IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

CARMEN THOMPSON, *et al.*,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	Civil Action No. MJG 95-309
	)	
UNITED STATES DEPARTMENT	)	
OF HOUSING AND URBAN	)	
DEVELOPMENT, *et al.*,	)	
	)	
Defendants.	)	

SETTLEMENT AGREEMENT

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SETTLEMENT AGREEMENT

I. INTRODUCTION

This Action was filed in 1995 on behalf of a class of African-American residents of public housing in Baltimore City. In 1996, the Parties partially settled this lawsuit by entering into a Partial Consent Decree. The Parties now mutually desire to enter into this Settlement Agreement, in order to resolve certain outstanding issues related to the Partial Consent Decree, and to resolve all of Plaintiffs' remaining claims, all without the expense, delay, and inconvenience of further litigation. Accordingly, the Parties, through their undersigned Counsel of Record, hereby stipulate and agree as follows:

II. DEFINITIONS

Unless otherwise specified within this Settlement Agreement, the following terms have the following meanings within this Settlement Agreement:

A. **Action** means *Thompson v. HUD*, Case No. MJG-95-309 (D. Md.).

B. **Affirmative Fair Housing Marketing Plan** refers to the form required to be submitted by each applicant for participation in Federal Housing Administration programs pursuant to 24 C.F.R. § 200.600, *et seq.* (or any replacement successor regulation(s)).

C. **Agreement** means this Settlement Agreement, including any attached exhibits.

D. **Amended MTW Agreement** is the version of HABC's MTW Agreement that will be in effect after HUD and HABC execute the amendment to the MTW Agreement, as provided for in Section III.A of this Agreement, and any further amended or successor document that governs HABC's participation in the Moving to Work program.

E. **Annual Action Plan** refers to the annual submission for funding under the Community Planning and Development Formula Grant Programs that is prepared in accordance with 24 C.F.R. § 91.220 (or any replacement successor regulation(s)).

F. **Baltimore Region** refers to Baltimore City and the City of Annapolis, as well as Anne Arundel, Baltimore, Carroll, Harford, and Howard Counties.

G. **Baltimore Region Jurisdiction** means Baltimore City, Baltimore County, City of Annapolis, Anne Arundel County, Carroll County, Harford County, Howard County, and the State of Maryland.

H. **Class** or **Class Members** are the members of the class certified by this Court in its Order of June 25, 1996 (Docket No. 54), as amended by the Court's order approving this Agreement to include all African Americans who have resided or will reside in Baltimore City family public housing units at any time from January 31, 1995 until January 1, 2027. When used in this Agreement, the terms Class and Class Members refer, individually and collectively, to the Plaintiffs, the Class, and each Member of the Class.

I. **Class Counsel** or **Plaintiffs' Counsel** refers to Plaintiffs' attorneys of record in this Action. Presently, it consists of the following entities and their attorneys: the NAACP Legal Defense & Educational Fund, Inc. ("LDF"); the ACLU of Maryland; Morgan, Lewis & Bockius LLP; Brown, Goldstein & Levy LLP; and Levy Ratner P.C. In addition, Class Counsel previously included Jenner & Block LLP.

J. **Class Notice** means the document attached hereto as Exhibit E, which shall be distributed pursuant to Section XVIII.B below.

K. **Communities of Opportunity** refers to those census tracts in the Baltimore Region as provided in Section IV.C.2 of this Agreement.

L. **Community Planning and Development Formula Grant Programs** refers to the following programs: Community Development Block Grant ("CDBG"); the HOME Investment Partnership Program ("HOME"); the Emergency Shelter Grants Program ("ESG"); and the Housing for Persons with AIDS Program ("HOPWA"); or any replacement successor programs.

M. **Consolidated Plan** refers to the document that is prepared in accordance with 24 C.F.R. part 91 (or any replacement successor regulation(s)) and is submitted to HUD, and that serves as the comprehensive housing affordability strategy, community development plan, and submissions for funding under any of the Community Planning and Development Formula Grant Programs, and includes its civil rights certifications.

N. **Court** and **District Court** means the United States District Court for the District of Maryland.

O. **Demolition/Disposition Application** refers to an application or proposal to demolish or dispose of all or a portion of a public housing project, or a multi-family property owned by HUD.

P. **Effective Date** refers to the date upon which, if this Agreement has not been voided under Section XXI, the Final Judgment approving this Agreement, entered by the Court in the form attached hereto as Exhibit D, becomes non-appealable,

or, in the event of an appeal by a Class Member based upon a timely filed objection to this Agreement, upon the date of final resolution of said appeal. When this Agreement refers to the date on which the Agreement became "Effective," such date is the Effective Date.

Q. **Execution Date** means the date upon which all Parties to this Agreement, and/or their counsel of record, have signed the Agreement.

R. **Fairness Hearing** means a hearing held by the Court at which time the Court will determine whether this Agreement should be approved under Federal Rule of Civil Procedure 23(e).

S. **Federal Parties** means the U.S. Department of Housing and Urban Development and its federal predecessor agencies ("HUD"), and the Secretary of HUD in his official capacity ("Secretary").

T. **HABC** refers to the Housing Authority of Baltimore City, one of the Local Parties in this Action, and its Executive Director in his official capacity.

U. **HABC Non-*Thompson* Vouchers** refers to the authorized and funded vouchers that HABC operates and receives funding for pursuant to the standard terms and conditions of the Housing Choice Voucher Program; thus not including HABC's *Thompson* PCD Vouchers and *Thompson* Remedial Vouchers (and funding attributable thereto), as defined in Sections II.NN and II.PP, below.

V. **HUD** refers to the U.S. Department of Housing and Urban Development, its Secretary, and its federal predecessor agencies.

W. **LIHTC** refers to the Low-Income Housing Tax Credit program, as set forth in Section 42 of the Internal Revenue Code, 26 U.S.C. § 42.

X. **Local Parties** means HABC, the Executive Director of HABC, the Commissioner of the Baltimore City Department of Housing and Community Development, the Mayor and City Council of Baltimore, and their successors.

Y. **Moving to Work demonstration or program ("MTW")** refers to the demonstration project initially authorized by Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, Pub. L. No. 104-134, 110 Stat. 1321, and codified at 42 U.S.C. § 1437f, as subsequently amended, and any replacement successor program(s).

Z. **MTW Agreement** refers to HABC's Restated Moving to Work Agreement, dated December 24, 2008, and includes all amendments and attachments thereto.

AA. **Partial Consent Decree** or **PCD** means the partial settlement of this Action, approved by the Court on June 25, 1996 (Docket No. 55), as amended, and including the orders of the District Court pursuant thereto.

BB. **Parties** means the parties to this Agreement: Plaintiffs, Federal Parties, and Local Parties.

CC. **Party** means one of the parties to this Agreement: either Plaintiffs, Federal Parties, or Local Parties.

DD. **Plaintiffs** refers to Carmen Thompson, Rhonda Harris, Joann Byrd, Doris Tinsely, Lorraine Johnson (deceased), Isaac J. Neal, and the Class Members in *Thompson v. HUD*, Case No. MJG-95-309.

EE. **Preliminary Approval Date** refers to the date on which the Court enters a Preliminary Approval Order, as set forth in Section XVIII.A.

FF. **Public Housing Agency** or **Public Housing Authority** or **PHA** means any entity that meets the statutory definition set forth in 42 U.S.C. § 1437a(b)(6), and any other applicable or successor statutes, rules, or regulations.

GG. **Public Housing Agency Plans** refers to the annual and five-year plans submitted by PHAs pursuant to and consistent with 24 C.F.R. § 903.1 *et seq.* (or any replacement successor regulation(s)) and applicable statutory authority. This is intended to include Moving to Work (MTW) annual and five-year plans.

HH. **Regional Administrator** means the entity designated pursuant to Section IV.B of this Agreement that will contract with HABC to administer the *Thompson* Vouchers and *Thompson* PCD Homeownership Units.

II. **Relocation Plan** refers to any plan for the relocation of occupants submitted as part of or referenced in a Significant Decision or Plan.

JJ. **Residency Preference** refers to Housing Choice Voucher tenant admission preferences for persons who reside in a specified geographic area, as described in 24 C.F.R. § 982.207 (or any replacement successor regulation(s)).

KK. **Significant Decisions or Plans** refers to the list of items in Section V.A, below, which are submitted to HUD, in writing, for approval by HUD, by a PHA or Jurisdiction within the Baltimore Region.

LL. **Site-Based Waiting List** refers to a public housing tenant admission waiting list procedure, as described in 24 C.F.R. § 903.7(b)(2) (or any replacement successor

regulation(s)), and a project-based voucher admission waiting list, as described in 24 C.F.R. § 983.251(c)(3) (or any replacement successor regulation(s)).

MM. ***Thompson* PCD Homeownership Units** refers to the 168 homeownership units that the *Thompson* Partial Consent Decree required to be developed, and which were funded from the $18,648,000 "URD Grant," defined below in Section II.RR. Pursuant to Section IV.L.2, below, and provided that this Agreement becomes effective, only 55 *Thompson* PCD Homeownership Units must be developed.

NN. ***Thompson* PCD Vouchers** means the Housing Choice Vouchers originally contemplated by the terms of the *Thompson* Partial Consent Decree. Specifically, those vouchers, as originally contemplated, were comprised of 1,342 tenant-based vouchers and 646 project-based vouchers, for a total of 1,988 PCD Vouchers.

OO. ***Thompson* PCD-Leased Vouchers** means 1,788 *Thompson* PCD Vouchers that the Parties agree were under lease as of the Execution Date of this Agreement.

PP. ***Thompson* Remedial Vouchers** refers to the up to 2,600 authorized but currently unfunded Housing Choice Vouchers contemplated by Section 8 of Attachment A to the Amended MTW Agreement, and further described below in Section III.A of this Agreement.

QQ. ***Thompson* Vouchers** refers to the *Thompson* PCD-Leased Vouchers and the *Thompson* Remedial Vouchers.

RR. **Urban Revitalization Demonstration Grant** or **URD Grant** means the approximately $18,648,000 in capital funds that represents the primary funding for the 168 *Thompson* PCD Homeownership Units. The URD Grant is a HOPE VI grant that was originally part of the Lafayette Courts Urban Revitalization Demonstration grant, and was later separated from that grant into the Homeownership Demonstration Urban Revitalization Demonstration grant.

SS. **Vouchers** refers to Section 8 Housing Choice Vouchers.

TT. **Working Group** refers to the Baltimore Region Working Group described in Section V.B, below.

III. Regional Housing Opportunities: HUD's and HABC's Commitment to Amend HABC's MTW Agreement.

A. For purposes of HUD calculating additional funding for up to 2,600 of HABC's authorized but currently unfunded Housing Choice Vouchers, so that such vouchers can be administered by the Regional Administrator and used by Plaintiffs, HUD and HABC shall amend Attachment A to HABC's MTW

Agreement in the form attached hereto as Exhibit A. This amendment shall be completed and executed no later than August 13, 2012.

B. If HUD and HABC do not amend the MTW Agreement in the form attached hereto as Exhibit A by 12:01a.m. on August 14, 2012, this Agreement shall be voidable by Plaintiffs, as set out more fully in Section XXI.

C. Negative Covenants Preventing Discretionary Interference with *Thompson* Funding. Unless otherwise required by federal statute, federal regulation promulgated by and pursuant to mandatory statutory command, or other law that HUD has no authority to disregard, HUD agrees for a period from the Execution Date to January 1, 2027, to the negative covenants pertaining to actions within HUD's control as indicated in the subsections below.

1. HUD and HABC hereby covenant that they will not alter or amend the Amended MTW Agreement in a manner that would be a fairly traceable cause of a material and reasonably foreseeable decrease in funding for the *Thompson* Vouchers, or would alter any authorities expressly granted to HABC and/or the Regional Administrator in Section IV of this Agreement. Except for the limitation set forth in this Section III.C.1, HUD and HABC retain their ability to make any other future amendments to HABC's Amended MTW Agreement.

2. Provided that under future congressional appropriations, HABC's Amended MTW Agreement (including any replacement successor agreements, potentially under replacement successor programs) determines HABC's voucher-funding levels, HUD hereby covenants not to interfere with the distribution of *Thompson*-related funding to HABC, as contemplated by Section 8 of Attachment A of the Amended MTW Agreement, consistent with Department of Treasury cash-management requirements, and HABC hereby covenants not to interfere with the provision of *Thompson*-related funding to the Regional Administrator.

3. Upon expiration of HABC's Amended MTW Agreement, HUD hereby covenants not to treat the *Thompson* Vouchers in materially different fashion than HABC Non-*Thompson* Vouchers, except that HUD acknowledges that the *Thompson* Vouchers will continue to be afforded the special conditions specifically identified in Section IV.D, below.

4. HUD and the Local Parties hereby covenant that they will not materially interfere with the special conditions afforded to the *Thompson* Vouchers, listed in Section IV.D, below. This covenant applies only to actions where

the material interference is reasonably foreseeable and fairly traceable to the action in question.

D. HABC shall account for all funding associated with the *Thompson* PCD and Remedial Vouchers separately from HABC's Non-*Thompson* Vouchers, and such funding associated with the *Thompson* PCD and Remedial Vouchers shall be used exclusively for costs associated with the *Thompson* PCD and Remedial Vouchers.

E. When informing HABC of the amount of yearly funding provided pursuant to Attachment A of the Amended MTW Agreement, HUD shall disaggregate the amounts of funding that are attributable to the *Thompson* PCD-Leased Vouchers, the *Thompson* Remedial Vouchers, and HABC's Non-*Thompson* Vouchers, respectively, and then inform HABC of those respective amounts. After the expiration of HABC's Amended MTW Agreement, HUD shall continue to inform HABC of the amount of funding attributable to the *Thompson* PCD-Leased Vouchers and *Thompson* Remedial Vouchers, calculated using the per-unit cost data for only the *Thompson* PCD-Leased Vouchers and only the *Thompson* Remedial Vouchers, respectively; or, if future voucher-funding levels are no longer calculated using per-unit cost data, then based on the portion of HABC's funding attributable to the *Thompson* PCD-Leased and *Thompson* Remedial Vouchers, as agreed upon by HABC and Plaintiffs and thereafter approved by HUD. The obligations in this paragraph shall expire on January 1, 2027.

F. HUD hereby agrees that the $4,892,009 obligated as part of the Stipulation and Order Amending the Partial Consent Decree, Docket No. 867, shall not be de-obligated on October 1, 2012, and shall instead remain available for use by HABC for the exclusive purposes of funding the *Thompson* mobility-counseling program and other costs of administering the *Thompson* Vouchers. HABC shall continue to submit quarterly requests for such funding on a cost-reimbursable basis. HUD shall examine HABC's requests in light of the receipts, invoices, and budget(s) submitted by HABC, and HUD shall not unreasonably withhold approval of HABC's requests. Upon approval of a request from HABC, HUD shall disburse the requested funds to HABC. HABC's requests may seek up to a total of $4,892,009 in funding.

G. As of the Execution Date of this Agreement, upon request from the Regional Administrator, HABC shall apply to HUD, and HUD shall permit HABC, to draw from the *Thompson* PCD Reserve Account, provided for by Section 6 of the Amended MTW Agreement, to fund those Housing Assistance Payments ("HAP") for any Thompson PCD-Leased Vouchers that exceed the renewal funding provided for CY 2011 through CY 2013. Pursuant to Section 6 of the Amended MTW Agreement, funding for additional leasing or costs will be limited to the balance available in the *Thompson* PCD Reserve Account as of the

effective date of the Amended MTW Agreement. To the extent any funds remain after covering additional leasing or costs for the *Thompson* PCD-Leased Vouchers, and if agreed to by HUD and Plaintiffs, HABC shall, upon request from the Regional Administrator, apply to HUD and HUD shall permit HABC to draw from the *Thompson* PCD Reserve Account for costs for mobility counseling and/or administration of the *Thompson* Vouchers through CY 2018. To the extent that insufficient funds are in the *Thompson* PCD Reserve Account to cover leasing for the *Thompson* PCD-Leased Vouchers through CY 2013, HABC will provide up to $225,000 to cover any such portion of such shortfall.

H. Notwithstanding Section 10.7 of the *Thompson* Partial Consent Decree, the up to 2,600 *Thompson* Remedial Vouchers contemplated by the Amended MTW Agreement are in addition to the *Thompson* PCD-Leased Vouchers.

I. HABC, and the Regional Administrator through its contract with HABC, will continue to be subject to the enforcement provisions of HABC's current MTW Agreement, specifically found in Section VIII of that Agreement. No enforcement action taken by HUD shall materially deprive or limit, in a manner that is reasonably foreseeable and fairly traceable to the enforcement action, members of the Plaintiff Class from benefiting from the funding and Vouchers contemplated by the *Thompson* PCD and/or Settlement Agreement. The type of "enforcement actions" governed by the prior sentence do not include application of the terms governing the regular operation of the *Thompson* program, as set forth in Section 8 of Attachment A to the Amended MTW Agreement.

J. Notwithstanding any other provision in this Agreement, Plaintiffs may seek to enforce the provisions of this Section III only as set forth below in Section IX.

IV. Regional Housing Opportunities: the Regional Administrator.

The *Thompson* Remedial Vouchers, *Thompson* PCD-Leased Vouchers, and *Thompson* PCD Homeownership Units shall be administered by a separate entity known as the "Regional Administrator," as set forth more fully below.

A. Plaintiffs, after consultation with HABC, shall create or choose an entity to serve as the Regional Administrator. Within thirty (30) days thereafter, HABC will have the right to object to Plaintiffs' proposed entity, provided that HABC's approval may not be unreasonably withheld.

B. HABC shall enter into, and thereafter renew (as necessary), a contract or contracts with the Regional Administrator, to be funded solely as set forth in Section IV.B.2 below, whereby the Regional Administrator is required, either itself or through a subcontractor, to administer regionally all *Thompson* Remedial Vouchers,

Thompson PCD-Leased Vouchers, and *Thompson* PCD Homeownership Units, and to provide high-quality mobility counseling and related services for applicants for and holders of all *Thompson* Remedial Vouchers, *Thompson* PCD-Leased Vouchers, and *Thompson* PCD Homeownership Units. The Regional Administrator may use a portion of the HAP funding and administrative fees, as contemplated by Section III, above, and this Section IV, to fund voucher administration, mobility counseling, and related services for *Thompson* Remedial Vouchers, *Thompson* PCD-Leased Vouchers, and *Thompson* PCD Homeownership Units.

1. The Regional Administrator will have authority to administer *Thompson* PCD-Leased and Remedial Vouchers as either tenant-based, project-based, or homeownership vouchers; provided, however, that at least 78 *Thompson* Remedial Vouchers will be used as project-based vouchers.

2. HABC's contract with the Regional Administrator shall provide that HABC will provide to the Regional Administrator 100 percent of the funding received from HUD for all *Thompson* Vouchers, as contemplated by Sections 8.B through 8.E of Attachment A to the Amended MTW Agreement and Section XXII.B as applicable, which funding, when received by HABC, will be provided to the Regional Administrator. HABC's contract with the Regional Administrator shall also provide that, except for the sum of $380,105.00 as specified in Section 9.D of the Stopgap Stipulation and Order, Docket No. 867, HABC also will provide to the Regional Administrator 100 percent of administrative fees paid by HUD commencing with HABC's Fiscal Year 2012 (July 1, 2011-June 30, 2012) as well as the future administrative fees paid by HUD for all *Thompson* Vouchers, as contemplated by Section 8.F of Attachment A to the Amended MTW Agreement and Sections IV.K and XXII.B (as applicable) of this Agreement, provided that any HABC administrative obligations are minimal. Upon execution of its contract with the Regional Administrator, HABC shall promptly disburse to the Regional Administrator the administrative fees specified in Section 9.D of the Stopgap Stipulation and Order, Docket No. 867, upon HABC's receipt of such fees from HUD. HABC shall also promptly disburse to the Regional Administrator all funds received by HABC from HUD pursuant to Sections III.F and III.G, above. The Regional Administrator shall be able to seek other funding subject to the provisions of Section IV.J, below, but HABC is not obligated to fund the operations of the Regional Administrator except as provided in this Section IV.B and Sections III.F, III.G, IV.L, and XXII.B of this Agreement. In the event that the Regional Administrator's costs exceed disbursements received by HABC from HUD, then HABC shall, upon the Regional Administrator's request,

submit to HUD a request that HUD provide an additional advance/frontload.

