EXHIBIT "1"

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UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

WES JOHNSON, Plaintiff vs. WELLS FARGO HOME MORTGAGE, INC., a California Corporation, dba AMERICA'S SERVICING COMPANY, et al., Defendants	3:05-CV-0321-RAM ARBITRATION AWARD

This matter for voluntary arbitration came on for hearing on January 12, 13, 14, and 15, 2009 at the law offices of Lewis and Roca, 50 West Liberty Street, Suite 410, Reno, Nevada 89501.

Justice Michael Nott (Ret.) served as arbitrator.

Wes Johnson was present for the entire proceeding, and was represented by Tory M. Pankopf, Esq. and Bryant K. Calloway, Esq. Also present for most of the proceedings was Mr. Johnson's wife, Jane Johnson, aka Jane Bernard.

Wells Fargo Home Mortgage, Inc. ("WF"), dba America's Servicing Company ("ASC"), was represented by Bruce T. Beesley, Esq, and Tricia M. Darby, Esq. Also in attendance was Denise Brennan, Esq., who is In-House Counsel for Wells Fargo.

The proceedings were reported by Denise Phipps, CSR,

PROCEDURAL HISTORY

On June 20, 2007, Mr. Johnson filed an amended complaint in federal court against WF/ASC that included causes of action for: 1) violations of the Real Estate Settlement Procedures Act (12 U.S.C. sect. 2605 ("RESPA"); 2) violations of the Fair Credit Reporting Act (15 U.S.C. sect. 168 et seq.) ("FCRA"); 3) violations of the Fair Debt Collection Practices Act (15 U.S.C. sect 1692 et seq.) ("FDCPA"), and 4) negligence.

WF filed a Motion for Summary Judgment ("MSJ") to the entire amended complaint. The court granted the motion as to all causes of action except #2, violations under the FCRA.

Subsequently, WF filed another MSJ as to the FCRA cause of action. One of the bases for the MSJ was that some of the damages asserted by Mr. Johnson were business related rather than consumer related, and the application of the FCRA is limited to consumer losses.

The court granted the MSJ in part and denied it in part. The court found that the Dove Street Loan, the loans from family and friends for Dove Street, the Southern Oregon Investment Group, the late fees and costs on rental properties, the anticipated profits in the Cashill Subdivision, the Detrick Loan, the sale of 21 properties, the lost business opportunities on 50 transactions, the interest on his son's student loan, and damages pre-dating WF's failure to re-investigate were all business related, and thus inappropriate under the FCRA. Accordingly, the Motion was granted as to those items.

The court denied the MSJ as to damages regarding the James Lane property, the Erna Way property, the Sky T stock, reduction of credit cards use; and the denial of lines of credit. The court also denied the MSJ as to punitive damages.

The parties then stipulated to take the trial of this matter out of the judicial system, and have it heard by an arbitrator. Under that agreement, the decision of the arbitrator will be binding, except the parties will retain the same appellate rights that they would be afforded under Federal law had they gone to a court or jury trial.

Also, the parties agreed that the arbitrator would be bound to follow the decisions previously made by the court.

Thereafter, the parties agreed on Justice Michael Nott (Ret.) to serve as arbitrator, and he accepted.

THE HEARING

The arbitrator first ruled on a variety of pre-hearing motions (none of which motions impacted the result and award reached by the arbitrator). Next, Mr. Johnson testified at the hearing, as did Kathy Drzewicki and Midge Baker of WF. Additionally, the parties stipulated that selected portions of the depositions of Mark Jones, Marie Erisman, Ken Erisman, Don Hunt, Rhonda Riley, and Avery Setzer (all for the plaintiff) and Lisa Minders and Diana (for WFB) are to be introduced as recorded testimony.

At the end of the hearing, the attorneys for the parties met and made an agreement as to which exhibits would be submitted to the arbitrator. After that agreement was received, the parties made closing arguments.

