avenue, Suite 101
Narberth, PA 19072
1-888-668-1225**

Please **do not** call the Court, S1FCU, or S1FCU’s counsel.

BY THE COURT

Jim Haddock
PROTHONOTARY

Dated August 5, 2021