3. Upon expiration of the Amended MTW Agreement, HABC will continue to provide to the Regional Administrator 100 percent of the funding HABC receives from HUD allocated to the *Thompson* Vouchers, as well as 100 percent of the administrative fees generated for all *Thompson* Vouchers.

4. HABC's contract with the Regional Administrator shall require the Regional Administrator to provide high-quality mobility counseling services, which shall include, but shall not be limited to, the following: (i) outreach to potential participants, including provision of information on the benefits of moving to a Community of Opportunity; (ii) outreach to and recruitment of landlords, owners, and developers of housing units in Communities of Opportunity; (iii) outreach to community organizations that can provide support to families; (iv) intensive pre-move counseling, including individual counseling, to inform participants about locational options in Communities of Opportunity, provide training in tenant/landlord rights and responsibilities, provide advice on household budgeting, and help participants pass standard private-market screening procedures; (v) referral to at least three available housing units of appropriate size, if available, in the particular Communities of Opportunity that are selected by the family; (vi) housing-search assistance, including a listing of available housing units in Communities of Opportunity, as well as the provision of transportation, child care, and other advocacy services to assist voucher-holders in finding a unit; (vii) intensive post-move counseling and advocacy, including assistance with needed transitions after the move such as locating schools, places of worship, child care, employment, and social services, assistance in maintaining stable housing, troubleshooting problems with landlords, and, as needed, second-move counseling to encourage families to remain in Communities of Opportunity over the long-term; (viii) assistance and appropriate referrals in the event that participants encounter discrimination or harassment; and (ix) collection of data on interim and long-term outcomes of mobility counseling including families' ability to access improved housing, and monthly and year-end reports to the Parties.

5. The Regional Administrator will have the ability to provide related services for the *Thompson* Vouchers, including: (i) using the *Thompson* HAP funding to provide one-time incentive payments to landlords who rent properties to recipients of *Thompson* Vouchers; and (ii) using the *Thompson* HAP funding to help participating families, on a one-time basis

only, cover application fees, security deposits, and moving costs. After the expiration of HABC's Amended MTW Agreement, neither *Thompson* HAP funding nor ongoing *Thompson*-related administrative fees may be used for these related services, except to the extent permissible under then-existing law.

6. HABC's contract with the Regional Administrator shall expressly provide that, subject to the enforcement provisions of the Amended MTW Agreement, the Regional Administrator may be required to reimburse HABC (which may then be required to provide those funds reimbursed by the Regional Administrator to HUD) for any funds that HUD determines were used in violation of the Amended MTW Agreement, or any applicable laws, rules, and/or regulations. Nothing in the preceding sentence shall be construed to conflict with Section III.I.

C. The *Thompson* Remedial Vouchers, *Thompson* PCD-Leased Vouchers, and *Thompson* PCD Homeownership Units will be targeted to locations within Communities of Opportunity in the Baltimore Region.

1. For the first two years that each individual or family leases a unit with a *Thompson* PCD-Leased Voucher or tenant-based *Thompson* Remedial Voucher, that voucher will be used exclusively for the rental or purchase of units in Communities of Opportunity. In the second year, the individual or family may apply to the Regional Administrator, in accordance with a procedure to be developed by the Regional Administrator, for a hardship exemption based on a change in family circumstances that necessitates relocation to a non-Community of Opportunity, such as a documented health condition of a family member or the need of a family member to obtain housing closer to a place of employment, education, or training.

2. Communities of Opportunity in the Baltimore Region are those census tracts in the Baltimore Region identified by the Regional Administrator as "high" or "very high" opportunity areas, based on economic, educational, and neighborhood health indicators. In identifying Communities of Opportunity, the Regional Administrator shall consult with Plaintiffs and take into consideration the mapping project conducted by the Kirwan Institute (filed in this Action at Docket No. 798); the Baltimore Regional Opportunity Study as set forth in Section VIII of this Agreement; other research conducted or sponsored by HUD pursuant to the Settlement Agreement or otherwise; and any other pertinent indicators and data, including the most recently available decennial census data and any subsequent data from the American Communities Survey that the Regional Administrator determines to be more relevant. Census tracts

designated as Communities of Opportunity shall be subject to review and updating by the Regional Administrator on an annual basis. Upon request from the Regional Administrator, HUD shall cooperate with the Regional Administrator in its updating of the list of Communities of Opportunity by supplying data on the locations of Housing Choice Voucher leasing by census tract and any other pertinent data that is readily available and non-confidential. Until such time as the Regional Administrator completes its initial identification of Communities of Opportunity in the Baltimore Region, Communities of Opportunity shall be defined and identified based on the procedures utilized under the *Thompson* PCD.

D. Consistent with the provisions of Section IV.F, below, the following "special conditions" shall be incorporated into HABC's contract with the Regional Administrator, and shall apply to all *Thompson* Vouchers from the Execution Date until January 1, 2027. Nothing shall preclude HABC from voluntarily continuing any of the special conditions after that date.

1. All locational-targeting restrictions, including those imposed by the *Thompson* PCD and those specified in Section IV.C.

2. The *Thompson* Vouchers shall be regionally administered by the Regional Administrator, as specified in Section IV.B.

3. As *Thompson* Vouchers "turn over" (*i.e.*, as individual families terminate use of a voucher), those vouchers will be reissued by the Regional Administrator to an eligible family in accordance with the terms of the Settlement Agreement.

4. The Regional Administrator will have the authority to administer the *Thompson* Vouchers as tenant-based, project-based, or homeownership-assistance vouchers, as specified in Section IV.B.

5. As is currently the case under the *Thompson* PCD, there will be provision for a longer search time than applicable for HABC Non-*Thompson* Vouchers, before a voucher expires.

6. The Regional Administrator will provide mobility-counseling and related services, with the elements described in Section IV.B.4, and families must participate in this mobility-counseling program as a condition of the receipt of a *Thompson* Voucher.

7. The Regional Administrator will apply eligibility criteria and maintain a system for accepting applicants for *Thompson* Vouchers, as specified in Section IV.I.

E. HABC's contract with the Regional Administrator will provide that the Regional Administrator will work with interested local jurisdictions to prevent the creation of undue concentrations of poverty that could undermine the benefits of the *Thompson* Vouchers for participants.

F. To the extent permitted by law, HABC will agree to seek, on behalf of the Regional Administrator, waivers of specific regulations and/or provisions of the U.S. Housing Act of 1937 in its MTW Annual Plan and Housing Choice Voucher Administrative Plan (or any comparable or successor documents), regarding the *Thompson* Vouchers and the *Thompson* PCD Homeownership Units. Upon the expiration of HABC's Amended MTW Agreement, HABC agrees to seek HUD approval to obtain waivers of specific regulations and/or provisions of the U.S. Housing Act of 1937 to ensure the successful implementation of the special conditions outlined in this Agreement in Section IV.D, above. HUD shall not unreasonably withhold approval of any such waiver request by HABC, if necessary to ensure the successful implementation of the special conditions outlined in Section IV.D, above.

G. Exception Payment Standards.

1. Pursuant to HABC's contract with the Regional Administrator, the Regional Administrator will, through 2027, collect data on, and monitor, market rents at the census-tract level in the Baltimore Region.

2. Each year in which HABC's Amended MTW Agreement is in effect, the Regional Administrator will propose Exception Payment Standards for census tracts, as supported by the data, necessary to facilitate use of *Thompson* Vouchers in Communities of Opportunity throughout the Baltimore Region and will include those Exception Payment Standards in the Administrative Plan for the *Thompson* Mobility Program, which HABC shall include as a part of HABC's Housing Choice Voucher Administrative Plan and Moving to Work Plan (or any comparable or successor documents). Those Exception Payment Standards will be deemed approved by HUD up to 135% of Fair Market Rent (FMR). Any Exception Payment Standards above 135% will be deemed approved by HUD, unless HUD notifies HABC and the Regional Administrator of HUD's objection within 75 days of submission of the Moving to Work Plan (or any comparable or successor document), as set forth in Section VII.A.1.g of HABC's Amended MTW Agreement.

3. The above provision shall not in any way limit the authority that HABC may have, upon expiration of its Amended MTW Agreement, to seek HUD approval of Exception Payment Standards under applicable regulations including 24 C.F.R. § 982.503(c)(3), or any comparable or successor regulation.

H. Reporting Requirements: HABC's contract with the Regional Administrator will provide that the Regional Administrator shall: (1) make available relevant documents to HUD and the Plaintiffs upon request; and (2) submit monthly reports to the Parties documenting, *inter alia*, the number of *Thompson* Voucher placements and the number of *Thompson* Voucher units under abatement, if any. In addition, HABC's contract with the Regional Administrator will provide that HABC will make available to the Regional Administrator, upon request, relevant documentation related to the operation of its duties set forth in Section IV of this Agreement, including HUD's responses to submissions or requests that HABC submits to HUD on the Regional Administrator's behalf. HABC and the Regional Administrator shall meet and confer on a quarterly basis to reconcile and ensure consistency between the leasing figures in the Regional Administrator's report and HABC's Voucher Management System (or any successor system), and shall then submit any such reconciliations to HUD.

I. Waitlist and Eligibility Screening. HABC's contract with the Regional Administrator shall require the Regional Administrator to establish a system for accepting applicants and maintaining a waiting list of interested families, and to apply the Housing Choice Voucher screening and eligibility criteria and any other appropriate screening criteria. The provisions listed in Section IV.F apply to this paragraph and are incorporated here by reference.

1. Families living in HABC family public housing and those displaced from such public housing will have first preference to receive *Thompson* Vouchers. Qualified applicants for HABC family public housing will have second preference. Families on HABC's waiting list for vouchers and, because HABC's waiting list for vouchers has been closed since 2003 (except for certain specific categories of applicants), other families who live in census tracts of Baltimore City with 75% or more African-American occupancy will have third preference.

2. Within the categories set forth in Section IV.I.1, above, the Regional Administrator will give special consideration to: (a) public housing families with prior applications for Housing Choice Vouchers or requests for transfer; (b) families with an urgent need for relocation, including but not limited to a documented health condition of a family member or the need of a family member to obtain housing closer to a place of

employment, education, or training; and (c) families with children, provided that a head of household is willing to participate in an appropriate job-training program (refusal to participate in an FSS program as provided in 24 C.F.R. Part 984 shall not deprive a family of a preference under this subsection).

3. Application for, receipt of, or termination of a *Thompson* Voucher will not affect a family's standing on any other waiting list for public housing, regular Housing Choice Voucher assistance, or any other type of assisted or subsidized housing.

4. The waiting list for *Thompson* Vouchers will be maintained separately from any other waiting list for housing assistance.

J. To the extent that it is consistent with all applicable laws, rules, and regulations, the Regional Administrator:

1. may apply for other sources of private and public funding, including HUD funding, on the same basis as other non-governmental organizations;

2. may enter into consortia with eligible applicants;

3. shall be eligible under any program that HUD creates to provide for or promote the establishment and/or operation of regional (or cross-jurisdictional) affordable and/or fair housing strategies, mobility counseling, and regional voucher administration; provided that such eligibility is consistent with the program's rules and guidelines on eligibility; and

4. may apply for, obtain, or enter into agreements to administer other vouchers independently from HABC.

K. Provided that HUD has the flexibility to provide higher administrative fees and if HUD determines in any particular year that there are sufficient resources available to accept applications for higher administrative-fee rates pursuant to 24 C.F.R. § 982.152 (or any comparable or successor regulation), then upon request from the Regional Administrator, HABC shall submit annual applications pursuant to that regulation for a higher fee rate equivalent to the Schedule A rate. HUD will approve the application if HUD determines, in its sole discretion, that the application is supported by a reasonable and detailed line-item budgetary justification.

L. <u>The URD Grant and Other Remaining *Thompson* PCD Obligations.</u>

1. The URD Grant.

a. The approximately $9,400,000 remaining of the URD Grant shall be made available to HABC for use by the Regional Administrator, to be used, together with the *Thompson* Vouchers, in accordance with the Revised Revitalization Plan for the *Thompson* Homeownership Demonstration Grant, submitted to HUD in October 2010 and already approved by HUD, for the following purposes: (i) to provide secondary financing for the Hilltop Project; (ii) to provide loans to developers and owners to purchase and rehabilitate approximately 100 scattered site project-based vouchers units in approved census tracts with HAP contract terms of at least fifteen years; (iii) to provide incentives for landlords to enter into HAP contracts with terms of at least fifteen years for existing units; (iv) to provide transportation assistance to participating families; and (v) to make second mortgages available for additional homeownership units to be purchased by current or former public housing residents in approved census tracts pursuant to the procedures set forth in the *Thompson* PCD. All Rental Term sheets submitted to HUD in connection with the Revised Revitalization Plan have already been approved by HUD. To the extent it becomes necessary for HUD to approve additional Rental Term sheets for the scattered site units and/or Hilltop units, HUD will not unreasonably delay or unreasonably withhold such approval.

b. Upon receipt of funds from HUD pursuant to Section IV.L.1.a, above, HABC shall transfer 100% of those funds to the Regional Administrator, as well as $350,000 of the approximately $800,000 in funds previously drawn from the URD Grant by HABC for eligible administrative costs. HABC will not deduct or make any further claim to the URD Grant funds, for administrative or any other purposes, beyond the funds that have been disbursed as of the Execution Date.

c. All program income from the URD Grant, including funds that are loaned to developers of project-based *Thompson* Voucher units and/or purchasers of *Thompson* PCD Homeownership Units and subsequently repaid pursuant to the terms of the loan agreement, shall be transferred to the Regional Administrator for eligible program costs to develop the project-based *Thompson* Voucher units required by Section IV.B.1 of this Agreement, or for other affordable-housing uses consistent with this Agreement.

d. The Local Parties shall cooperate with the efforts of the Regional Administrator and its contractor(s) to complete the project-based *Thompson* Vouchers and *Thompson* PCD Homeownership Units as specified in this Section IV.L. The Local Parties will consider applications for funding for housing opportunities in the City of Baltimore in furtherance of these purposes that are submitted by the Regional Administrator or its contractor(s) to the Local Parties for federal formula or block grant funds, or for local approval of state funds or tax credits, on their merits on terms that are no less favorable than the terms that are accorded to any other application for such funds for funding for housing opportunities in the City of Baltimore.

2. *Thompson* PCD Homeownership Units. Pursuant to HABC's contract with the Regional Administrator, the Regional Administrator will administer the HAP funds for those *Thompson* PCD Homeownership Units previously purchased by homebuyers who receive voucher subsidies, and HABC will provide to the Regional Administrator the necessary funds from HABC Non-*Thompson* Vouchers for that purpose. In addition, HABC will provide funds from HABC Non-*Thompson* Vouchers to the Regional Administrator for up to an additional 15 *Thompson* PCD Homeownership Units, as requested by the Regional Administrator. The total number of HABC Non-*Thompson* Vouchers provided for *Thompson* PCD Homeownership Units shall not exceed 55. The Plaintiffs hereby waive production of the remaining 113 *Thompson* PCD Homeownership Units.

3. The *Thompson* 22 Units. The Local Parties will complete the rehabilitation of 22 remaining scattered site units that are subject to Section 6.6 of the *Thompson* PCD, all of which have been acquired by HABC (the "*Thompson* 22 Units"). The *Thompson* 22 Units shall be developed in accordance with federal public housing development requirements, shall be operated as low-income housing under the United States Housing Act of 1937 or a successor provision of law, and shall receive operating subsidy under Section 9 of that Act.

4. Murphy Homes/Heritage Crossing Program Income. HABC will provide to the Regional Administrator the program income in the sum of $1,592,187 in satisfaction of the provisions of the Stipulation and Order Regarding Murphy Homes/Heritage Crossing and related April 12, 2001 Order of the Court (Docket No. 245 in the Action). These funds will be used, at the Regional Administrator's discretion, for lawful purposes to

develop and/or to finance, in whole or part, the project-based *Thompson* Voucher rental units referenced in Sections IV.B.1 and IV.L, above.

5. Hollander Ridge Replacement Funds. In satisfaction of the April 5, 2002 Stipulation and Order in this Action (Docket No. 325), the Local Parties will make available the sum of $7,140,000 ("Replacement Funds"). The Replacement Funds will be used in conjunction with FY 1996 HOPE VI Funds originally awarded to HABC for Hollander Ridge ("HOPE VI Funds") to develop one or more scattered site projects totaling approximately 100 units, substantially as described in HABC Executive Director Paul Graziano's August 5, 2011 letter to HUD, which is included as Exhibit B to this Agreement (the "Deeply Subsidized Units").

   a. The Replacement Funds may come from any available source, including but not limited to low income housing tax credits, State Partnership Rental Housing Program, other State housing funds, low income housing bond funds, private debt or equity, public housing funds, and MTW Funds. However, the Replacement Funds may not be taken from the HOPE VI Funds.

   b. The Deeply Subsidized Units will generally be scattered single-family homes with two-to-four bedroom units, but may include some one-bedroom units in small multi-family buildings or row houses that contain two or more units. The number of such one-bedroom units will not exceed 20% of the total units for the first 100 units, and will not exceed 15% of the total units in excess of 100 units ("the One Bedroom Units").

   c. Unless otherwise agreed to by Plaintiffs, all of the Deeply Subsidized Units shall be developed in accordance with federal public housing development requirements, and HABC shall provide public housing operating subsidies to the Deeply Subsidized Units that are attributable to those units, such subsidies being provided by HUD pursuant to Section 9 of the U.S. Housing Act (or a successor provision of law), and HABC shall operate these units as low income rental housing under the Act (or a successor provision of law). Nothing in this subsection (c) shall be construed as requiring HUD to provide any additional public housing operating subsidies beyond what HUD would otherwise provide to HABC under Section 9 of the U.S. Housing Act.

   d. HABC will create the Deeply Subsidized Units in any of the following areas within Baltimore City:

i. Communities of Opportunity, as that term is defined as of the Execution Date of this Agreement, pursuant to the last sentence of Section IV.C.2; or

ii. Census blocks that are categorized as "Regional Choice" by the Baltimore City Planning Department in its Housing Market Typology in effect as of the Execution Date of this Agreement (the "Housing Market Typology") that are in Census blocks where the poverty rate is 20% or less; or

iii. Census blocks that are categorized as "Regional Choice" in the Housing Market Typology that are in Census blocks where the poverty rate is greater than 20%, provided that the acquisition of such units requires the consent of Plaintiffs' counsel; or

iv. Census blocks that are categorized as "Middle Market Choice," "Middle Market," "< 5 Sales 2009-2010," and "Multifamily" in the Housing Market Typology, provided that the acquisition of such units requires the consent of Plaintiffs' counsel.

v. HABC will make reasonable efforts to create some of the Deeply Subsidized Units in Communities of Opportunity, as that term is defined as of the Execution Date of this Agreement, pursuant to the last sentence of Section IV.C.2.

e. With the exception of the One Bedroom Units, which shall be occupied by households as determined by HABC in its sole discretion, the Deeply Subsidized Units will be family public housing units reserved for public housing residents or displaced residents. HABC will contract with the Regional Administrator to provide mobility counseling to potential tenants for the initial occupants of the Deeply Subsidized Units, and refer applicants to the entity that will own or operate the Deeply Subsidized Units. With the exception of the One Bedroom Units, the Deeply Subsidized Units will be offered first to former Hollander Ridge residents, and then the remaining Deeply Subsidized Units will be offered to current and former O'Donnell Heights residents.

f. By letter dated May 31, 2012, HUD approved a Revitalization Plan, previously approved by the Plaintiffs, for uses of the HOPE VI funds, in conjunction with the $7,140,000 in Replacement

Funds, that are consistent with the terms of this Agreement. Any amended Revitalization Plan submitted by HABC will be subject to HUD's regular review and approval procedures. Nothing in this Agreement shall be construed as abrogating HUD's rights under applicable grant agreements, as those rights exist on the Execution Date of this Agreement. The HOPE VI funds and the applicable grant agreements shall not be deemed in default so long as the funds are expended in accord with the approved Revitalization Plan and HABC is otherwise in compliance with the terms of the Revitalization Plan and applicable grant agreements. HUD shall not unreasonably delay or unreasonably withhold the approval of Rental Term Sheets submitted by HABC to implement this Revitalization Plan.

g. HABC shall determine in its sole discretion whether any specific project or projects is/are financially feasible, and, in its sole discretion, may decide not to attempt such a project or projects; in the event that HABC decides not to attempt such a project or projects, HABC will attempt to proceed with another project or projects, which may include projects that utilize separately (i) the HOPE VI Funds, but not the Replacement Funds; or (ii) the Replacement Funds, but not the HOPE VI Funds; provided, however, that a material change in the Revitalization Plan will require the approval of HUD and the Plaintiffs' Counsel.

h. If for any reason, HABC does not use the Hollander Ridge HOPE VI Funds for Deeply Subsidized Units as described above, the Local Parties' obligation to provide the $7,140,000 in Replacement Funds is not abrogated.

i. If, for any reason, a project or projects fully obligating the $7,140,000 in Replacement Funds has/have not been commenced by May 1, 2015, the Local Parties will pay $7,140,000 (or any remaining balance not obligated for Deeply Subsidized Units, as described above) to the Regional Administrator in equal annual installments over the following five years.

j. Until such time as the Replacement Funds have been fully expended and the Deeply Subsidized Units have been completed, HABC will provide reports every six months to the Plaintiffs regarding use of the funds and progress towards the development and leasing of the Deeply Subsidized Units.