At the request of the arbitrator, the parties created their respective views as to time-lines of the major events pertaining to this matter.

Upon receipt by the arbitrator of the exhibits and time-lines, the matter was submitted for decision.

THE FCRA

As the trial court noted in this action, the FCRA was adopted in 1970 to help prevent abuses in the dissemination of financial information about consumers by suppliers of information and credit reporting agencies ("CRAs"). As is germane to this case, the FCRA requires that if a consumer challenges information on a credit report, the supplier of information is required with 30 days (which can be extended by another 15 days if the supplier receives information from the consumer) to make a reasonable investigation, review all relevant information, and report its findings to the CRA. If the challenged information is incomplete or inaccurate, the supplier is required to report that information to all CRAs to whom the supplier has furnished the information.

The failure of the supplier to comply with the statutory dictates may result in an action for actual damages (including emotional distress), punitive damages, costs and attorney fees.

FINDINGS OF FACT AND CONCLUSTIONS OF LAW

After consideration of the opening briefs of the parties, the testimony of all witnesses, the deposition testimony stipulated by the parties, the exhibits, the closing argument by the parties, and the time-lines submitted by the parties, the arbitrator finds and rules as follows.

BACKGROUND

Mr. Johnson is an experienced general contractor, who had become a real estate developer. His general plan was to buy undervalued residential property, make repairs or additions, and when the price was right, sell it and go on to the next project.

In order to implement his business plan, it was necessary for Mr. Johnson to finance his acquisition(s) through financing.

The principal issue before the arbitrator involves the Adriatic property and the Fessenden property, both of which are in Oregon, and both of which were financed through Resource Bank on January 30, 2004 for the sum of $244,000 each.

The base monthly payment on the two properties was $1,706.08, plus an impound account for taxes and insurance in the sum of $506.14, for a total of $2,312.22 per month.

Resource Bank sold the two loans to Fairbanks Capital Corporation, who sold them to Select Portfolios, who sold them to WF. However, WF did not actually buy the loans itself. Rather it purchased the loans for a person or entity whose name was not disclosed at the hearing. WB/ASC simply acted as a finder, and then an agency for servicing the loan, including mailing monthly statements, collecting payments, etc.

When it took over the servicing of the two loans on July 1, 2004, WF/ASC assigned them new account numbers. The last two digits of the new account numbers are "55" and "56" respectively. Accordingly, the parties have throughout this litigation

referred to the loan on Adriatic as the "55" loan or the "55" property, and Fessenden as the "56" loan or property.

The parties here got off to a rocky start, and never recovered. First, Select Portfolio did not give WF Mr. Johnson's correct current address, therefore WF's attempts at contacting him by mail were unsuccessful. WF also attempted to contact him by telephone. Initially, the contacts did not succeed, but did eventually. Mr. Johnson was verbally given his new account numbers and information where to send the monthly payments. In the meantime, the July and August payments had been made to Select, who didn't break any speed records in crediting the money to WF, thus causing problems between Mr. Johnson and WF as to whether payment had been duly made.

The second problem, which turned out to be a key element in this litigation, involved the impound accounts. The arbitrator finds there was an impound account on the Fessenden loan, which is easily established in that Mr. Johnson made consistent payments of $2,312.22 without argument until after WF began servicing that account.

The same is not true of the Adriatic loan. Even though the loan documents call for an impound account, Mr. Johnson stated that he was never supposed to have such an account on either loan, in particular for the Adriatic property. Although Mr. Johnson's documentary evidence as to his election to not pay into an escrow account is suspect, the arbitrator finds that his assertion is well taken, for the reason that from January 2004 until WF came into the picture, Mr. Johnson made regular payments of $1,706.08 on Adriatic without any complaint by Resource, Fairbanks, or Select. Accordingly, the arbitrator finds that the prior lenders waived their right (if any) to require an impound account on the Adriatic loan, and that Mr. Johnson likewise declined not to have such an account on that loan.