6. Broadway Homes Replacement Units. With respect to the Broadway Homes ACC replacement units, HABC shall take all steps necessary to ensure that the 84 on-site Broadway Overlook and 58 off-site Homes for America replacement units remain eligible for receipt of federal operating subsidies, subject to the availability of appropriations, as provided under Section 9 of the United States Housing Act, or a successor provision of law, and shall be operated as low income housing under the Act for leasing to eligible families with incomes at or below 30% thirty percent of area median income (AMI), provided however, that HABC may make a maximum of 42 of the Broadway Overlook ACC units available for leasing to eligible households with incomes up to 60% of AMI.

7. Cooperation. The Local Parties shall take all steps that are necessary, or that HUD requires, to comply with applicable requirements for the continued receipt of federal subsidies for units and housing opportunities provided pursuant to the *Thompson* PCD and this Agreement, including on-going Voucher renewal funds and public housing operating subsidies.

8. Provision of Documents. HABC will provide to Plaintiffs' Counsel copies of all submissions to HUD and/or the Maryland State Department of Housing and Community Development pertaining to matters and projects specified in this Section IV.L within twenty (20) business days of their formal submission, until such time as the matters and projects specified in this Section IV.L are completed and occupied or ready for occupancy.

9. In carrying out the activities within this Section IV.L, HABC and/or the Regional Administrator shall comply with all applicable procurement laws, rules, and/or regulations, including but not limited to 24 C.F.R. § 85.36. Consistent with the waiver authorized by HUD on June 12, 2012, HABC shall select the Regional Administrator created or chosen pursuant to Section IV.A as the sole-source provider to carry out such activities.

M. Notwithstanding any other provision in this Section IV, Plaintiffs may seek to enforce the provisions of this Section only as set forth below in Section IX.

V. CIVIL RIGHTS REVIEWS.

In an effort to further promote fair housing throughout the Baltimore Region, HUD will conduct civil rights reviews of specified Significant Decisions or Plans submitted to HUD by PHAs or Jurisdictions in the Baltimore Region as set out below.

A. As used in this Section V, the following are considered Significant Decisions or Plans:

1. Public Housing Agency Plans;

2. A request to establish Residency Preferences;

3. A request to establish a Site Based Waiting List;

4. Relocation Plans;

5. Consolidated Plans;

6. Annual Action Plans;

7. Affirmative Fair Housing Marketing Plans;

8. Demolition/Disposition Applications; and

9. Proposals for siting and location of: public housing projects to be newly constructed or rehabilitated, pursuant to 24 C.F.R. § 941.202 (or any comparable or successor regulation); HOME assisted housing, pursuant to 24 C.F.R. § 92.202 (or any comparable or successor regulation); and project-based voucher housing, including existing housing, newly constructed housing, and rehabilitated housing, pursuant to 24 C.F.R. § 983.57 (or any comparable or successor regulation).

B. Within thirty (30) days of the Effective Date of this Agreement, HUD shall establish a Baltimore Region Working Group, which shall be comprised of four full-time HUD employees, who shall be appointed by HUD, in HUD's sole discretion. Members of the Working Group shall be designated by the Assistant Secretary for Fair Housing and Equal Opportunity and the General Counsel, and shall include one designee from the Baltimore Field Office. The Working Group may perform its duties either directly, or through its review of work performed by other HUD personnel. Although the Working Group designees shall be full-time HUD employees, those employees may perform other duties that HUD, in its sole discretion, deems appropriate.

C. Beginning on the sixtieth (60th) day after the Effective Date of this Agreement, for each proposed Significant Decision or Plan within the Baltimore Region that is submitted to HUD by a PHA or Jurisdiction, in writing, for approval by HUD, the Working Group shall ensure that, prior to HUD's final decision with respect to that Significant Decision or Plan, it is reviewed and considered, consistent with and pursuant to HUD's applicable and then-existing civil rights and civil rights related statutory and regulatory standards and formal and/or informal procedures for reviewing the proposed Significant Decision or Plan, in light of the proposed Significant Decision or Plan's civil rights implications, including consideration as

to whether the proposed Significant Decision or Plan facilitates and furthers compliance with the following civil rights authorities as applicable: Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.); Title VIII of the Civil Rights Act of 1968, as amended (42 U.S.C. §§ 3601 et seq.); Section 109 of the Housing and Community Development Act of 1974 (42 U.S.C. § 5309); Executive Orders 11063, 12892, and 12898, as amended; and HUD regulations implementing the foregoing provisions.

1. All such reviews will pay particular attention to the cumulative impacts that the proposed Significant Decision or Plan may have on creating a broader geographic distribution throughout the Baltimore Region of desegregative, assisted and affordable non-elderly, general occupancy rental housing with two or more bedroom units.

2. All such reviews will take into account, at a minimum, the following sources, as applicable: (a) any existing and applicable Analyses of Impediments to Fair Housing (or any successor or comparable documents); (b) existing plans related to or resulting from the Baltimore Region's Sustainable Communities Initiative grant, including the Fair Housing Equity Assessment and Regional Plan for Sustainable Development; and (c) the Civil Rights Information Assessment, if any, submitted pursuant to Section V.D, below.

3. The preceding paragraphs shall not be construed to limit the information that HUD or the Working Group may consider in reviewing a proposed Significant Decision or Plan, or as altering the applicable statutory or regulatory requirements.

D. For purposes of providing guidance to PHAs and Jurisdictions seeking HUD approval of Significant Decisions or Plans within the Baltimore Region, HUD shall make available a document entitled "Civil Rights Information Assessment" ("CRIA"), substantially in the form attached hereto as Exhibit C. The CRIA describes the relevant types of data and other information that would expedite HUD's monitoring.

E. HUD shall report to and consider the views of Plaintiffs' Counsel as set forth below:

1. Within thirty (30) days after the end of each calendar-year quarter, HUD shall provide to Plaintiffs' Counsel a report listing all Significant Decisions or Plans in the Baltimore Region which HUD has approved or disapproved during the preceding quarter. This report will contain for each Significant Decision or Plan that HUD approved or disapproved

during the preceding quarter: (a) a brief description of the Significant Decision or Plan; (b) the Jurisdiction or PHA that sought HUD's approval for the Significant Decision or Plan; (c) HUD's final decision with respect to the Significant Decision or Plan; and (d) a statement that HUD reviewed the civil rights implications of each Significant Decision or Plan, as set out in Section V.C.

2. Within thirty (30) days of receipt of HUD's quarterly submission specified in Paragraph V.E.1, Plaintiffs' Counsel may provide to HUD written comments regarding Plaintiffs' Counsel's views of the impact(s), if any, of any Significant Decision or Plan on civil rights issues, including specific data and legal analyses supporting Plaintiffs' Counsel's views. HUD shall consider Plaintiffs' Counsel's written submission.

F. The Working Group shall be required to exist, and to perform the functions specified in this Section V, for a period ending three years after the Effective Date of this Agreement, except as otherwise specified in Section IX.D.2, below; and provided, however, that the Working Group will review at least one Public Housing Agency Plan and one Consolidated Plan from each Public Housing Agency and/or Jurisdiction in the Baltimore Region that is obligated to produce one. HUD's obligations under Section V.E, above, shall also exist for a period of three years after the Effective Date of this Agreement, except as otherwise specified in Section IX.D.2, below; and provided, however, that HUD will report on at least one Public Housing Agency Plan and one Consolidated Plan from each Public Housing Agency and/or Jurisdiction in the Baltimore Region that is obligated to produce one. Nothing in this Agreement shall preclude HUD from maintaining the same, or comparable, programmatic structures and functions for any additional time beyond this three-year period as HUD determines, in its sole discretion, to be appropriate.

G. If HUD, in its sole discretion, approves a Significant Decision or Plan submitted by a PHA or Jurisdiction within the Baltimore Region, that approval shall not be construed as a determination by HUD that either the Significant Decision or Plan or the PHA or Jurisdiction submitting such Decision or Plan has complied with any civil rights authorities, or any other applicable legal obligation or requirement. Under no circumstances shall this paragraph be construed as acknowledging or imposing any obligation or requirement upon HUD.

H. Nothing herein shall preclude any person, including but not limited to Plaintiff Class Members, from pursuing any avenues available by law for review of the Significant Decision or Plan. Such claims, including claims by Plaintiff Class Members, may not be brought in an action to enforce this Agreement.

I. Notwithstanding any other provision in this Agreement, Plaintiffs may seek to enforce the provisions of Section V only as set forth in Section IX, below.

VI. ONLINE LISTING OF HOUSING OPPORTUNITIES.

For purposes of effectively informing Plaintiff Class Members of federally assisted housing opportunities throughout the Baltimore Region, HUD will create an online listing of such opportunities, as set forth below:

A. Within sixty days of the Effective Date of this Agreement, HUD shall initiate the process of creating an online, geo-spatial listing of public and federally assisted or insured housing in the Baltimore Region, as set forth below.

1. The online listing shall seek to include all public housing projects and units, scattered site projects, HOME developments, LIHTC developments, FHA multi-family properties, and agencies administering tenant-based rental assistance. The listing may also include, but shall not be required to include, private housing accepting Section 8 vouchers.

2. To preserve tenant confidentiality, and consistent with HUD practice, scattered site projects and private housing accepting Section 8 vouchers shall be listed by the contact information for the management agent for any such project or housing. The location of the individual properties shall be identified and mapped by census tract rather than address.

B. Absent good cause, HUD shall substantially complete the online, geo-spatial listing within one year of the Effective Date of the Settlement Agreement. "Substantial completion" shall be defined as an online listing that is ready to be made publicly available and includes a reasonably comprehensive listing of federally assisted or insured housing in the Baltimore Region. The listing shall not be deemed substantially incomplete because it does not identify or account for all units of federally assisted or insured housing in the Baltimore Region.

C. Upon substantial completion of the on-line geo-spatial listing, HUD shall assist the Regional Administrator in making it publicly available by providing, in response to specific requests from the Regional Administrator, information concerning the hardware and software platforms upon which the listing tool relies, and system and data management specifications needed for the tool's effective operation.

D. Notwithstanding any other provision in this Agreement, Plaintiffs may seek to enforce the provisions of Section VI only as set forth in Section IX, below.

VII. FHA INCENTIVES AND DISPOSITIONS.

To increase the availability of affordable units in Communities of Opportunity, HUD will make available to owners and developers of affordable housing in the Baltimore Region certain Federal Housing Administration ("FHA") incentives, as well as certain FHA disposition units, as set forth below:

A. Notice of FHA Incentives. No later than the date upon which this Settlement Agreement is submitted to the Court for Preliminary Approval, HUD shall submit to the Office of Management and Budget ("OMB") a Notice proposing to make incentives available to owners pursuing mortgage insurance offered by the Federal Housing Administration ("FHA") to encourage the production and availability of more affordable housing units in Communities of Opportunity in the Baltimore Region, as set forth below. Should OMB finally approve the Notice, or an amended version thereof, then within thirty (30) days of such final approval HUD shall submit the Notice, or the amended version of such Notice approved by OMB, to the Federal Register for publication.

1. As submitted to OMB, HUD's Notice shall include the following proposed incentives. If an owner or developer of multifamily housing is pursuing FHA mortgage insurance under the Section 221(d)(4) program or other FHA multifamily finance programs for a property (or properties) to be developed in Communities of Opportunity in the Baltimore Region, and such owner or developer agrees to set aside a percentage of newly-constructed or rehabilitated two- or three-bedroom units for non-elderly family holders of Housing Choice Vouchers, either under project-based voucher contracts or offered at rents less than or equal to the Fair Market Rent ("FMR") for the Baltimore Region, then HUD would offer one or a combination of the following incentives:

   a. Lowering the mortgage insurance premium;

   b. Lowering the occupancy/vacancy rate when establishing the project's anticipated budget; and/or

   c. Establishing a procedure that results in greater or more frequent surplus cash distributions for projects containing a specified number of affordable units.

   The incentives shall be commensurate to the number of affordable units set aside, which in no case shall be less than 10 percent of the newly-constructed or rehabilitated units.

2. Owners and developers would be eligible to participate in the above demonstration only if they: (1) meet all other requirements for FHA insurance; (2) agree to affirmatively market the affordable units to Plaintiff Class Members and other Housing Choice Vouchers holders, including by marketing vacancies through the Regional Administrator; and (3) agree not to establish local residency preferences for projects or properties that receive incentives pursuant to this program.

3. HUD's Notice shall propose to offer the above incentives for the creation of not more than 300 affordable units per year over a seven-year period, provided that the incentives are consistent with prudent fiscal management of the FHA insurance fund. HUD's Notice shall also state that if in any year during this seven-year period fewer than 300 affordable units are created through this program, the unused incentives will roll over and be available in subsequent years, provided that no more than 500 affordable units are created through such incentives in any given year.

B. FHA Dispositions. For a period of seven years after the Execution Date of this Agreement, and to the extent it accords with all applicable laws, rules, regulations, and procedures, each time HUD assumes ownership of FHA single-family and/or multi-family property disposition unit(s) located within the Baltimore Region, HUD shall make such unit(s) available to the Local Parties (which shall then make them available to the Regional Administrator if such units (1) are in Communities of Opportunity and (2) are not units in Baltimore City that the Local Parties wish to retain) for use with *Thompson* project-based vouchers or homeownership subsidies (contemplated by Section 8 of Attachment A to the Amended MTW Agreement) to develop homeownership units or project-based rental units in accordance with applicable laws and HUD regulations and procedures. Nothing in this Section VII.B shall abrogate any pre-existing agreement between HUD and St. Ambrose Housing Aid Center relating to Baltimore City.

C. Notwithstanding any other provision in this Agreement, Plaintiffs may seek to enforce the provisions of Section VII only as set forth in Section IX, below.

VIII. BALTIMORE REGIONAL OPPORTUNITY STUDY.

For purposes of studying the Baltimore Region's housing market, and specifically as it pertains to affordable rental housing in Communities of Opportunity, HUD shall sponsor a multi-phase research study as set forth below:

A. Within sixty days from the Effective Date of this Agreement, HUD shall initiate a study designed and intended to assist the Regional Administrator in identifying

Communities of Opportunity within the Baltimore Region. This study will pursue the following three objectives:

1. A review of the economic, sociological, and geographic literature to provide a foundation for measures and methodologies to be pursued;

2. An update of the methods and data employed in the analysis performed by the Kirwan Institute for the Study of Race and Ethnicity, relied upon and incorporated by reference in the Remedial Phase Expert Report of john powell, filed in this Action at Docket No. 798, to identify Communities of Opportunity in the Baltimore Region; and

3. Exploration of new approaches to data display developed and/or modified since August 19, 2005, that would make the research results more accessible for use by practitioners.

B. Within one year of the Effective Date of this Agreement, HUD shall contract with an independent researcher, selected in HUD's sole discretion consistent with applicable laws and HUD regulations and procedures, to conduct a study that shall include the following:

1. An analysis of the racial/ethnic patterns in the location of units in the Baltimore Region leased using tenant-based vouchers and project-based forms of housing assistance, and identification of concentrations of tenants using these vouchers and forms of assistance, broken down by income, race, ethnicity, household type and composition, and other relevant factors;

2. An inventory of federally assisted or insured non-elderly family housing units in the Baltimore Region, and, or including, LIHTC units, with the goal of assessing the risk of loss of assisted units in Communities of Opportunity;

3. An analysis of applications for, and occupancy of, federally assisted or insured non-elderly family housing in the Baltimore Region, by income, race, ethnicity, household type and composition, number of children, use of vouchers and other rent subsidies, neighborhood demographics, performance of schools serving the units, and other relevant factors;

4. An identification of impediments to Baltimore voucher holders accessing units outside of Baltimore City created by transportation barriers, unavailability of affordable rental stock, unwilling landlords, or other factors, as well as possible solutions to address identified impediments;

5. An analysis of the locational patterns of educational opportunity, healthcare facilities and providers, and other quality of life related infrastructure throughout the Baltimore Region, and analysis of the accessibility of such opportunities and infrastructure to Plaintiff Class Members; and

6. An assessment of regulatory barriers to the development of public housing or other federally assisted or insured non elderly family housing (including LIHTC projects) in Communities of Opportunity in the Baltimore Region, including an analysis of the fair-housing impact of such barriers, and identification of more inclusive alternatives and "best practices."

C. HUD shall provide Plaintiffs access to the studies identified in Sections VIII.A and VIII.B, as set forth below:

1. HUD shall provide Plaintiffs' Counsel with pre-publication copies of the draft reports for the work conducted pursuant to the terms of Sections VIII.A and VIII.B. Plaintiffs' Counsel may submit comments on the draft reports during the period that the pre-publication draft of each study is circulated for peer review.

2. The pre-publication draft reports shall be considered and treated at all times as confidential. With the exception of the Regional Administrator, those individual members of the Plaintiff Class that are members of and actively involved in Plaintiffs' Steering Committee, and research experts retained by the Plaintiffs' Counsel at no cost to HUD, Plaintiffs' Counsel shall not share any information contained in, or derived from, the pre-publication reports with any third party without HUD's prior written permission. The Regional Administrator, the individual members of the Plaintiff Class that are members of and actively involved in Plaintiffs' Steering Committee, and any research experts retained by the Plaintiffs' Counsel shall be bound by and adhere to the same confidentiality commitments as Plaintiffs' Counsel.

3. Except as set forth above, for a period of one year after the completion of each study set forth in Sections VIII.A and VIII.B, HUD retains its discretion to disseminate the data and reports solely as HUD determines. After that one year, the report shall become public. HUD shall always retain its sole discretion to determine whether to disseminate the underlying data.

D. Notwithstanding any other provision in this Agreement, Plaintiffs may seek to enforce the provisions of Section VIII only as set forth in Section IX, below.

IX. ENFORCEMENT.

A. Notwithstanding all other provisions outside Section IX of this Agreement, the Court shall retain jurisdiction to review *only* those claims as set forth in this Section, and only in the manner explicitly provided in this Section IX. In connection with each such claim, the Court shall retain jurisdiction *only* to order the relief specified for each particular claim. Such claims and relief must be expressly provided for in this Section; the Court shall lack jurisdiction to imply any claims, or authority to issue relief, under this Agreement.

B. The only claims permissible to enforce **Section III (Regional Housing Opportunities: HUD's and HABC's Commitment to Amend HABC's MTW Agreement)** are as follows:

1. Under Section III.C, Plaintiffs may bring a claim against HUD and/or the Local Parties alleging that HUD and/or the Local Parties have violated, or are about to violate, one of the negative covenants expressly articulated in Section III.C. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HUD and/or the Local Parties refrain from the conduct described in the applicable negative covenant.

2. Under Section III.D, Plaintiffs may bring a claim against HABC alleging that HABC is not accounting for all *Thompson* funding separately from non-*Thompson* funding, and/or is using *Thompson* funding for ineligible purposes. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HABC account for all *Thompson* funding separately, and/or reimburse any expenditure of *Thompson* funding on ineligible purposes.

3. Under Section III.E, HABC may bring a claim against HUD alleging that HUD is not informing HABC of the separate amounts for the *Thompson* PCD-Leased Vouchers, *Thompson* Remedial Vouchers, and HABC Non-*Thompson* Vouchers. Should HABC prevail on its claim, the only relief available from the Court shall be an order that HUD, in the future, inform HABC of the separate amounts of each category of funding.

4. Under Section III.F, Plaintiffs may bring a claim against HUD alleging that HUD has de-obligated the relevant funding, and/or has unreasonably withheld approval of a request from HABC for such funding. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HUD re-obligate the still remaining portion of the $4,892,009, and/or an order that HUD disburse the requested amount of

funding provided that such funding remains available from the obligated $4,892,009.

5. Under Section III.F, Plaintiffs may bring a claim against HABC alleging that HABC is not acting in compliance with its obligations under Section III.F, above. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HABC act in compliance with Section III.F, above.

6. Under Section III.G, Plaintiffs may bring a claim against HUD alleging that HUD is improperly denying HABC's applications to draw from the *Thompson* PCD Reserve Account. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HUD disburse the requested amount of funding provided that such funding still remains in the *Thompson* PCD Reserve Account.

7. Under Section III.G, Plaintiffs may bring a claim against HABC alleging that HABC is not acting in compliance with its obligations under Section III.G, above. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HABC act in compliance with Section III.G, above.

8. Under Section III.I, Plaintiffs may bring a claim against HUD alleging that HUD has taken, or is about to take, an enforcement action that would materially deprive or limit, in a manner that is reasonably foreseeable and fairly traceable to the enforcement action, members of the Plaintiff class from benefiting from the funding and Vouchers contemplated by the *Thompson* PCD and/or Settlement Agreement. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HUD not take such an enforcement action.

9. The Court's jurisdiction to hear the above claims and to order any relief in connection with the above claims shall terminate on January 1, 2019; provided, however, that if on June 30, 2018, HABC's Amended MTW Agreement has not been extended at least through the end of HABC's 2019 Fiscal Year, then the Court's jurisdiction to hear the above claims and to order any relief in connection with the above claims shall instead terminate on January 1, 2020.

C. The only claims permissible to enforce **Section IV (Regional Housing Opportunities: the Regional Administrator)** are as follows:

1. Under Section IV.A, Plaintiffs may bring a claim against HABC alleging that HABC is unreasonably withholding its approval of the entity selected as the Regional Administrator. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HABC contract with the selected entity.

2. Under Section IV.B, Plaintiffs may bring a claim against HABC alleging that HABC has not entered into a contract(s), or renewed such contract(s) (as necessary), with the Regional Administrator containing all of the necessary terms listed in Section IV and elsewhere in this Agreement. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HABC enter into a contract(s), or renew such contract(s), with the Regional Administrator containing all of the necessary terms listed in Section IV and elsewhere in this Agreement.

3. Under Sections IV.B.2-3, Plaintiffs may bring a claim against HABC alleging that HABC is failing, or has failed, to transfer all *Thompson*-related funding to the Regional Administrator. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HABC transfer all *Thompson*-related funding to the Regional Administrator.

4. Under Section IV.C.2, Plaintiffs may bring a claim against HUD alleging that HUD is failing to provide the Regional Administrator with the required data on the locations of Housing Choice Voucher leasing. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HUD provide the Regional Administrator with the required data.

5. Under Section IV.F, Plaintiffs may bring a claim against HABC alleging that HABC is failing, or has failed, to request a waiver from HUD upon the Regional Administrator's request. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HABC request the applicable waiver from HUD.

6. Under Section IV.F, Plaintiffs may bring a claim against HUD alleging that HUD unreasonably withheld approval of a waiver request by HABC that was necessary to ensure successful implementation of the special conditions outlined in Section IV.D. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HUD approve the waiver request.

7. Under Section IV.G, Plaintiffs may bring a claim against HABC alleging that HABC is failing, or has failed, to include Exception Payment Standards requested by the Regional Administrator in its Moving to Work Plan (or any comparable or successor document). Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HABC include Exception Payment Standards requested by the Regional Administrator in its Moving to Work Plan (or any comparable or successor document).

8. Under Section IV.G, Plaintiffs may bring a claim against HUD alleging that HUD has not approved an exception-payment standard that is equal to or less than 135 percent of FMR. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HUD approve the relevant Exception Payment Standard.

9. Under Section IV.L.1, Plaintiffs may bring a claim against HUD alleging that, upon request from HABC, HUD has improperly failed to make available the remaining funds in the URD Grant for use by the Regional Administrator. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HUD disburse the requested amount of funding provided that such funding still remains in the URD Grant.

10. Under Section IV.L.1 and/or Section IV.L.5.f, Plaintiffs may bring a claim against HUD alleging that HUD has unreasonably delayed or unreasonably withheld approval of (a) any additional Rental Term Sheets for scattered site units or Hilltop units pursuant to Section IV.L.1; and/or (b) Rental Term Sheets for use of the Hollander Ridge HOPE VI funds pursuant to Section IV.L.5.f. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that HUD issue the requisite approvals.

11. Under Section IV.L, Plaintiffs may bring a claim against the Local Parties alleging that they are failing, or have failed, to fulfill any of their respective obligations set forth in Section IV.L. Should Plaintiffs prevail on their claim, the only relief available from the Court shall be an order that the Local Parties fulfill the pertinent obligation.

12. The Court's jurisdiction to hear the above claims and to order any relief in connection with the above claims shall terminate on January 1, 2019; provided, however, that if on June 30, 2018, HABC's Amended MTW Agreement has not been extended at least through the end of HABC's 2019 Fiscal Year, then the Court's jurisdiction to hear the above claims

and to order any relief in connection with the above claims shall instead terminate on January 1, 2020.

D. The only claims permissible to enforce **Section V (Civil Rights Reviews)** are as follows:

1. Under Section V.B, Plaintiffs may bring a claim against HUD alleging that, absent good cause, HUD has failed to create the Working Group, appoint members thereto, and/or fill any vacancies in the membership thereof. Should Plaintiffs prevail on this claim, the only relief available from the Court shall be an order that HUD create the Working Group, appoint members thereto, and/or fill any vacancies in the membership thereof.

2. Under Sections V.C and V.E.1, Plaintiffs may bring a claim against HUD alleging that HUD has approved or disapproved a Significant Decision or Plan, but that the Working Group failed to state that HUD reviewed the civil rights implications of each Significant Decision or Plan, as set forth in Section V.C. Should Plaintiffs prevail on this claim, the only relief available from the Court shall be an order extending the period during which HUD's Working Group must operate pursuant to this Settlement Agreement by one additional calendar-year quarter; provided, however, that under no circumstances shall the Court extend the time period beyond a cumulative total of four additional calendar-year quarters.

3. Under Section V.E.1, Plaintiffs may only bring a claim against HUD alleging that, absent good cause, HUD has failed, either in whole or in part, to provide Plaintiffs' Counsel with the report within thirty (30) days of the end of the relevant quarter. Should Plaintiffs prevail on this claim, the only relief available from the Court shall be an order that HUD provide Plaintiffs' Counsel with the report specified in Section V.E.1.

4. Under this Agreement, including under the claims specified above, the Court shall have no role in reviewing, supervising, evaluating, or otherwise issuing any relief related to or based upon: the procedures used by HUD and/or the Working Group to review Significant Decisions or Plans; the substantive standards for reviewing Significant Decisions or Plans; the substantive outcomes of HUD's decisions or determinations regarding Significant Decisions or Plans; and any documents created by the Working Group other than the documents required to be submitted to Plaintiffs in Section V.E.1.

5. Notwithstanding any extension of the Working Group's obligations, the Court's jurisdiction to hear the above claims and to order any relief in connection with the above claims shall terminate on October 1, 2016; except that as to any reviews of Public Housing Agency Plans or Consolidated Plans that are required to be performed more than three years after the Effective Date of this Agreement pursuant to the provisos in Section V.F, above, the Court's jurisdiction shall terminate on January 1, 2018.

E. The only claims permissible to enforce **Section VI (Online Listing of Housing Opportunities)** are as follows:

1. Under Section VI.A, Plaintiffs may bring a claim against HUD alleging that HUD has failed to begin the process of developing the Online Listing of Housing Opportunities within sixty (60) days of the Effective Date of this Agreement.

2. Under Section VI.B, Plaintiffs may bring a claim against HUD alleging that HUD has, without good cause, failed to substantially complete the Online Listing of Housing Opportunities, as the term "substantial completion" is defined in Section VI.B, within one (1) year of the Effective Date of this Agreement.

3. Should Plaintiffs prevail on any such claim as set forth in this Section IX.E, the only relief available from the Court shall be an order that HUD take the action in question.

4. Under this Agreement, including under the claims specified above, the Court shall have no role in reviewing, supervising, evaluating, or otherwise issuing any relief related to or based upon: the general management, operation, availability, success, or failure of the Online Listing of Housing Opportunities

5. The Court's jurisdiction to hear the above claims and to order any relief in connection with the above claims shall terminate on January 1, 2015.

F. The only claims permissible to enforce **Section VII (FHA Incentives and Dispositions)** are as follows:

1. Under Section VII.A, Plaintiffs may bring a claim against HUD alleging that HUD failed to timely submit the Notice regarding potential FHA incentives described in Section VII.A.1 to OMB for approval thereby.

2. Under Section VII.A, insofar as the Notice regarding potential FHA incentives to OMB described in Section VII.A.1 is approved by OMB, Plaintiffs may bring a claim against HUD alleging that HUD failed to timely submit such Notice, or an amended version thereof, for publication in the Federal Register.

3. Under Section VII.B, Plaintiffs may bring a claim against HUD alleging that HUD has improperly failed to make specific disposition units available to HABC consistent with the provisions of that Section.

4. Should Plaintiffs prevail on any such claim as set forth in this Section IX.F, the only relief available from the Court shall be an order that HUD take the action in question.

5. Under this Agreement, including under the claims specified above, the Court shall have no role in reviewing, supervising, evaluating, or otherwise issuing any relief related to or based upon: the adequacy of HUD's efforts in seeking to publish the Notice described in Section VII.A; the approval or lack thereof by OMB of such Notice; the actual publication or lack thereof in the Federal Register of such Notice; and/or the actual operation and availability of the incentives described in such Notice.

6. The Court's jurisdiction to hear the above claims and to order any relief in connection with the above claims shall terminate on January 1, 2014.

G. The only claims permissible to enforce **Section VIII (Baltimore Regional Opportunity Study)** are as follows:

1. Under Section VIII.A, Plaintiffs may bring a claim against HUD alleging that HUD failed to initiate the study described in Section VIII.A within sixty (60) days from the Effective Date of this Agreement.

2. Under Section VIII.A, Plaintiffs may bring a claim against HUD alleging that HUD has failed to substantially complete the activities described in Sections VIII.A.1 through VIII.A.3.

3. Under Section VIII.B, Plaintiffs may bring a claim against HUD alleging that HUD has failed to contract with an independent researcher to conduct the study described in Section VIII.B within one (1) year from the Effective Date of this Agreement.

4. Under Section VIII.B, Plaintiffs may bring a claim against HUD alleging that HUD has failed to substantially complete the activities described in Sections VIII.B.1 through VIII.B.6.

5. Under Section VIII.C, Plaintiffs may bring a claim against HUD alleging that HUD has failed to provide Plaintiffs access to the draft reports, as set forth in Sections VIII.C.1-2.

6. Should Plaintiffs prevail on any such claim as set forth in this Section IX.G, the only relief available from the Court shall be an order that HUD take the action in question.

7. Under this Agreement, including under the claims specified above, the Court shall have no role in reviewing, supervising, evaluating, or otherwise issuing any relief related to or based upon: the success or failure of the studies; the substantive criteria used when conducting such studies; the procedures used when conducting such studies; and any other issues—aside from the "substantially complete" claims in subsections (2) and (4), above—relating to the thoroughness, effectiveness, and/or quality of the studies.

8. The Court's jurisdiction to hear the above claims and to order any relief in connection with the above claims shall terminate on January 1, 2015.

H. All claims listed above in this Section IX that may be brought against HUD and/or Local Parties are subject to the complete defense of Impossibility of Performance, as set forth below in Section XX.

I. The exclusive procedure for bringing a claim to enforce the terms and conditions of this Agreement pursuant to this Section IX shall be as follows:

1. Before asserting any claim pursuant to this Section IX, counsel for a Party ("the alleging Party") shall serve written notice upon the other two Parties' Counsel of Record ("the responding Parties"). Such notice shall specify precisely the claim the alleging Party is bringing, shall describe with particularity all of the facts and circumstances supporting the claim, and shall state that the alleging Party intends to seek an order from the Court remedying the Party's claim. The alleging Party shall not inform the Court of its allegation at that time.

2. The responding Parties shall have a period of sixty (60) days after receipt of such notice described in subsection (1), above, to take appropriate action to resolve the alleged claim. If requested to do so, the alleging

Party shall provide to the responding Parties any information and materials available to the alleging Party that support the violation alleged in the notice. If such claims are not resolved after consultation between the Parties' Counsel within that sixty-day period, or if, prior to the expiration of such sixty-day period, counsel for the responding Parties advise counsel for the alleging Party that no further action will be taken by the responding Parties, the alleging Party may apply to the Court for an order compelling only the relief specified for that particular claim.

3. Pursuant to subsection (1), above, the notice of any alleged breach of this Agreement must be served upon the responding Parties within 180 days after the alleging Party knew or should have known that the alleged breach occurred. Any claim not noticed to the responding Parties within that 180 day period shall be forever waived by the alleging Party. Absent the prior, written agreement of all three Parties, any application to the Court for an order compelling relief, as specified in subsection (2), above, must be brought within one year after the alleging Party knew or should have known that the alleged breach occurred. Otherwise, any claim not brought within one year shall be forever waived by the alleging Party.

4. The Parties to this Agreement hereby waive and disclaim any right to seek enforcement of this Agreement through contempt sanctions; except that if after a party seeks an order compelling compliance with the Agreement under Section IX, and the Court issues such order, then any future violation of any such order may give rise to contempt sanctions as in any other case, subject to the Court's finding that contempt sanctions are warranted.

J. The waiver by one Party of any breach of this Settlement Agreement by any other Party shall not be deemed a waiver of any other prior or subsequent breach of this Settlement Agreement.

K. The Court relinquishes jurisdiction over all claims, causes of action, motions, suits, allegations, and other requests for relief in this Action that are not expressly stated in this Section IX.

L. The Court shall have no jurisdiction to supervise, monitor, or issue orders in this Action, except when a Party invokes the Court's jurisdiction pursuant to the procedures set forth in this Section IX.

M. Notwithstanding any provision in this Section IX authorizing judicial review, the Court shall lack jurisdiction to review any decision committed solely to HUD's

determination by this Agreement, or any decision or determination that is otherwise vested in HUD's sole discretion by this Agreement.

N. The Court shall lack jurisdiction over any motion to modify the terms of this Agreement, including a motion to relieve a Party from Final Judgment, that does not comply with Section XXV, including that Section's requirement that any motion to modify the terms of this Agreement may be brought only with the written consent of all Parties.

O. The Court shall lack jurisdiction to modify any date on which the Court would otherwise lose jurisdiction, including the specific dates listed above in this Section IX.

P. Between the Execution Date and the date on which the Court's jurisdiction over this Action is terminated—either January 1, 2019 or January 1, 2020 depending on the operation of Sections IX.B.9 and IX.C.12, above—the claims and remedies outlined in this Section IX constitute the exclusive claims and remedies that may be brought with respect to any provision(s) of this Agreement, and neither Plaintiffs nor Local Parties shall seek to bring, in any court, tribunal, or other body, any other claim against HUD that is based upon any provision(s) of this Agreement. After the date on which the Court's jurisdiction over this Action is terminated, nothing in this paragraph shall be construed as precluding Plaintiffs from bringing a new action asserting any claims that may then be available to them.

Q. Nothing in this Section IX shall be construed as conflicting with or modifying the terms set forth in Sections XI, XXI, XXII, and XXIII. The Court shall retain jurisdiction until January 1, 2019, to hear claims and provide relief pursuant to those Sections in the manner provided in those Sections.

X. CLOSURE AND VACATUR OF THE *THOMPSON* PCD.

A. The Parties hereby agree that, as of the Effective Date of this Agreement, this Agreement constitutes the sole instrument governing this Action and fully replaces any and all prior instruments governing this Action, including the *Thompson* PCD.

B. Within seven (7) calendar days of the Execution Date of this Agreement, Plaintiffs shall withdraw all pending motions in this Action against HUD and/or Local Parties arising under or related to the *Thompson* PCD.

C. As of the Execution Date of this Agreement and through the Effective Date of this Agreement, Plaintiffs and Local Parties covenant not to seek judicial enforcement

of any provision of the *Thompson* PCD. The preceding sentence shall not apply to any efforts by Plaintiffs to recover attorney's fees, expenses, and costs pursuant to Section XI, below.

D. As of the Execution Date of this Agreement, the only leasing of *Thompson* PCD Vouchers that shall occur is with respect to turnover of the *Thompson* PCD-Leased Vouchers. The preceding sentence shall not apply if this Agreement does not become effective. Upon the Effective Date of this Agreement, Plaintiffs waive any and all claims relating to the remaining *Thompson* PCD Vouchers (*i.e.*, the *Thompson* PCD Vouchers that were not *Thompson* PCD-Leased Vouchers).

E. As of the Effective Date of this Agreement, the Parties hereby agree to the following factual findings:

1. HUD's placement of approximately $49 million into the *Thompson* Project Reserve Account (now the *Thompson* PCD Reserve as set forth in Section 6 of Attachment A to the Amended MTW Agreement), combined with the approximately $4.9 million provided pursuant to the Stipulation and Order Amending the Partial Consent Decree, Docket No. 867, entirely fulfilled HUD's obligation to provide funding authority for the 1,988 *Thompson* PCD Vouchers' initial three-year terms.

2. The Parties have now fulfilled their obligations under the *Thompson* PCD approximately to the same extent as the Parties originally and reasonably contemplated would have been fulfilled by June 25, 2003, as described in the Court's Order of January 29, 2004 (Docket Entry No. 613).

3. Any and all not-yet-fulfilled obligations formerly governed by the *Thompson* PCD have been fully and finally addressed by the provisions of this Agreement.

F. The Parties hereby agree that, as of the Effective Date of this Agreement, the *Thompson* PCD should be vacated, the Court should relinquish all jurisdiction over the PCD, and the claims released in Section X of the *Thompson* PCD should be dismissed with prejudice. The preceding sentence shall not apply to any efforts by Plaintiffs to recover attorney's fees, expenses, and costs pursuant to Section XI, below.