The next thing to go wrong was due to the inadvertence of Mrs. Johnson, who in September of 2004 sent in two payments, one for $2,212.22 and one for $1,706.08. Unfortunately, she made the notation on each check that the payment was for the 55 loan. WF was both happy and unhappy with that event. It was happy because at that point it did not know that the impound account had been waived, so WF thought loan 55 was in arrears, and the two payments helped to make that loan current.

However, WF was unhappy because the application of both checks to loan 55 meant that the 56 loan received no payment, and was thus delinquent.

FM contacted Mr. Johnson about the problem, and he assured WF that both the 55 and 56 loans were current. While he was working with one customer service section of WF, his attempts to juggle financing for his business and personal projects led him to apply for new loans. However, when the prospective lenders ran credit checks, they found that WF had reported a late payment on the 56 loan.

Thus began a series of telephone calls and letters by Mr. Johnson to try and get matters straightened out. Part of the problem seems to be the fact that there are multiple sections of staff that deal in customer service for these types of issues, and where a complainant is relegated depends on whether he or she has complained over the telephone (one personnel section), or by letter (another section), or a complaint through a CRA (still another section). Additionally, there are personnel

who act as sort of an appellate court, and a foreclosure department that apparently functions in a totally independent fashion. The arbitrator finds that Mr. Johnson had to deal with the "Missing Payment Team," "Customer Relations," "Mortgage Services," and the "Executive Communications Department."

In any event, matters were never completely straightened out, despite a mea culpa plea by WF's Jennifer Etter (and also Elsa Breton), who are to be congratulated for finally arriving at the truth, thus admitting that WF had been wrong all along.

In an overview, this matter should never have taken so long to resolve. It just wasn't that complicated, and the arbitrator finds that the evidence is overwhelming that Mr. Johnson provided sufficient documentary proof to back his assertion from Day 1 that all appropriate payments were made as to loans 55 and 56. To the extent he wasn't always able to send in a canceled check, the arbitrator finds that to be the fault of Select or WF in using electronic depositing, wherein there is nothing to be canceled. The arbitrator finds credible Mr. Johnson's testimony that he requested on multiple occasions that WF use the traditional form of depositing.

On the other side of the coin, Mr. Johnson did not help matters by his more than occasional habit of waiting just short of 30 days to make a loan payment. This practice did much to add to the confusion over how many payments were made, and when.

In the final analysis, however, the arbitrator agrees with Mr. Calloways's statement that there was no reason to rush posting any negative comments (after the first one) until the matter was finally decided. As he noted, WF had eight other loans with Mr. Johnson, and wasn't required to do any reporting on Mr. Johnson at all.

The arbitrator finds that in the face of the documentation provided by Mr. Johnson, the investigation of WB was inadequate, unreasonable, and untimely under the provisions of the FCRA. The arbitrator also finds the yo-yo reporting and clearing of late payments from October until May, and the continued foreclosure proceeding on the 56 loan were unnecessary and improper.

CAUSATION AND DAMAGES

As previously mentioned, for better or worse, the arbitrator is bound by the trial court ruling that limits a consideration of damages strictly to Mr. Johnson's losses as a consumer, and not to business losses. Accordingly, the arbitrator will not discuss any damages Mr. Johnson may have incurred relative to the 30 or so properties he (or his LLCs) owned during this time period.

One of the difficulties in charting out damages of any sort has to do with causation. The problem is, of course, that Mr. Johnson is claiming that in his quest to make his business plan work, he needed consistent access to financing, and the actions of WF resulted in numerous turndowns simply because of the various 30 to 90 days delinquencies that WF was publishing about him to the CRAs. Thus, none of the turndowns before the arbitrator were on the merits of the loan, and the arbitrator has no direct evidence as to how many applications would have been granted or denied on the merits.