XI. ATTORNEY'S FEES.

A. With respect to Plaintiffs' claim against the Federal Parties for attorney's fees, costs, and expenses for their non-PCD-related work on this Action (*i.e.*, work separate and apart from time spent monitoring and enforcing the *Thompson* PCD)

through the Effective Date of this Agreement (the right to which and amount of which the Federal Parties reserve the right to contest), the Parties agree on the following procedure:

1. During the period through 60 days following the Effective Date of this Agreement (or such longer period to which the Plaintiffs and the Federal Parties may agree) (the "Fee Negotiation Period"), Plaintiffs and the Federal Parties agree to negotiate in an attempt to reach a resolution of that claim;

2. If Plaintiffs and the Federal Parties are unable to reach a resolution of that claim, then, on or before 60 days after the end of the Fee Negotiation Period, Plaintiffs shall submit a fee petition to the Court.

B. Upon the Effective Date of this Agreement, Plaintiffs and Plaintiffs' Counsel explicitly waive any right to seek from HUD and/or the Local Parties, and shall not be entitled to recover from HUD and/or the Local Parties, any additional costs, attorney's fees and/or expenses for any time expended, or to be expended, on (1) monitoring compliance with this Agreement, and/or (2) any issues related to the *Thompson* PCD for the time-period commencing on the Execution Date of this Agreement.

C. Nothing in this Agreement shall preclude Plaintiffs from seeking reasonable attorney's fees, costs, and expenses from the Federal and/or Local Parties for: (1) monitoring and enforcement of the *Thompson* PCD through the Execution Date of this Agreement; and (2) time spent seeking attorney's fees for such monitoring and enforcement. Nor shall anything in this Agreement preclude Plaintiffs from seeking reasonable attorney's fees, costs, and expenses from the Federal Parties for: (1) non-PCD-related work on this Action through the Effective Date of this Agreement pursuant to Section XI.A; and (2) time spent seeking attorney's fees for that work.

XII. COOPERATION AND NON-INTEREFERENCE WITH THIS AGREEMENT.

A. All Parties shall promptly report to one another, in writing, any significant opposition that is communicated to, or that otherwise comes to the attention of, any Party regarding any homeownership or project-based unit housing acquisition or development opportunity being pursued by HABC, the Regional Administrator, and/or developers pursuant to this Agreement. The Parties shall likewise report any significant improper opposition that is communicated to, or that otherwise comes to the attention of, any Party regarding efforts of the Regional Administrator to publicize the mobility program and to refer participants to landlords in Communities of Opportunity throughout the Baltimore Region.

B. In the event HUD determines that any person or local government receiving federal funds for housing and urban development is unlawfully impeding or failing to cooperate with proposals by the Regional Administrator or private developers to site homeownership or project-based unit housing within a Baltimore Region Jurisdiction, with the efforts of *Thompson* voucher holders to lease units within a Baltimore Region Jurisdiction, or with the efforts of the Regional Administrator to market the program to landlords operating housing in Baltimore Region jurisdictions, HUD shall take whatever enforcement action (if any) that HUD, in its sole discretion, deems appropriate against that person or local governmental entity. In addition, HUD may, in its sole discretion and if HUD deems it appropriate, refer determinations of non-compliance to other federal agencies for review and possible issuance of sanctions with respect to that agency's funding of the recipient, pursuant to Presidential Executive Order 12892 of January 17, 1994 (Leadership and Coordination of Fair Housing in Federal Programs: Affirmatively Furthering Fair Housing).

XIII. NO ADMISSION OF LIABILITY.

A. Neither this Agreement nor any Order or Final Judgment approving it is or shall be construed as an admission by the Federal Parties or Local Parties of the truth of any allegation or the validity of any claim asserted in this Action, or of the liability of the Federal Parties or Local Parties, nor as a concession or an admission of any fault or omission of any act or failure to act, or of any statement, written document, or report heretofore issued, filed or made by the Federal Parties and/or Local Parties, nor shall this Agreement nor any confidential papers related hereto and created for settlement purposes only, nor any of the terms of either, be offered or received as evidence of discrimination in any civil, criminal, or administrative action or proceeding, nor shall they be the subject of any discovery or construed by anyone for any purpose whatsoever as an admission or presumption of any wrongdoing on the part of the Federal Parties and/or Local Parties, nor as an admission by any Party to this Agreement that the consideration to be given hereunder represents the relief which could have been recovered after trial.

B. The Federal Parties and the Local Parties deny liability, damages, and any other form of relief as to each of the claims and requests for damages and/or other forms of relief that were or could have been raised in this Action, and this Agreement does not constitute, and may not be construed as, a determination or an admission of a violation of any law, rule, regulation, policy, or contract by the Federal Parties and/or Local Parties, the truth of any allegation made in this Action, or the validity of any claim asserted in this Action. This Agreement does not constitute, and may not be construed as, a determination or an admission that the Federal Parties and/or the Local Parties are liable in this matter, that the Class

or any Member was substantially justified in any claim or position, or that any claim, defense, or position of the United States was substantially unjustified. This Agreement does not constitute a determination or an admission that the Class or any Class Member is a prevailing party.

C. Nothing herein shall be construed to preclude the use of this Agreement to enforce the terms thereof, or to obtain approval from the Court as set forth below in Section XVIII.

XIV. RELEASES.

A. **Federal Parties' PCD Releases.** Upon the Effective Date of this Agreement, the Local Parties, the Class Representatives, the Class, and its Members and their heirs, administrators, successors, and assigns hereby RELEASE, WAIVE, ACQUIT, and FOREVER DISCHARGE the United States and each of the Federal Parties from, and are hereby FOREVER BARRED and PRECLUDED from prosecuting, any and all claims, causes of action, motions, and requests for any injunctive and/or monetary relief, including, but not limited to, damages, tax payments, debt relief, costs, attorney's fees, expenses, and/or interest, whether presently known or unknown, contingent or liquidated, present or future, asserted or unasserted, with respect to any issues or obligations arising under or relating to the PCD, and including but not limited to the right to appeal any and all claims arising under or relating to the PCD.

1. The PCD Release provided in the above subsection (A) includes, but is not limited to, the following pending motions against the Federal Parties, and the claims asserted in the following motions against the Federal Parties:

   a. Docket No. 423: Plaintiffs' Motion for Finding of Violations of Partial Consent Decree and for Relief.

   b. Docket No. 630: Plaintiffs' Motion for Order to Show Cause Why Defendants Should Not be Held in Contempt for Violations of PCD.

   c. Docket No. 754: HABC's Motion for Release of Funds.

   d. Docket No. 755: Plaintiffs' Motion for Declaratory and Injunctive Relief Regarding Funding of Vouchers under the Partial Consent Decree.

   e. All other motions and claims asserted against HUD arising under or relating to the PCD.

B. **Federal Parties' Remaining-Claim Releases.** Upon the Effective Date of this Agreement, the Class Representatives, the Class, and its Members and their heirs, administrators, successors, and assigns hereby RELEASE, WAIVE, ACQUIT, and FOREVER DISCHARGE the United States and each of the Federal Parties from, and are hereby FOREVER BARRED and PRECLUDED from prosecuting, any and all claims, causes of action, motions, and requests for any injunctive and/or monetary relief, including, but not limited to, damages, tax payments, debt relief, costs, attorney's fees, expenses, and/or interest, whether presently known or unknown, contingent or liquidated, that relate to or arise out of any matters or issues alleged in this Action against the Federal Parties, or that have been or could have been asserted in this Action against the Federal Parties, prior to the Effective Date of this Agreement, and including but not limited to the right to appeal any and all claims Plaintiffs asserted in this Action. This release does not release any claims that the Class and its Members did not assert in this Action, to the extent that such claims are unrelated to allegations of racial discrimination, alleged racial segregation or alleged failures to desegregate, alleged violations of the Fair Housing Act related to race or ethnicity, and/or alleged failures to affirmatively further fair housing on the basis of race or ethnicity, including on a regional basis.

C. **Local Parties' PCD Releases.** Upon the Effective Date of this Agreement, the Federal Parties, the Class Representatives, the Class, and its Members and their heirs, administrators, successors, and assigns hereby RELEASE, WAIVE, ACQUIT, and FOREVER DISCHARGE the Local Parties and/or their predecessors from, and are hereby FOREVER BARRED and PRECLUDED from prosecuting, any and all claims, causes of action, motions, and requests for any injunctive and/or monetary relief, including, but not limited to, damages, tax payments, debt relief, costs, attorney's fees, expenses, and/or interest, whether presently known or unknown, contingent or liquidated, present or future, asserted or unasserted, with respect to any issues or obligations arising under or relating to the PCD, and including but not limited to the right to appeal any and all claims arising under or relating to the PCD.

1. The PCD Release provided in the above subsection (C) includes, but is not limited to, the following pending motions against either or both of the Local Parties and/or their predecessors, and the claims asserted in the following motions against either or both of the Local Parties and/or their predecessors:

    a. Docket No. 423: Plaintiffs' Motion for Finding of Violations of Partial Consent Decree and for Relief.

b. Docket No. 630: Plaintiffs' Motion for Order to Show Cause Why Defendants Should Not be Held in Contempt for Violations of PCD.

c. All other motions and claims asserted against either or both of the Local Parties and/or their predecessors, arising under or relating to the PCD.

D. **Local Parties' Remaining-Claim Releases.** Upon the Effective Date of this Agreement, the Federal Parties, the Class Representatives, the Class, and its Members and their heirs, administrators, successors, and assigns hereby RELEASE, WAIVE, ACQUIT, and FOREVER DISCHARGE each of the Local Parties and/or their predecessors from, and are hereby FOREVER BARRED and PRECLUDED from prosecuting, any and all claims, causes of action, motions, and requests for any injunctive and/or monetary relief, including, but not limited to, damages, tax payments, debt relief, costs, attorney's fees, expenses, and/or interest, whether presently known or unknown, contingent or liquidated, that relate to or arise out of any matters or issues alleged in this Action against either or both of the Local Parties and/or their predecessors, or that have been or could have been asserted in this Action against either or both of the Local Parties, prior to the Effective Date of this Agreement, including but not limited to the right to appeal any and all claims Plaintiffs asserted in this Action. This release does not release any claims that the Class and its Members did not assert in this Action, to the extent that such claims are unrelated to allegations of racial discrimination, alleged racial segregation or alleged failures to desegregate, alleged violations of the Fair Housing Act related to race or ethnicity, and/or alleged failures to affirmatively further fair housing on the basis of race or ethnicity, including on a regional basis.

E. Nothing in this Agreement shall be construed as limiting the Release of Claims as set forth in Section X of the PCD.

F. Nothing in the foregoing releases shall be construed to release any claim for attorney's fees, costs, or expenses as set forth in Section XI, above, or to supersede Plaintiffs' rights under Section IX, above, or Sections XXI, XXII, and XXIII, below.

XV. PLAINTIFFS' COVENANTS NOT TO SUE.

A. Plaintiffs hereby covenant not to commence any action, claim, suit, or administrative proceeding against HUD related to the non-performance, failed performance, or otherwise unsatisfactory performance of the Regional Administrator and/or the Local Parties in fulfilling their respective duties and

responsibilities under the Settlement Agreement; provided, however, that Plaintiffs may initiate an enforcement action against HUD pursuant to the continuing jurisdiction of the U.S. District Court of Maryland to compel performance of HUD's obligations that are expressly articulated in the Settlement Agreement, as set forth in Section IX above.

B. Plaintiffs hereby covenant not to commence any action, claim, suit, or administrative proceeding against the Local Parties related to the non-performance, failed performance, or otherwise unsatisfactory performance of the Regional Administrator and/or HUD in fulfilling their respective duties and responsibilities under the Settlement Agreement; provided, however, that Plaintiffs may initiate an enforcement action against the Local Parties, pursuant to the continuing jurisdiction of the U.S. District Court of Maryland to compel performance of the Local Parties' obligations that are expressly articulated in the Settlement Agreement, as set forth in Section IX above.

C. Plaintiffs hereby covenant not to commence against HUD or the Local Parties any action, claim, suit, or administrative proceeding on account of any claim or cause of action that has been released or discharged by this Agreement.

XVI. ALL ACTIONS, REGARDLESS OF TIMING, CONSTITUTE CONSIDERATION.

A. All actions that HUD and the Local Parties agree to undertake pursuant to this Agreement, including but not limited to the amendment of the MTW Agreement, constitute consideration for Plaintiffs' Release of Claims, above in Section XIV, notwithstanding the fact that some of HUD's and the Local Parties' actions will occur prior to this Agreement becoming final and effective.

B. The Parties agree that at all stages governing the Court's approval of this Agreement—including but not limited to the Fairness Hearing, Preliminary Approval, and Final Approval—the Court shall consider all of HUD's and the Local Parties' actions undertaken pursuant to this Agreement, even if such actions have already occurred, either in whole or in part.

XVII. NO GUARANTOR OF OTHERS' PERFORMANCE.

Nothing in this Agreement shall be construed to make the Federal Parties the guarantors of the obligations of Plaintiffs, the Regional Administrator, or any of the Local Parties. Nor shall anything in this Agreement be construed to make the Local Parties the guarantors of any obligations of the Federal Parties, Plaintiffs, or the Regional Administrator. Nor shall anything in this Agreement be construed to make Plaintiffs the guarantors of any obligations of the Federal Parties or Local Parties.

XVIII. PROCEDURES GOVERNING APPROVAL OF THIS AGREEMENT.

A. Within fourteen calendar days of the Execution Date, the Parties shall jointly submit this Agreement and its exhibits to the Court, and shall apply for entry of an Order in which the Court:

1. Amends the class certification, for settlement purposes only, to include all African Americans who have resided or will reside in Baltimore City family public housing units at any time from January 31, 1995 until January 1, 2027;

2. Grants preliminary approval to this Agreement as being fair, reasonable, and adequate to Plaintiffs;

3. Approves the form of the Class Notice attached hereto as Exhibit E;

4. Directs Plaintiffs' Counsel, HABC, and HUD to provide Class Notice as set forth in subsection (B) of this Section XVIII below, and grants approval of such plan as reasonable under Federal Rule of Civil Procedure 23(e)(1);

5. Schedules a Fairness Hearing to determine whether this Agreement should be approved as fair, reasonable, and adequate, and whether an order approving the settlement should be entered pursuant to Federal Rule of Civil Procedure 23(e);

6. Provides that any person who wishes to object to the terms of this Agreement, or to the entry of an Order approving this Agreement, must file a written Notice of Objection with the Court specifying the objections and the basis for such objections as provided in the Class Notice, with copies served on all Parties' counsel;

7. Provides that between the Execution Date and the Fairness Hearing, the Federal and Local Parties shall direct all inquiries from Class Members regarding the Agreement to Plaintiffs' Counsel;

8. Provides that in order to have an objection considered and heard at the Fairness Hearing, such written Notice of Objection must be filed with the Court and served on counsel by the date specified in the Class Notice;

9. Provides that Plaintiffs, Local Parties, and Federal Parties shall each be entitled to respond, in writing, to any Objections up to 14 days prior to the Fairness Hearing; and

10. Provides that the Fairness Hearing may, from time to time and without further notice to the Class, be continued or adjourned by order of the Court.

B. After the Court enters an Order containing all of the items set forth above in subsection (A), above, the Parties shall promptly distribute the Class Notice as follows:

1. HABC shall post the Class Notice in a prominent place within its offices and on its website, and in the office of Metropolitan Baltimore Quadel;

2. HUD and HABC shall cause to be mailed by first-class mail the Class Notice to all known Plaintiff Class Members;

3. HUD shall publish the Class Notice for one day in the Sunday edition of the *Baltimore Sun* and for one day in the *Afro-American*;

4. HUD shall post the Class Notice on its website, if operational; and

5. HUD shall provide for special means, including but not limited to translation of the Class Notice, to provide effective notice to foreign language speakers.

6. HABC will bear the costs of posting the Notice in its facilities and on its website. HUD will bear all other costs of providing Notice.

C. No later than three business days before the Fairness Hearing, Plaintiffs' Counsel, HABC, and HUD shall each file with the Court a declaration confirming compliance with the Notice procedures approved by the Court.

D. At the Fairness Hearing, the Parties shall jointly request the Court's final approval of this Agreement, pursuant to Federal Rule of Civil Procedure 23(e). The Parties agree to take all actions necessary to obtain approval of this Agreement.

E. If, after the Fairness Hearing, the Court approves this Agreement as fair, adequate, and reasonable, the Parties consent to entry of Final Judgment in a form substantively identical to the Final Judgment attached hereto as Exhibit D.

XIX. MONITORING OF THE AGREEMENT.

Plaintiffs' Counsel and the Regional Administrator shall be solely responsible for monitoring this Settlement Agreement. Under no circumstances shall HUD and/or the Local Parties be required to fund any of Plaintiffs' Counsel's and/or the Regional

Administrator's monitoring efforts and/or monitoring attorney's fees incurred after the Execution Date of this Agreement.

XX. IMPOSSIBILITY OF PERFORMANCE.

A. If Congress renders HUD's performance under this Agreement impossible, in whole or in part, then HUD and the Local Parties shall forever be relieved of all obligations that would as a result of such Congressional action be impossible to perform. HUD shall not be required to take any action, or attempt to take any action, which would circumvent or violate, or have the effect of circumventing or violating, the intent of Congress.

B. Under no circumstances shall HUD's impossibility of performance serve as the basis for relieving a Party from Final Judgment, or serve as the basis for modifying this Agreement in any manner absent the written consent of all Parties as provided below in Section XXV of this Agreement. Nor shall such impossibility of performance be held against HUD and/or Local Parties, or be relied upon by the named Plaintiffs or Plaintiffs' Counsel as a ground for recommending disapproval of this Agreement, at the Fairness Hearing or at any other stage governing the Court's approval of this Agreement. Nor shall such impossibility of performance affect the validity of the Releases provided by Plaintiffs in Section XIV. Nothing in this paragraph shall preclude the Parties from notifying the Court of any impossibility of performance at the Fairness Hearing or other proceeding related to the Court's approval of this Agreement.

C. Nothing in this Section XX shall be construed as abridging, modifying, or impairing any of Plaintiffs' rights pursuant to Sections XXI, XXII, and XXIII, below.

XXI. CONDITIONS THAT RENDER THIS AGREEMENT VOID OR VOIDABLE.

A. With the exception of Section XXIII, below, and any other Sections referenced therein:

1. This Agreement shall be void if it is disapproved by a final Court order not subject to any further review.

2. Pursuant to Section III.B, above, this Agreement shall be voidable by Plaintiffs if HUD and HABC fail to amend the MTW Agreement prior to 12:01a.m. on August 14, 2012. Plaintiffs' decision to void the Agreement under this provision is effective only if Plaintiffs, through the unanimous signature of all Plaintiffs' Counsel, submit their decision, in writing, to

each of the Counsel of Record for HUD and HABC, no later than September 1, 2012.

3. This Agreement shall be voidable by HUD and/or Plaintiffs if the Court does not enter a Final Judgment, or other Final Approval Order, that is substantively identical to the one attached hereto as Exhibit D. HUD's or Plaintiffs' decision to void the Agreement under this provision is effective only if that Party provides notice of its decision, in writing, to the Counsel of Record for all other Parties within thirty (30) calendar days of the date on which the Court entered Final Judgment.

4. This Agreement shall be partially voidable by Plaintiffs, as described below in Section XXII.B.5, in the event of a subsequent change in federal law set forth in Sections XXII.A.1, XXII.A.2, or XXII.A.3, below, provided that Plaintiffs first and fully avail themselves of the processes set forth in Section XXII.B, below, and provided that the remedies set forth in Sections XXII.B.1-4 are ineffective or insufficient to fully provide the relief contemplated by Sections III and IV of this Agreement, above.

B. The voidability and partial voidability options listed in Section XXI.A above, shall expire on December 31, 2018. Under no circumstances shall any Party be permitted to exercise any voidability or partial voidability option after that date.

XXII. EFFECT OF SUBSEQUENT CHANGES IN FEDERAL LAW.

A. The procedures set forth in this Section XXII shall apply in the following events:

1. A change in federal law that requires HUD and HABC to alter or amend the Amended MTW Agreement, pursuant to Section III.C.1, above, in a manner that would be a fairly traceable cause of a material and reasonably foreseeable decrease in funding for the *Thompson* Vouchers; or

2. A change in federal law that supersedes provisions of the Amended MTW Agreement in a manner that would be a fairly traceable cause of a material and reasonably foreseeable decrease in funding for the *Thompson* Vouchers; or

3. A change in federal law such that, in any given year, the amount of Voucher funding allocated to HABC is no longer determined in accordance with the terms and conditions of the Amended MTW Agreement between HUD and HABC.

B. Upon the occurrence of one or more events set forth in Section XXII.A, above,

the procedures set forth below shall apply.

1. Provided that HABC continues to receive funding that is attributable to the *Thompson* PCD and/or Remedial Vouchers, and provided that it is consistent with all applicable laws, rules, and regulations, HABC shall:

    a. Continue to provide to the Regional Administrator the full amount of any funding received from HUD that is attributable to the *Thompson* Vouchers; or

    b. Employ the full amount of any funding received from HUD that is attributable to the *Thompson* Vouchers in a manner that otherwise complies with the provisions of this Settlement Agreement.

2. If Plaintiffs believe that the remedy provided in Section XXII.B.1, above, is insufficient to fully provide the relief contemplated by Sections III and IV of this Agreement, Plaintiffs may present to HUD and HABC proposals for alternative forms of relief that would account for Plaintiffs' perceived deficiency in the relief contemplated by Sections III and IV of this Agreement. Plaintiffs shall submit such proposals in writing and shall clearly specify and describe therein:

    a. The alternative relief being proposed;

    b. The legal basis for HUD to provide such alternative relief; and

    c. The modifications to the Settlement Agreement, if any, that would be required as a result of providing such alternative relief.

3. HUD, and to the extent necessary HABC, shall provide a written response to Plaintiffs' proposals.

    a. Within thirty (30) days of receiving Plaintiffs' proposals, HUD shall provide a written response. Insofar as HUD does not agree to implement any or all of Plaintiffs' proposals, such response shall set forth the reason or reasons for HUD's decision, and shall seek to the extent reasonably possible to include alternative proposals that are acceptable to HUD.

    b. Insofar as HABC's participation in such response is deemed necessary, then within thirty (30) days of receiving HUD's response, HABC shall also provide a written response setting forth the reason or reasons why HABC concurs in and/or disagrees with HUD's decision(s) whether to implement any or all of Plaintiffs'

proposals.

c. Plaintiffs and HUD (and to the extent necessary HABC) shall thereafter meet and confer to discuss Plaintiffs' proposals, as well as any HUD alternative proposals, with the objective of reaching a mutually acceptable resolution to Plaintiffs' perceived deficiency in the relief contemplated by Sections III and IV of this Agreement.

4. If the Parties, in the sole discretion of each Party, jointly agree upon a modification to the Settlement Agreement based on the procedures set forth in this Section XXII.B, the Parties shall promptly execute an amendment to the Settlement Agreement implementing the agreed-upon modification.

5. If, after the completion of the procedures set forth in Sections XXII.B.1 through XXII.B.4 or a reasonable period for the completion thereof, the Parties are unable to agree upon a modification to the Settlement Agreement, Plaintiffs' sole remedy shall be as follows: Plaintiffs may elect to void this Agreement (with the exception of the provisions set forth in Sections XI, XXI, XXII, and XXIII) and reinstate all Plaintiffs' statutory claims against HUD. If Plaintiffs elect to void this Agreement within twenty-four (24) months from the Execution Date of this Agreement, Plaintiffs may also reinstate all of their claims against HUD under the Fifth, Thirteenth, and Fourteenth Amendments of the United States Constitution; thereafter, if Plaintiffs elect to void this Agreement, Plaintiffs' Release of Claims Against HUD, as set forth in Section XIV, shall remain fully valid and effective as to all claims that Plaintiffs brought, or could have brought, against HUD in this Action, under the Fifth, Thirteenth, and Fourteenth Amendments of the United States Constitution. Plaintiffs' Release of Claims against the Local Parties, as set forth in Section XIV, shall remain fully valid and effective as to all claims.

XXIII. EFFECT OF AGREEMENT IF WHOLLY OR PARTIALLY VOIDED.

A. Should this Agreement become wholly void as set forth in Sections XXI.A.1 through XXI.A.3, above, the effect shall be as follows:

1. None of the Parties will object to reinstatement of this Action in the same posture and form as it was pending immediately before the Execution Date of this Agreement.

2. Plaintiffs shall retain all rights, claims, causes of action, arguments, and motions as to all claims that have been or might later be asserted in this Action.

B. Should this Agreement become partially void as set forth in Sections XXI.A.4 and XXII.B.5, the effect shall be as follows:

1. Plaintiffs and HUD shall resume litigating Plaintiffs' statutory claims against HUD, both as to liability and remedy, as those claims existed on the Execution Date of this Agreement. If Plaintiffs elect to void this Agreement within twenty-four (24) months from the Execution Date of this Agreement, Plaintiffs and HUD shall also resume litigating all of their claims under the Fifth, Thirteenth, and Fourteenth Amendments of the United States Constitution. Should the Court find HUD liable on any of those claims, then the remedy ordered by the Court, if any, shall accord HUD full credit for all of the relief provided in this Settlement Agreement—including programmatic relief as set forth in Sections V through VIII, above—that HUD has already performed, or has voluntarily determined to continue performing. Under no circumstances shall the Court's remedy, when combined with the obligations in this Agreement that HUD has already performed or voluntarily determined to continue performing, be in excess of the relief contemplated by this Settlement Agreement.

2. HUD shall retain all of its defenses and appeal rights related to those statutory claims, both as to liability and remedy. Under no circumstances shall the terms of this Agreement be construed as an admission by HUD that the Court, as part of a remedial order, could require HUD to provide the same relief contemplated by this Agreement.

3. Section IV.L.

a. With respect to the obligations set forth in Section IV.L, above, the Local Parties will:

i. Complete all then remaining obligations under Section IV.L.3 and 6;

ii. Utilize any funds remaining from the URD Grant and the Murphy Homes/Heritage Crossing Program Income referenced, respectively, in Sections IV.L.1 and IV.L.4 of this Agreement, in accordance with the purposes described in those Sections.

iii. Complete the production of any remaining *Thompson* PCD Homeownership Units contemplated by Section IV.L.2 provided, however, in no event shall the total number of *Thompson* PCD Homeownership Units total more than 55; and

iv. If, for any reason, a project or projects fully obligating the $7.14 million in Replacement Funds has not been commenced by May 1, 2015, then, in lieu of the payment prescribed in Section IV.L.5.i, develop (in accordance with the conditions set forth in Section IV.L.5) as many of the Deeply Subsidized Units (as defined in Section IV.L.5) as such funds will allow.

b. Notwithstanding the voiding of this Agreement, the provisions of this Section XXIII.B.3 shall survive and remain in effect, with Plaintiffs having the right to bring a claim against HABC alleging that HABC has failed to comply with this subsection. Should Plaintiffs prevail on any such claim, the only relief available from the Court shall be an order that HABC fulfill the pertinent obligation. The Court's jurisdiction to hear such claims and to order any relief in connection with such claims shall terminate seven years from the Execution Date of this Agreement.

C. Regardless of how this Agreement becomes wholly or partially void as set forth in Section XXI.A, the effect shall further be as follows:

1. HABC shall continue to employ any funding it receives from HUD that is attributable to the *Thompson* Vouchers to fund the continued leasing, including renewal, of the *Thompson* Vouchers. To the extent that such funding received from HUD is sufficient to fully fund the continued leasing of the *Thompson* Vouchers and also to fund, either in whole or in part, application of the special conditions articulated in Section IV.D, HABC shall continue to apply those special conditions to the *Thompson* Vouchers to the extent such funding received from HUD covers the costs of continuing those special conditions. Nothing in this Agreement shall require HUD or the Local Parties to provide any additional funding whatsoever for those special conditions beyond the funding received from HUD attributable to the *Thompson* Vouchers, and the funds returned by the Regional Administrator to HABC pursuant to the following paragraph (2). Provided that it is consistent with all applicable laws, rules, and regulations, HUD shall continue to make available any remaining funding in the *Thompson* reserve accounts, and HABC shall be required to

continue to use those funds to lease up and provide mobility counseling for *Thompson* Vouchers. The use of such funds for mobility counseling in such circumstances shall be capped at 50% of the amounts remaining in those reserve accounts as of the date the Agreement is voided.

2. The Regional Administrator shall return to HABC any unexpended funds received under Section IV previously provided by HABC to the Regional Administrator.

3. HUD shall retain all defenses, arguments, and motions as to all claims that have been or might later be asserted in this Action, and nothing in this Agreement shall be raised by, or construed by, any of the Plaintiffs or any of the Plaintiffs' Counsel to defeat or limit any defenses, arguments, or motions asserted by HUD. Neither this Agreement, nor the fact of its having been made, nor any exhibit or other document prepared in connection with this Agreement, shall be admissible, entered into evidence, or used in any form or manner in discovery, over the objection of HUD, in this Action or in any other action or proceeding, for any purpose whatsoever.

4. All negotiations in connection herewith, and all statements made by the Parties at the Fairness Hearing, or submitted to the Court in preparation for or during the Fairness Hearing, shall be without prejudice to the Parties to this Agreement and shall not be used or referenced in any other litigation of any kind in any court or other adjudicative body, nor be deemed or construed to be an admission by a Party of any fact, matter, or proposition, in this Action or any other litigation, over the objection of that Party.

XXIV. SEVERABILITY.

Should any provision of this Agreement be found by a court to be invalid or unenforceable, then (A) the validity of other provisions of this Agreement shall not be affected or impaired, and (B) such provisions shall be enforced to the maximum extent possible.

XXV. MODIFICATION OF THIS AGREEMENT.

A. Before the Preliminary Approval Date, this Agreement, including the attached exhibits, may be modified only upon written agreement of the Parties.

B. Anytime after the Preliminary Approval Date—including the time after which Final Judgment has been entered—this Agreement, including the attached

exhibits, may be modified only with the written agreement of all the Parties and with the approval of the Court, upon such notice to the Class, if any, as the Court may require.

C. Each Party has expressly considered and contemplated the possibility that future events may render this Agreement impracticable or less beneficial, even if those future events cannot currently be foreseen. The Parties have bargained for this Agreement in light of those considerations and probabilities, and each Party has extracted certain concessions and benefits in return for assuming certain risks and probabilities. Currently unforeseen events shall not, therefore, serve as the basis for relieving a Party from Final Judgment, or serve as the basis for any modification of this Agreement absent the written approval of all Parties as specified above in Subsection (B). Plaintiffs have expressly considered the possibility that the funding contemplated by Section 8 of Attachment A to the Amended MTW Agreement may be inadequate to accomplish any of the purposes of this Agreement or the PCD. Such purposes include, but are not limited to, the following: assisting 2,600 individuals or families make voluntary moves to Communities of Opportunity using *Thompson* Remedial Vouchers; assisting 1,988 individuals or families make voluntary moves to Communities of Opportunity using the *Thompson* PCD Vouchers; and the Regional Administrator's fulfillment of all of its duties as described above in Section IV.B.

D. This Agreement's express preclusion of modification of certain terms, or preclusion of modification on the basis of certain events, shall not be construed as implying that other terms may be modified, or that other events permit a Party to seek modification of this Agreement. A Party may seek modification of this Agreement only pursuant to the procedures set forth in this section.

E. Under no circumstances—foreseen or unforeseen, regardless of the amount or quality of performance under this Agreement, and regardless of whether any Party is at fault—shall any Party seek to modify any of the "termination of jurisdiction" dates provided in Section IX.

XXVI. SPECIFIC RULES OF CONSTRUCTION FOR THIS AGREEMENT.

A. No Construction Against the Drafter: The Parties acknowledge that this Agreement constitutes a negotiated compromise. The Parties agree that any rule of construction under which any terms or latent ambiguities are construed against the drafter of a legal document shall not apply to this Agreement.

B. Consistency with Federal Law: This Agreement shall be construed in a manner to ensure its consistency with federal law. Nothing contained in this Agreement shall impose on HUD any duty, obligation, or requirement, the performance of

which would be inconsistent with federal statutes, rules, or regulations in effect at the time of such performance.

C. Headings: The headings in this Agreement are for the convenience of the Parties only and shall not limit, expand, modify, or aid in the interpretation or construction of this Agreement.

XXVII. INTEGRATION.

This Agreement and its Exhibits constitute the entire agreement of the Parties, and no prior statement, representation, agreement, or understanding, oral or written, that is not contained herein, will have any force or effect.

XXVIII. COUNTERPARTS.

This Agreement may be executed in counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument.

Plaintiffs Carmen Thompson, *et al.*

By: _____

Barbara A. Samuels
American Civil Liberties Union Foundation of Maryland

_____

Joshua Civin
NAACP Legal Defense and Educational Fund, Inc.

Counsel to Plaintiffs

Date: 8/10/12

The United States Department of Housing and Urban Development and its Secretary

By: _____

Stuart F. Delery
Acting Assistant Attorney General
U.S. Department of Justice
Civil Division

Counsel to Federal Parties

Date: 8/10/12

The Housing Authority of Baltimore City and its Executive Director

By: _____

Paul T. Graziano
Executive Director

_____

William F. Ryan, Jr.
Whiteford, Taylor & Preston, LLP

Date: 8/13/12

The Mayor and City Council of Baltimore

Counsel to Local Parties

By: _____

Hon. Stephanie Rawlings-Blake
Mayor

Date: 8/13/12

EXHIBIT A

ATTACHMENT A

CALCULATION OF SUBSIDIES

TO
MOVING TO WORK AGREEMENT
BETWEEN
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
AND
THE HOUSING AUTHORITY OF BALTIMORE CITY

During the term of this Amended and Restated Moving to Work (MTW) Agreement (Restated Agreement), the Department of Housing and Urban Development (HUD) will provide the Housing Authority of Baltimore City (HABC) with operating subsidy, capital funds, and Section 8 assistance as described below. Nothing in this statement of funding abrogates HABC's obligations set forth in Section II, Paragraph D of the Restated Agreement. Further, nothing in Attachment A abrogates or should be read as inconsistent with HABC's continuing obligations and responsibilities to administer the Housing Choice Voucher program as specified in the Thompson v. HUD Settlement Agreement.

Notwithstanding any provisions set forth in this Attachment A, any federal law that amends, modifies, alters the effect of, or changes the terms of this MTW Agreement and/or Attachment A shall supersede this MTW Agreement and/or Attachment A such that the provisions of the law shall apply as set forth in the law.

Definitions in this attachment:

Initial Year: For purposes of calculating operating subsidy eligibility for inclusion in the block grant, the Initial Year is the HABC's FY 2005 fiscal year beginning July 1, 2004. For purposes of Section 8 Voucher funding eligibility, the Initial Year is calendar year 2005 (January 1, 2005-December 31, 2005).

The first agency fiscal year in which the HABC begins operating under this Restated Agreement is the HABC's fiscal year 2008 (July 1, 2007 – June 30, 2008).

Base Year: The most recently completed HABC fiscal year prior to the first year in which the HABC begins operating under this Restated Agreement, specifically HABC's fiscal year ending June 30, 2007.

1. Operating Subsidy

The calculation of operating subsidy for the Initial Year is based on HABC's funding amount already calculated by HUD for its fiscal year July 1, 2004 – June 30, 2005, in the amount of $58,395,634 ($25,182,725 of which relates to utility costs). There shall be two adjustments allowed to this baseline amount in subsequent years: (1) an inflation factor applied to the utility cost component of the subsidy ($25,182,725 in the initial year) based on an energy index as determined by HUD each year; and (2) the remainder of the annual

funding amount ($33,212,909) shall be adjusted by an annual inflation factor pursuant to existing regulations. Funding for operating subsidy in the second and subsequent years of this agreement will be based on initial year funding (the baseline as adjusted) and will be further adjusted annually commensurate with adjustments to annual appropriations for the Operating Subsidy Program.

Furthermore, Congress has stipulated that HUD transition all public housing authorities to a calendar year funding cycle for Operating Subsidy. Therefore, HUD funded HABC for six months starting July 1, 2005 and ending December 31, 2005 based on HABC's frozen level pro-rated for six months. Then, starting on January 1, 2006, HABC receives operating subsidy at the frozen level (including adjustments mentioned above) on a calendar year basis for the duration of the Restated Agreement. No additional funding shall be provided beyond the amount specified above for Operating Subsidy and further that such funds are subject to the availability of appropriations.

Eligibility for operating subsidy for calendar 2008, prior to pro-ration, is $75,791,519 ($38,900,649 of which relates to utility costs).

For purposes of determining post-MTW project-level utility expense levels where an Energy Performance Contract (EPC) extends beyond the term of this Restated Agreement, the Department will use, for the remaining period of the EPC, the "frozen consumption levels" used to determine the baseline for the EPC.

2. Capital Funds Program

A. The HABC's formula characteristics and grant amount will continue to be calculated in accordance with applicable law and regulations.

B. For capital funds provided in years prior to the execution of this Restated Agreement, the HABC may submit, and HUD will, as permitted by law, approve, a request to reprogram, by grant year, any unobligated funds for eligible MTW purposes. Such requests will be made in accordance with current procedures governing amendments to the Annual MTW Plan, except that no public consultation will be necessary prior to submission of the request.

C. All funds programmed for MTW purposes will be recorded and drawn from MTW-designated line items on relevant HUD forms.

3. Vouchers funded but Not Included in the MTW Block Grant:

Funding for five-year mainstream vouchers, one-year mainstream vouchers, Family Unification Program vouchers, Veteran's Affairs Supportive Housing vouchers, and moderate rehabilitation vouchers, whether new allocations or renewals of existing vouchers, shall not be included in the MTW Block Grant.

4. Calculation of Annual Non-Thompson Tenant Based Voucher Subsidy

A. The Initial Year "baseline" amount for HABC's tenant based voucher subsidy funding under this Agreement was calculated according to the following criteria:

1. The housing assistance payment (HAP) baseline eligibility calculated pursuant to the Consolidated Appropriations Act, 2005, using verified May, June, July 2004 leasing and cost data from the Voucher Management System, equaled $66,718,100 [gross, prior to application of the 5.2% AAF and CY 2005 pro-ration factor of 95.917%].

2. In addition, HUD was able to verify that HABC had abated HAP contracts worth an average of $676,636 per month during the May to July 2004 time period. Therefore, the baseline was increased by an additional amount to cover units that became compliant under HQS. The additional amount to cover abated HAP for calendar year 2005 equaled $8,119,628 [gross, prior to application of the 5.2% AAF and CY 2005 pro-ration of 95.917%].

3. The eligibility of $74,837,728 ($66,718,100 plus $8,119,628) was adjusted by the FY 2005 Annual Adjustment Factor (AAF) of 1.052 for a total Initial Year baseline eligibility of $78,729,290. The net HAP funding, after application of the national pro-ration factor of 95.917 percent was $75,514,773.

B. The Initial Year baseline eligibility amount was adjusted for CY 2006 and CY 2007 according to the following criteria:

1. For CY 2006, the Initial Year baseline eligibility amount of $78,729,290 was adjusted by the addition of funding for new vouchers awarded not included in the CY 2005 baseline and by application of the FY 2006 AAF.

2. For CY 2007, the CY 2006 eligibility amount was adjusted by the addition of funding for any new vouchers awarded and not included in the CY 2006 eligibility and by application of the FY 2007 AAF.

C. The funding for voucher HAP assistance for CY 2008 and subsequent years will be calculated according to the following criteria:

1. Of the Initial Year baseline eligibility amount stated above, $3,323,184 in housing assistance payments will be separated and accounted for separately as MTW block grant funding to implement the Thompson v. HUD Partial Consent Decree (Thompson PCD) voucher program, and may be used only as set forth in Section 8,

below. The funding described in the preceding sentence and adjustments to such funding shall be referenced below as Thompson PCD Voucher Funds.