However, the arbitrator resolves that issue as follows. Mr. Johnson has been in this particular business since 1977, and up to 2004, had owned and sold 100 to 150 properties, and was consistently successful in obtaining whatever credit he needed to survive. As mentioned, 10 of those loans (number 55 and 56, plus eight more) were positioned for collection at WF/ASC. Ergo, it stands to reason that had this reporting controversy never occurred, Mr. Johnson would not have had the immediate turn-downs that he suffered, and would have obtained many of the loans or lines of credit for which he was applying.

Turning now to the various properties allowed by the trial court, the arbitrator finds and rules:

The James Lane property

This property was purchased by Mr. Johnson in the summer of 2004 for 1.2 million dollars. He subsequently put a $300,000 second on it, and then a $165,000 third. He eventually lost the James Lane property to foreclosure in late 2008. Mr. Johnson contends the foreclosure was directly tied to the downward spiral his business suffered after the derogatory credit reporting by WF. He contends that he has been damaged in the sum of $625,000.

The arbitrator disagrees. First, the property was redeemed by the holder of the first T.D. in the sum of approximately $1,200,000. The holders of the 2nd and 3rd evidently did not bid. The arbitrator thus concludes that the 2008 value of the James Lane property was substantially less than the encumbrances, or the 2nd and/or 3rd would have bid.

Second, the arbitrator finds that the James Lane property was not truly residential, even though Mr. Johnson stated that it was his residence. At about the same time the 3rd T.D. was placed on the property, Mr. Johnson placed the title in the name of one of his LLCs, and recorded the documents. Although he claims he was holding an unrecorded reconveyance (or deed), Mr. Johnson never produced proof of that claim. The arbitrator recalls that Mr. Johnson testified that the point of the 2nd and 3rd T.D.s was to remodel the home so he could sell it. Thus the James Lane property was like any other of his business holdings, with the exception that he was living in it until it was sold. Finally, the arbitrator is not aware of any documentation that the $465,000 amount of the 2nd and 3rd was entirely used for remodeling of the residence, as opposed to being used for business purposes on other properties.

The arbitrator concludes that the James Lane property falls into the same category as the other business properties he owned, and per the direction of the trial court, does not qualify for status as a consumer loan.

The Sky T stock

In mid-2005, Mr. Johnson sold his Sky T stock for $50,000. Within a brief time after the sale, the stock split. He claims to have lost $25,000 from the split.

The arbitrator disagrees, finding that the weight of evidence supports the conclusion that the $50,000 was needed to support the $45,000 monthly payments for the Dove Street property.

Erna Way property

Although this property was technically listed as a business property, the arbitrator finds that it was actually a residence, albeit one that was used by Mr. Johnson's mother and stepfather, who resided in it rent free. The Erna Way property was eventually lost to foreclosure early this year.

The arbitrator finds that this property was lost due to the culmination of Mr. Johnson's downward spiral, which was caused in chief by the conduct of WF/ASC. The arbitrator accepts the equitable loss of that property at $150,000.

Fessenden property (the 56 loan)

Mr. Johnson paid WF the sum of $5,410 in foreclosure fees. He claims entitlement to have that sum repaid to him, and the arbitrator agrees.

Credit Lines/Denial of Credit

Mr. Johnson asks for damages for reduction in credit card ceilings, from $2,500 to $1,000 (Bank of America) and $5,000 to $1,000 Providian). The arbitrator finds that Mr. Johnson sustained his burden of proof to show that such reductions were due to the acts of WF, and that such reductions in credit caused him compensable damages in the sum of $5,500. (See the trial court opinion of 05-14-08 at pp.29-30.)

The arbitrator finds that Mr. Johnson failed in his burden of proof as to the Nevada Security Bank loan application, as there was no expert proof the already heavily mortgaged James Lane house could stand an additional $500,000 loan.

A claim for damages for the Novastar loan through Rhonda Riley (for the James Lane property) was withdrawn by Mr. Johnson.

Punitive Damages

Punitive damages may be imposed under the FCRA where the trier of fact finds a willful noncompliance with that statute. Without suggesting an amount, Mr. Johnson claims the facts here warrant the imposition of such damages.