2. The remaining Initial Year baseline eligibility amount of $75,406.106 ($78,729,290 minus $3,323,194) will be adjusted in all subsequent years in which this agreement is in effect according to the adjustments detailed in Section 4.C.3. below and any provisions of annual appropriations acts.

3. For CY 2008, funding for non-Thompson Voucher Funds will be provided in the amount of the CY 2007 eligibility as described in section 4.B.2. above, minus the baseline HAP costs attributable to the Thompson Voucher Funds per section 4.C.1. above, plus the adjustments described in 4.C.3.a. and 4.C.3.b. below:

   a. An adjustment will be made to the HAP eligibility for new vouchers awarded that are not represented in the baseline.

   b. An adjustment will be made to the HAP eligibility by application of the new year's AAF applicable to the area. The funding amount will be determined by applying the national pro-ration factor to the new total eligibility.

   For CY 2008, the non-Thompson Voucher Funds HAP funding eligibility will total $96,545,176 and the pro-rated funding will total $97,947,977.

   c. For all subsequent years in which this agreement is in effect, funding for non-Thompson Voucher Funds tenant-based voucher assistance will be provided in the amount of the prior calendar year's eligibility, plus the adjustments described in 4.C.3.a. and 4.C.3.b. above.

D. Except as expressly stated below in Section 8, HABC's MTW funding for tenant-based voucher Thompson assistance shall be based solely on dollars and not units.

E. If HABC receives incremental tenant-based funding, HABC must decide to either apply the incremental funding to their MTW block grant or to keep the incremental funding separate, as provided by law. In some cases, incremental funding may not be eligible for inclusion in the block grant as may be dictated by law.

F. All tenant-based voucher funding provided by HUD, except that which is: i) listed under section 3 above, ii) provided solely to fulfill HABC's obligations under the Thompson PCD and/or Settlement Agreement, or iii) is otherwise ineligible for inclusion in the MTW block grant as a matter of law, in the initial year and subsequent years under this MTW agreement may be eligible for inclusion in the MTW flexible block grant.

5. Calculation of Non-Thompson Tenant-Based Voucher Administrative Fees & Family Self Sufficiency

A. The Initial Year "baseline" amount for HABC's tenant based voucher administrative fee funding under this Agreement was calculated according to the following criteria:

1. The administrative fee initial baseline eligibility calculated pursuant to the Consolidated Appropriations Act, 2005 equaled $5,968,815 [gross, prior to CY 2005 pro-ration of 99.444%].

2. The net administrative fee funding, after application of the CY 2005 national pro-ration factor of 99.444 percent was $5,935,628.

3. Of the Initial Year baseline eligibility amount stated in 5.A.1. above, $198,880 in administrative fee funding eligibility will be separated and accounted for separately to implement the Thompson PCD, for HABC expenses and otherwise, and may be used only for that purpose.

4. The remaining Initial Year baseline eligibility amount of $5,769,935 ($5,968,815 minus $198,880) will be adjusted in all subsequent years in which this agreement is in effect according to the adjustments detailed in Section 5.B. below and any provisions of annual appropriations acts.

B. The funding for tenant based voucher administrative fees for CY 2008 and subsequent years will be calculated according to the following criteria:

1. For CY 2008, funding for non –Thompson vouchers administrative fees will be provided in the amount of the baseline eligibility calculations as set forth in section 5.A.4. above, plus the adjustments described in 5.B.1.a., 5.B.1.b. and 5.B.1.c. below:

a. The administrative fee baseline amount in CY 2008 will be adjusted via the application of the FY 2008 administrative fee rates to the Initial Year baseline leasing.

b. Units awarded since the establishment of the Initial Year baseline will be funded on the basis of the FY 2008 administrative fee rates as though all incremental vouchers were under lease.

c. For CY 2008, the non-Thompson administrative fee funding eligibility will total $8,984,121. The eligibility will be pro-rated each calendar quarter at the national pro-ration rate.

2. For all subsequent years in which this agreement is in effect, funding eligibility for non-Thompson voucher administrative fees will be based on the prior year's eligibility adjusted via the application of the published administrative fee rates applicable to the calendar year and the addition of new vouchers awarded that are not in prior calendar year calculations. The funding eligibility will be pro-rated according to the national pro-ration rate.

C. HABC will receive Family Self Sufficiency funding in accordance with laws and regulations in effect.

6. Thompson PCD Reserve

HUD shall continue to maintain possession and control of the Thompson PCD Reserve, formerly the Project Account Reserve, and agrees that HABC will be permitted to draw from the Thompson PCD Reserve Account to fund those HAP payments for the PCD vouchers that exceed the renewal funding provided for CY2011, CY 2012, and CY2013. Funding for additional leasing or costs will be limited to the balance available in the Thompson PCD Reserve Account as of the effective date of this MTW Amendment. HABC and HUD agree that PCD Voucher leasing will be capped at 1,788 Vouchers. To the extent any funds remain after covering additional leasing and costs, and if agreed to by HUD and Plaintiffs, then at the beginning of CY2014 HUD will allow HABC to draw from the Thompson PCD Reserve Account for costs for mobility counseling and/or administration of the Thompson PCD and Remedial Vouchers through CY2018. HABC (and any subcontractors of HABC, including the Regional Administrator) must use funds drawn from the Thompson PCD Reserve as set forth above. To the extent funds remain after CY2018, any remaining funds will go to HABC to be used in accordance with program requirements. No monies in the Thompson PCD Reserve may be used for any purpose other than those described in this provision (6). The Thompson PCD Reserve was created as a one-time provision of Project Reserve provided at the beginning of the HABC's MTW program, and shall not be replenished by HUD during the term of the MTW program.

7. Thompson Remedial Reserve

Any reserves established pursuant to the provision of Thompson Remedial Vouchers will be kept in accordance with program requirements, including but not limited to cash management principles.

8. Thompson Remedial and PCD Vouchers (2012-2018).

HUD and HABC hereby amend their MTW agreement as part of a settlement of Thompson v. HUD. This settlement contemplates the provision of voucher funding, subject to appropriations law, from 2012 through 2018, and vouchers provided therein shall be referred to as "Thompson

Remedial Vouchers". These vouchers are in addition to 1,788 vouchers funded pursuant to the Thompson Partial Consent Decree, which are referenced above and below as "Thompson PCD Vouchers." Except for turnover of Thompson PCD Vouchers, all Thompson Vouchers leased above those 1,788 vouchers shall be deemed Thompson Remedial Vouchers.

A. Definitions:

1. Initial-Year Funding Increment: The Initial-Year Funding Increment of Thompson Remedial Vouchers shall be 354 in CY2012, 375 in CY2013 and CY2014, and 374 each year from CY2015 to CY2018.

2. Renewal Unit Number: The Renewal Unit Number represents the maximum number of units that will be added to the Baseline Renewal Number in subsequent years. This number is based on the Performance Target being met in that particular calendar year. For CY2012 the Renewal Unit Number is 180 units; for CY2013 – CY 2015 it is 403 units; and for CY2016 – CY2018 it is 404 units. The total number of Renewal Units cannot exceed 2600.

3. Baseline Renewal Number: The number of units used to calculate subsequent-year funding for Thompson Remedial Vouchers. This number will start at zero for CY2012, and will be increased each year pursuant to Section 8.C.1, below.

4. Performance Target: The number of units that must be leased on December 1st of each year in order to maximize the Baseline Renewal Number for the following twelve-month period (December 1st to November 30th). This number is calculated by taking the sum of the Baseline Renewal Number plus the Renewal Unit Number, and multiplying it by the applicable performance percentage:

   a. 2012, 2013: 90%
   b. 2014, 2015: 92%
   c. 2016, 2017, 2018: 95%

5. Funded Units: The total number of units funded in a particular calendar year. The total number of Funded Units each year shall be the sum of the Initial-Year Funding Increment plus the Baseline Renewal Number.

B. Initial-Year Funding for Thompson Remedial Vouchers (CY2012-2018). The Thompson Remedial Vouchers will be funded by HUD in their Initial Year as follows:

1. For each calendar year's Initial-Year Funding Increment of Thompson Remedial Vouchers, HUD will, as set forth below in subsection (2), determine 12 months of HAP funding for each voucher, calculated based on the per-unit cost data (for CY 2012 based on Thompson PCD Voucher costs, and for years thereafter based on Thompson Remedial Voucher costs), as of December 1st of the immediately prior calendar year, and subject to the Inflation Factor[1] and national pro-ration.

2. HUD will begin funding the Initial-Year Funding Increment of Thompson Remedial Vouchers at the beginning of each calendar year. Upon passage of a full year appropriations act, HUD will obligate funds in accordance with receipt of allotments from OMB, to HABC for disbursement pursuant to program requirements. In the event that HUD is operating under a continuing resolution at the beginning of the calendar year (or at any other relevant point in time), then HUD will obligate an amount proportional to the length of the Continuing Resolution. In that situation, HUD will obligate the remaining amount of HAP funding for the Initial-Year Funding Increment as upon passage of HUD's full-year appropriations act (or other continuing resolution covering HUD through the end of the fiscal year), after any settle-up due to the prior allocations.

3. As set forth in Section 8.A.1, the Initial-Year Funding Increment of Thompson Remedial Vouchers shall be 354 in CY2012, 375 in CY2013 and CY2014, and 374 each year from CY2015 to CY2018.

4. For CY2012, the actual amount and timing of funds disbursed will be determined based on projected lease-up schedules and projected mobility-counseling costs. In subsequent years, the funds will be disbursed in accordance with the Housing Choice Voucher Program's cash management procedures. In the event that costs exceed disbursements, HABC may submit a request for an additional advance/frontload for review and approval to HUD, pursuant to requirements of cash management. Any advance or frontload does not increase the eligibility for the year.

C. Renewal Funding for Thompson Remedial Vouchers (CY2012-2018). The subsequent-year HAP funding for the Thompson Remedial Vouchers, to be provided by HUD, will be calculated as follows:

[1] The so-called Inflation Factor was formerly known as the Annual Adjustment Factor (AAF). *See* 77 Fed. Reg. 24215 (Apr. 23, 2012). The term "Inflation Factor" is used throughout this Section 8 for consistency with current terminology.

1. After each of those calendar years (2012-2018), HUD will modify the Baseline Renewal Number as follows:

    a. If on December 1st of the immediately prior calendar year, the Performance Target for leasing Thompson Remedial Vouchers for that year has been met, then the Baseline Renewal Number for the new calendar year will be increased by the Renewal Unit Number for the immediately prior calendar year. If the Performance Target has not been met on December 1st of the immediately prior calendar year, then the Baseline Renewal Number for the new calendar year shall be set at the number of units actually under lease on December 1st of the immediately prior calendar year.

    b. In any calendar year in which the national pro-ration factor is less than or equal to 95%, the Performance Target for that year shall be adjusted by multiplying the national pro-ration factor by the Performance Target.

    c. Catch-Up Provision: If, after applying the above provisions, the number of units actually under lease on December 1st of the immediately prior calendar year *exceeds* the Baseline Renewal Number for the new calendar year, then the Baseline Renewal Number for the new calendar year shall become the number of units actually under lease on December 1st of the immediately prior calendar year; provided, however, that the Baseline Renewal Number shall never go above the sum total of the Renewal Unit Numbers for all prior years, not to exceed 2600 units.

2. Each year's subsequent-year HAP funding for the Thompson Remedial Vouchers, to be provided by HUD, will represent 12 unit months of funding for the Baseline Renewal Number, subject to an Inflation Factor and the national pro-ration factor, and calculated using the per-unit cost data associated with Thompson Remedial Vouchers only, as of December 1st of the immediately prior calendar year.

D. Renewal Funding for Thompson PCD Vouchers (CY2012-2018).

1. The number of Thompson PCD Vouchers funded under the provisions of this paragraph 8.D will be capped at 1,788. The remaining Thompson PCD Vouchers (out of the 1,988 Thompson PCD Vouchers originally contemplated) unleased as of that date will be deemed fully funded in accordance with Paragraphs 8.B and 8.C, above.

2. For CY 2008, the Thompson PCD Voucher Funds HAP funding after proration totaled $12,591,314.

3. For CY2009 through CY2013, HUD has adjusted and will adjust the baseline eligibility amounts for Thompson PCD Voucher Funds using the immediately prior calendar year (CY) leasing and cost data from VMS associated with the Thompson PCD Vouchers only, to the extent allowable by law, as determined by HUD. The funding amount will be determined by applying further adjustments for the applicable Inflation Factor and the national pro-ration factor.

4. At the beginning of CY2014, the *Thompson* PCD Vouchers will be rolled into the regular voucher program baseline. The total number of dollars spent on HAP for the Thompson PCD Vouchers in CY 2013, adjusted via the inflation factor for 2014, will be the fixed base amount to be added for CY 2014. For all subsequent years in which HABC's MTW Agreement is in effect, renewal funding for the Thompson PCD Vouchers will be determined by applying the same formula that is set forth for HABC's non-Thompson vouchers in Section 4.C.3.c of Attachment A of HABC's MTW Agreement.

E. The funding described in Sections 6, 8.B, 8.C, and 8.D, above, for Thompson PCD and Remedial Vouchers shall constitute the total HAP funding to be provided by HUD for these Vouchers while HABC's MTW Agreement is in effect. No further source of funding for HAP will be provided by HUD.

F. Administrative Fees for Thompson PCD and Remedial Vouchers. Administrative fees for Thompson PCD Vouchers and Thompson Remedial Vouchers will be funded from the nationwide administrative-fee appropriation, and will be calculated and paid by HUD in accordance with the Appropriations Act.

G. Mobility-Counseling Cap. In CY2012, the limit of HAP funding that may be used for mobility counseling shall be $2.4 million. In each subsequent calendar year, this mobility-counseling limit shall be adjusted by an inflation factor, as measured by the Consumer Price Index.

H. The Regional Administrator, as specified in the Thompson v. HUD Settlement Agreement, may utilize interchangeably any HAP funding, administrative fees or reserve funds specifically attributable to the Thompson PCD and/or Thompson Remedial Vouchers for all Thompson eligible activities as articulated in the Thompson v. HUD Settlement Agreement. Both HABC and the Regional Administrator must comply with all MTW program regulations and requirements.

EXHIBIT B

BALTIMORE HOUSING

STEPHANIE RAWLINGS-BLAKE
Mayor

PAUL T. GRAZIANO
Executive Director, HABC
Commissioner, HCD

August 5, 2011

Dominique Blom
United States Department of Housing
And Urban Development
HOPE VI Office
451 Seventh Street, S. W., Room 4134
Washington, DC 20410

Re: Hollander Ridge HOPE VI Funds

Dear Ms. Blom:

As you know, the Housing Authority of Baltimore City (HABC) received a HOPE VI grant from funds that were appropriated in 1996 for the redevelopment of public housing at the Hollander Ridge site. Subsequently, litigation in the matter of Thompson v. HUD barred the revised project from going forward without agreement of the Thompson parties. In 2001 the HUD Appropriations Act passed by Congress required that the HOPE VI funds be held for use by HABC in the City of Baltimore in Thompson eligible neighborhoods and in strong neighborhoods experiencing public and private investment as agreed upon by HABC and the plaintiffs. Since that time, HABC and the plaintiffs in the Thompson case have discussed several mutually acceptable uses for the funds that did not come to fruition.

I am very pleased to report that HABC and representatives of the Thompson plaintiffs have agreed upon a use for the Hollander Ridge HOPE VI funds and expect to be submitting a revised HOPE VI plan to HUD in the near future. While current market conditions are challenging for the development of for sale and multifamily rental housing, the conditions are now very favorable for acquisition of scattered site properties (whether REO properties or the excess supply available on the market). The parties intend to use the HOPE VI funds, along with other moneys, to purchase and rehabilitate approximately 100 scattered-site units in Baltimore, creating new public housing and assisting the housing market generally as a further benefit. After acquisition, the properties will receive rehabilitation consistent with the goals of HUD's Green and Healthy Homes Initiative (GHHI). As you may know, Baltimore is a leader in national GHHI practices.

The units will generally be single family homes, but may include some small multifamily buildings or rowhouses that contain two or more separate units. Since all of the units will be rehabilitated, we can intentionally integrate Green and Healthy Home practices into the scope and specifications for rehabilitation. By taking this coordinated GHHI "whole house" approach to rehabilitation

efforts, we expect to leverage the HOPE VI funds to create multiple benefits, including reduction of health hazards, energy efficiency and a stock of sustainable housing for little or no additional cost. Because we will be selecting properties in strong, stable neighborhoods, we will also be paying attention to the exterior environmental conditions that impact the health and well-being of residents, as well as the interior environment of the home. We will elaborate on our plans in the Revised Revitalization Plan, but in summary, our plan can be summarized as "Green and Healthy Homes in Green and Healthy Neighborhoods."

The benefits of this approach will accrue to public housing families, who will experience reduced utility costs and hence greater housing stability. In addition, many families in public housing have children with asthma who will benefit from the reduction of asthma triggers in the homes and neighborhoods. Finally, the comprehensive rehabilitations will ensure that all houses in the project comply with lead safety standards. All of the units will be reserved for public housing residents. Some number of units will be set aside for non-elderly residents with disabilities in order to meet the requirements of the Bailey v. HABC Consent Decree. The units not otherwise reserved will be offered first to former Hollander Ridge residents. Remaining units will be offered to current and former O'Donnell Heights residents.

HABC is in the process of redeveloping the O'Donnell Heights public housing site. To date, approximately 600 of the original 900 units on the site have been demolished. A first phase of new housing, with 75 total units (38 with project based Housing Choice Vouchers), has received a nine percent tax credit award. Representatives of the former Hollander Ridge development and the Tenant Council at O'Donnell Heights have been part of the discussions regarding the use of the Hollander Ridge funds.

As currently planned, HABC expects to fund the project with the remaining Hollander Ridge HOPE VI dollars, four percent low income housing tax credits (LIHTC), and possibly some soft loan funds from the State of Maryland. It is possible that, due to market conditions and/or the scattered site nature of the project, LIHTC will not be feasible which could reduce its size unless other funds can be obtained. HABC is considering Replacement Housing Factor Funds, HOME funds, and other sources to replace the LIHTC equity in the event that the project cannot be financed as planned.

The parties have discussed acceptable areas within the City for the acquisition of units. HABC recently completed the acquisition of 22 scattered site units that were required under the Thompson Partial Consent Decree, as well as two other scattered site packages. The parties intend to use this experience as a model to

identify, acquire and rehabilitate units for this new venture. The Baltimore HUD Field Office was involved in these recent scattered site acquisition programs under Thompson and the parties are confident that under the current market conditions appropriate units in good neighborhoods can be identified and acquired quickly.

HABC greatly appreciates HUD's assistance in this on-going matter. I am happy to have reached a consensus with the Thompson plaintiffs regarding the use of the Hollander Ridge funds. We look forward to working together to put the Hollander Ridge HOPE VI funds to good use. Please do not hesitate to contact me or Peter Engel, Assistant Commissioner for Project Finance and Development (410-396-5003) if you have any questions.

Sincerely,

Paul T. Graziano
Executive Director

cc: Ms. Sue Wilson, HUD
Mr. John Henderson, HUD
Ms. Ella Broadway, O'Donnell Heights Tenant Council
Ms. Mary Leighton, Vice-President, Resident Advisory Board
Ms. Barbara Samuels, ACLU
Mr. Greg Countess, Esquire, Maryland Legal Aide Bureau
Mr. Anthony Scott, HABC
Mr. Peter Engel, HABC
Ms. Michelle Porter, HABC
Mr. Lembit Jogi, HABC

EXHIBIT C

Exhibit C: Civil Rights Information and Assessment

1. To the extent the information is available, describe the specific location of housing assisted or proposed to be assisted under HUD programs, and for each location, identify the proposed action for such housing (e.g., new construction, acquisition, rehabilitation, demolition, disposition, replacement housing):

2. Specify (by location and identity of the proposed action) which of the above-listed actions will occur (a) in an area of high minority concentration and (b) outside of such an area; and provide the source and substance of the data relied upon to define the area of minority concentration:

3. Specify (by location and identity of proposed action) which of the above-listed actions will occur (a) in an area of low-income concentration and (b) outside of such an area; and provide the source and substance of the data relied upon to define the areas of low-income concentration:

4. Specify (by location and identity of proposed action) which of the above-listed actions will occur in areas served by schools that have: (a) academic performance measures above the state average and (b) percentages of students receiving free and reduced price meals that are below the state average:

5. Specify (by location and identity of proposed action) which of the above-listed actions will occur in areas of job growth, proximity or access to employment via public transit, or other positive community attributes. Describe the positive community attributes, and specify the source and substance of the data or other information relied on to reach this assessment:

6. Does the proposed Significant Decision or Plan increase, decrease, or have no impact on the number and availability of assisted and/or affordable housing units for families with children being provided (a) in areas of high minority racial concentration or (b) outside of such areas? Explain.