Although this request has much to recommend it, the arbitrator would classify WF's actions as "confused" rather than willful. Instead of awarding punitive damages, the arbitrator will award Mr. Johnson damages for emotional distress.

Emotional Distress

Mr. Johnson testified at length regarding the numerous telephone calls he made and letters he sent (most with enclosures) trying to undo the various damaging information that WF was transmitting to the CRAs. As stated above, that process involved a substantial number of repetitive conversations with four different departments/divisions of WF.

Mr. Johnson further testified on the harm the negative comments had on his business, his home life, his relationship with his wife, and the impact on his health.

Based on a consideration of all of the evidence received in this matter, the arbitrator awards Mr. Johnson the sum of $100,000 for pain and suffering.

In making that award, which the arbitrator is confident will equally displease both parties in this matter, the arbitrator would like to make the following comments.

Mr. Johnson was very concerned about his credit, even going so far as to hire a service to keep him advised of any negative reporting about him or his LLCs. Given that fact, it was surprising that during this dispute, he would not have simply paid the challenged amounts under protest and thereby protecting his credit.

Also, it appears Mr. Johnson that in mid-2004, Mr. Johnson was in a delicate financial condition, where he needed to constantly refinance or add lines of credit to his properties, all to keep his various projects afloat – particularly the Dove Street property, which was consuming interest at $45,000 a month. The arbitrator notes that even before any problems with WF, Mr. Johnson had low FICO scores, and often had to receive sub-prime loans

It also appears that – putting it politely - Mr. Johnson was very creative in making his many loan applications. Some of his representations as to his income and the monthly rents on the properties were extremely inaccurate.

Most damaging was his erasing of much of his computer memory at a time when WF was going to inspect it during the key periods of time involved in this case.

On the other side of the coin, with all due respect to the trial court, the arbitrator believes that WF caught a huge break in having the negligence cause of action dismissed. That action by the trial court took away any recovery for Mr. Johnson as to his business losses, which may have dwarfed the recovery he received here for his consumer claims. Inasmuch as the business claims were not subject to the FCRA, it would seem an ordinary cause of action for negligence should have survived the MSJ. Further, the arbitrator fails to see how there was any contract between Mr. Johnson and WF. The contract was between Mr. Johnson and the owner of the promissory notes and deeds of trust. WF/ASC was simply servicing the loan for those owner(s),

AWARD

Mr. Johnson is awarded the sum of $ $260,910, computed as Erna Way ($150,000); emotional distress ($100,000); credit cards ($5,500); and WF foreclosure fees ($5,410).

The arbitrator will retain jurisdiction for the next 30 days:

1. To hear argument (by email and/or telephone conference) for the award of attorney fees and costs.
2. To correct any errors in computation or other mechanical defects.
3. To correct any errors in the factual presentation of this Award, which correction is agreed to by both sides.

Dated: February 24, 2009

Justice Michael Nott (Ret.)

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF ORANGE:

I am employed in the County of Orange, State of California. I am over the age of 18 and am not a party to the within action. My business address is 1851 East First Street, Suite 1450, Santa Ana, California 92705.

On February 27, 2009, I served the **Arbitration Award** on the following parties in the matter of **Johnson vs. Wells Fargo Home Mortgage** by placing a true copy to all parties enclosed in a sealed envelope addressed as follows:

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(X)	BY U.S. MAIL:	I caused such envelope(s), with postage fully prepaid, to be placed in the U.S. Mail at Santa Ana, California.
(X)	BY FACSIMILE:	I caused such document to be sent via facsimile to each person on the attached mailing list.
( )	BY PERSONAL SERVICE:	I caused such envelope to be delivered by hand to the office of the addressee.
(X)	STATE:	I declare under penalty of perjury under the laws of the State of California that the above is true and correct.
( )	FEDERAL:	I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on February 27, 2009 at Santa Ana, California.

Rebecca Hessen
Judicate West