7. If the proposed Significant Decision or Plan does not increase the number and availability of assisted and/or affordable housing units for families with children outside areas of high minority concentration, and/or areas of low-income concentration, please provide all reasons why the Decision or Plan should nonetheless be approved:

8. Explain how the actions proposed in your Significant Decision or Plan remedy or ameliorate the impediments to housing choice in your jurisdiction. If you are relying on data or information to support your conclusion, please specify the data and information relied upon:

9. If the proposed activity will involve new construction, acquisition, or rehabilitation of affordable and/or assisted housing, does the proposed location of such affordable and/or assisted housing comply with applicable HUD Site and Neighborhood Standards? Explain:

10. Describe any alternative activities or policies considered that are likely to result in different outcomes with respect to the amount of affordable and/or assisted housing being provided in areas of low minority concentration, and the reasons why such alternatives were rejected.

11. To enable HUD to assess the cumulative impact of this Significant Plan or Decision, specify (by location and action taken) all significant housing-related actions taken by your organization within the last 5 years (e.g., 20 units of public housing at ABC Street demolished in 2010; 20 units of replacement housing provided at XYZ Street in 2010).

12. Provide any additional information that you believe may be useful to HUD in determining whether the proposed activity presents a significant risk of having a discriminatory effect on the supply, location, or availability of affordable and/or assisted housing for African-American or other minority families with children in the Baltimore Region:

EXHIBIT D

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

CARMEN THOMPSON, et al.,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	Civil Action No. MJG 95-309
	)	
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, et al.,	)	
	)	
Defendants.	)	

ORDER APPROVING SETTLEMENT AGREEMENT
AND ENTERING RULE 54 FINAL JUDGMENT

Following this Court's Order preliminarily approving the proposed Settlement Agreement ("the Agreement"), the parties disseminated a Notice of Proposed Settlement and Fairness Hearing to the plaintiff class. After consideration of the written submissions of the parties, the Agreement between the parties, all objections to the Agreement, all filings in support of the Agreement, and the presentations at the hearing held by the Court to consider the fairness of the Agreement, the Court hereby Orders, Finds, Adjudges, and Decrees that:

1. The Agreement between Plaintiffs, Federal Parties, and Local Parties ("the Parties") is finally approved as fair, reasonable, and adequate, both as a settlement of the Plaintiffs' remaining claims, as well as a settlement of all claims and issues arising under and related to the *Thompson* Partial Consent Decree ("PCD"), approved by the Court on June 25, 1996 (Docket Number 55), as amended.

2. The statements set forth in Sections X.E.1 through X.E.3 of the Agreement are hereby adopted as this Court's factual findings, as of the Effective Date of the Agreement. Specifically, those findings are that:

A. HUD's placement of approximately $49 million into the *Thompson* Project Reserve Account (now the *Thompson* PCD Reserve as set forth in Section 6 of Attachment A to the Amended MTW Agreement), combined with the approximately $4.9 million provided pursuant to the Stipulation and Order Amending the Partial Consent Decree, Docket No. 867, entirely fulfilled HUD's obligation to provide funding authority for the 1,988 PCD Vouchers' initial three-year terms.

B. The Parties have now fulfilled their obligations under the *Thompson* PCD approximately to the same extent as the Parties originally and reasonably contemplated would have been fulfilled by June 25, 2003, as described in the Court's Order of January 29, 2004 (Docket Entry No. 613).

C. Any and all not-yet-fulfilled obligations formerly governed by the *Thompson* PCD have been fully and finally addressed by the provisions of the Settlement Agreement (including its exhibits).

3. Pursuant to those factual findings, as of the Effective Date of the Agreement, the Court: (a) VACATES the *Thompson* PCD; (b) ORDERS that all jurisdiction retained by the Court over the *Thompson* PCD is terminated, with the exception of jurisdiction to decide issues relating to the award of attorney's fees, costs, and expenses under the PCD pursuant to Section XI of the Settlement Agreement; and (c) ORDERS that all claims released in Section X of the *Thompson* PCD are dismissed with prejudice.

4. Except as provided in paragraph 5 of this Order, all of Plaintiffs' claims in this action are hereby dismissed with prejudice.

5. The Court shall retain jurisdiction over this action solely to enforce the terms of the Settlement Agreement, but only such jurisdiction as expressly set forth in Section IX of the Agreement (including jurisdiction, as contemplated by Section IX.Q, to (a) hear and provide

relief for certain claims in the event that this litigation is reopened and those claims are reinstated pursuant to Sections XXI, XXII and XXIII of the Agreement; and (b) adjudicate any motion for an award of fees and expenses pursuant to Section XI of the Agreement). If the Agreement is not voided beforehand, the Court's jurisdiction over this action shall completely terminate on January 1, 2019; provided, however, that if on June 30, 2018 HABC's Amended MTW Agreement has not been extended at least through the end of HABC's 2019 Fiscal Year, then the Court's jurisdiction over this action shall instead completely terminate on January 1, 2020. The Court hereby relinquishes its jurisdiction to modify those dates.

6. The time for the filing of any motion for attorney's fees and expenses pursuant to Section XI.A of the Settlement Agreement is hereby extended until 120 days following the Effective Date of the Settlement Agreement, as provided in Section XI.A of the Settlement Agreement.

7. The Court expressly determines that there is no just reason for delaying the entry of this judgment.

Dated: _____, 2012

_____
THE HONORABLE MARVIN J. GARBIS, JR.
United States District Judge

EXHIBIT E

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
(NORTHERN DIVISION)

CARMEN THOMPSON, *et al.*,	*	
Plaintiffs,	*	
v.	*	Civil Action No. MJG 95-309
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, *et al.*,	*	
Defendants.	*	

****

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

YOUR RIGHTS MAY BE AFFECTED, PLEASE READ CAREFULLY

TO: AFRICAN-AMERICAN RESIDENTS OF BALTIMORE CITY FAMILY PUBLIC HOUSING WHO HAVE LIVED (OR MAY LIVE) IN BALTIMORE CITY FAMILY PUBLIC HOUSING UNITS AT ANY TIME BETWEEN JANUARY 31, 1995 AND JANUARY 1, 2027.

If you are African-American and have lived in Baltimore City Family Public Housing at any time since January 31, 1995, or may live there at any time prior to January 1, 2027, you may be part of a Class Action civil rights lawsuit. The Defendants include the United States Department of Housing and Urban Development ("HUD"), the City of Baltimore, and the Housing Authority of Baltimore City ("HABC").

The parties to the lawsuit have reached a proposed settlement of the lawsuit. The settlement will not become final until it is approved by the United States District Court as fair, adequate, and reasonable. This Notice of Proposed Class Action Settlement describes how your legal rights may be affected by this settlement.

What is the case about?

This lawsuit is a civil rights class action that was filed in January 1995. It charged that the Defendants created and continued a racially segregated system of public housing in Baltimore City that violated the United States Constitution, the Fair Housing Act, and other civil rights laws. The Plaintiff Class of African-American past, present, and future residents of Baltimore City Family Public Housing claimed that the Defendants discriminated on the basis of race by locating public housing units only in areas that were predominantly minority and where poverty and assisted housing were concentrated. The Plaintiff Class is represented by certain Class representatives and their attorneys, listed on the last page on this Notice.

Certain parts of the case were settled by the parties through a Partial Consent Decree that was approved by the District Court on June 25, 1996. In January 2005, the District Court ruled that HUD, but not Baltimore City or HABC, had violated a provision of the Fair Housing Act by failing to consider regional desegregation and integration policies and by failing to take affirmative steps to promote fair housing. The District Court deferred judgment on the Plaintiffs' constitutional claims until a later phase of the case. The Court held an additional trial in the spring of 2006 to address the remaining issues in the case regarding HUD, including appropriate relief for these alleged violations of federal law. The District Court also reopened the record to consider additional evidence regarding the Fair Housing Act violation.

After extensive negotiations among the parties, this proposed settlement agreement was reached, and it has been presented to the District Court for its approval. This proposed settlement is a compromise of disputed claims, and all Defendants continue to deny that they violated the law. This Notice of Proposed Class Action Settlement is not an expression of any opinion by the Court about the merits of any part of the lawsuit.

What are the key elements of the proposed settlement?

Subject to the District Court's approval, HUD has agreed to take certain steps to increase residential housing choices for members of the Plaintiff Class, including:

- **Regional Housing Opportunities**. HUD will continue the successful mobility program launched under the *Thompson* Partial Consent Decree, which has provided Housing Choice Vouchers and high-quality housing counseling to assist more than 1,800 families who have voluntarily chosen to move from areas of concentrated poverty in Baltimore City to Communities of Opportunity (neighborhoods with better schools, lower crime, and more jobs) in Baltimore City and throughout the Baltimore Region. The continued program will fund vouchers and counseling for up to 2,600 additional families over seven years, as described below.

- **Incentives for Affordable Housing Development**. HUD will seek to provide incentives for private housing developers who seek mortgage insurance offered by the Federal Housing Administration to produce affordable multifamily housing in Communities of Opportunity throughout the Baltimore Region.

- **On-line Housing Locator**. HUD will develop an online listing to provide assistance to families in locating public housing and other affordable housing opportunities throughout the Baltimore Region.

- **Regional Opportunity Study**. HUD will sponsor a study of housing opportunity throughout the Baltimore region.

- **Civil Rights Reviews**. For a period of at least three years, HUD will conduct civil rights reviews of particular proposals submitted to HUD for approval, involving certain federally funded housing and community development programs in the Baltimore Region. In these reviews, HUD will pay particular attention to the impact of the proposals, individually and collectively, on the creation of a broader geographic distribution of desegregative housing available to the Plaintiff Class.

In addition, the proposed settlement provides for completion of the Defendants' remaining obligations to develop and/or provide housing opportunities as required by the *Thompson* Partial Consent Decree and related Court orders. Most of these housing opportunities have been completed, but a few projects are still in progress. For instance, the proposed settlement provides for:

- the use of funds previously set aside for the Partial Consent Decree to develop approximately 120 project-based voucher units throughout the Baltimore Region;

- funding for approximately 15 additional *Thompson* homeownership units, and up to 55 homeownership units in total; and

- the development of approximately 100 units of scattered-site housing in Baltimore City intended to replace some of the units that were demolished in 2000 at the Hollander Ridge development operated by HABC.

How does the proposed settlement affect the *Thompson* mobility program currently administered by Metropolitan Baltimore Quadel?

The proposed settlement is designed to continue and expand upon the *Thompson* mobility program launched under the 1996 Partial Consent Decree in this case. The *Thompson* mobility program is currently administered by Metropolitan Baltimore Quadel ("MBQ"), a nationally respected company that has a contract with HABC.

This successful mobility program is designed to encourage geographic mobility and overcome the effects of historic patterns of segregation in the Baltimore Region. It does so by providing members of the Plaintiff Class with Housing Choice Vouchers and high-quality mobility counseling to help them find housing options, prepare them for their move, and provide ongoing support after they have moved.

If you have already received a *Thompson* Partial Consent Decree voucher from MBQ and are leasing a house or apartment with that voucher, you do not need to take any action. You will continue to receive that voucher and assistance from MBQ. As of May 2012, approximately 1,788 of the 1,988 Housing Choice Vouchers provided under the Partial Consent Decree were already under lease and providing housing for eligible families, and approximately 200 vouchers had not yet been initially leased.

If the District Court approves the proposed settlement agreement, the Partial Consent Decree will be closed and no longer in effect, but the *Thompson* mobility program will be continued and expanded, as described below, and the remaining Partial Consent Decree obligations will be completed, as described above.

Will the proposed settlement provide additional housing vouchers?

Yes. The proposed settlement makes Housing Choice Vouchers available for up to 200 eligible families in the remaining months of 2012 and up to approximately 400 eligible families each year thereafter through 2018. The maximum number of these additional housing opportunities, which the settlement agreement calls "*Thompson* Remedial Vouchers," is 2,600. This includes 200 of the 1,988 Housing Choice Vouchers provided under the *Thompson* Partial Consent Decree that were not yet used to lease apartments or houses as of April 30, 2012.

Through 2027, the proposed settlement continues certain special provisions regarding use of the *Thompson* Remedial Vouchers. These special provisions are very similar to those that apply to the *Thompson* Partial Consent Decree mobility program, currently operated by MBQ. There are a few minor changes, including:

- All of the *Thompson* Vouchers will be targeted for use in Communities of Opportunity (neighborhoods with better schools, lower crime, and more jobs) in the Baltimore Region. A *Thompson* Voucher must be used in one of these Communities of Opportunity for the first two years that a family has it (one year in cases where a family needs to move because a hardship arises). After the initial two-year period, the family can use the *Thompson* Voucher anywhere in the nation.

- The *Thompson* Vouchers will have "exception payment standards" based on the market rents in Communities of Opportunity to make sure that rental units are available and affordable in those areas.

- Communities of Opportunity will be identified by a non-profit organization (the "Regional Administrator") that will administer the *Thompson* Vouchers on a regional basis under a contract with HABC. Communities of Opportunity are neighborhoods that have low rates of poverty, low rates of crime, good schools, access to jobs, and other features important for a good quality of life for children and families.

- The Regional Administrator will be set up by counsel for the *Thompson* Plaintiff Class, after consultation with HABC. It will have a board of directors that will include civic leaders of the Baltimore Region. The board will also include *Thompson* Voucher-holders and public housing residents.

- The Regional Administrator will initially enter into a contract with MBQ to administer the *Thompson* Vouchers and to continue providing counseling and assistance to eligible families.

- There are performance goals that the Regional Administrator must meet. If the Regional Administrator fails to meet the goals, there may be a reduction in the funding for *Thompson* Vouchers that HUD makes available.

How do class members obtain vouchers provided by the proposed settlement?

All *Thompson* Vouchers will be available for use by eligible members of the *Thompson* Plaintiff Class, including present and future residents of HABC family public housing and former residents who lived in HABC family public housing from January 31, 1995 to the present. Families will also be eligible if they are on the HABC waiting lists for public housing and/or Housing Choice Vouchers, or if they otherwise qualify for a voucher and meet certain criteria.

The *Thompson* Vouchers will be distributed to eligible families that apply for them according to certain selection priorities set out in the proposed settlement. **Acceptance of a *Thompson* Voucher is entirely voluntary. It will not impact your status on any other waiting list for housing assistance.**

As is currently the case in the mobility program launched through the *Thompson* Partial Consent Decree and now administered by MBQ, families who apply for the *Thompson* Vouchers and are determined to be eligible will participate in housing counseling before receiving a *Thompson* Voucher. This counseling will help prepare them to successfully meet the standards of private market landlords and to understand what to expect in their new communities. Counselors assist families in finding appropriate homes to rent, taking care to offer a wide range of options and ensure that families take full advantage of available housing options in Communities of Opportunity throughout the Baltimore Region. As is the case under the *Thompson* Partial Consent Decree, families will have more time to search for housing than is available for non-*Thompson* vouchers. **No Class member is required to accept a specific rental unit as part of this program.**

After leasing a home, families will receive an orientation to their new community as well as post-placement support, including: (a) assistance with

necessary transitions such as locating schools, child care, and employment; (b) assistance in maintaining stable housing; and (c) addressing issues with landlords.

The funding that HUD provides pursuant to the proposed settlement will be used to pay the costs of this counseling and assistance. HUD funding may also be used for leasing expenses, such as security deposits and application fees.

What happens next?

The Court will hold a hearing to determine whether, as recommended by both the attorneys representing the Plaintiff Class and those representing the Defendants, the proposed settlement should be approved. THE HEARING WILL TAKE PLACE IN COURTROOM 5C OF THE UNITED STATES COURTHOUSE, 101 W. LOMBARD STREET, BALTIMORE, MARYLAND, ON **NOVEMBER 20, 2012,** BEGINNING AT 10:00 a.m.

IF THE HEARING IS NOT CONCLUDED ON NOVEMBER 20, 2012, THE HEARING WILL BE CONTINUED ON A LATER DATE.

ANY INTERESTED PERSON MAY ATTEND THE HEARING.

What should I do in response to this Notice?

You do not need to take any action in response to this notice. However, you may provide written comments about the proposed settlement for consideration by counsel and the Court and may request the opportunity to speak at the Settlement Hearing.

If you just wish to submit written comments:

Please complete and deliver (by mail, private delivery service or personal delivery) the attached Written Comment Submission Form together with your written comments to the Housing Case Settlement Clerk by November 2, 2012.

If you wish to submit written comments and speak:

Please complete and deliver (by mail, private delivery service or personal delivery) the attached Request to Speak Form together with your written comments to the Housing Case Settlement Clerk by November 2, 2012.

The address of the Housing Case Settlement Clerk is:

Housing Case Settlement Clerk
Room 4228
United States Courthouse
101 West Lombard Street
Baltimore, MD 21201

How does the settlement affect the legal rights of the Plaintiff Class?

Upon approval by the Court, the proposed settlement agreement will resolve and release certain specified claims of the Plaintiff Class against the Defendants relating to racial discrimination and segregation that have been or could have been asserted in the *Thompson v. HUD* case, prior to the date that the settlement agreement goes into effect. Through at least 2019, the Plaintiff Class will be able to go into the United States District Court of Maryland and enforce specific obligations that HUD and HABC have agreed to implement as part of the proposed settlement. Thereafter, the proposed settlement does not preclude the Plaintiff Class from seeking other avenues of relief that may be available.

If a change in federal law precludes or limits certain parts of the relief contemplated by this proposed settlement, the Plaintiff Class has the right to go back to Court and continue litigating certain claims against the Defendants.

How can I learn more about the proposed settlement?

This notice is not meant to provide a complete description of the lawsuit or of the proposed settlement agreement.

The entire proposed settlement agreement is available on the Courts' website, using the following address:
www.mdd.uscourts.gov/publications/forms/HUDSettlement.pdf

The agreement also be obtained on the following websites:
www.naacpldf.org/case-issue/thompson-v-hud
www.aclu-md.org/our_work/fair_housing.

In addition the proposed settlement agreement is available for review at the Office of the Clerk of the Court, United States District Court for the District of Maryland, 101 W. Lombard St., Room 4228, Baltimore, Maryland 21201.

If you have questions about the proposed settlement, or wish to receive a copy of the Settlement Agreement but do not have access to the Internet to download a copy online, you may contact the following civil rights organizations, which serve as counsel for the Plaintiff Class, by telephone or email:

- the ACLU of Maryland (Barbara Samuels, (443) 453-5755, or (877) 737-3967 (toll free), or samuels@aclu-md.org); or

- the NAACP Legal Defense & Educational Fund, Inc. (Joshua Civin, 202-682-1300 or jcivin@naacpldf.org).

You may, of course, seek the advice and guidance of your own attorney if you desire.

Should I contact the Court prior to the hearing to get answers to my questions?

No. The Court cannot respond to any questions regarding this notice, the lawsuit, or the proposed settlement. If you would like additional information, please do not contact the Court or its Clerk. You may, however, contact one of the counsel for the Plaintiff Class who are listed below.

Who are the class representatives and the attorneys representing the class?

The class representatives are African-American current and former residents of Baltimore City Family Public Housing who brought the lawsuit. They include Carmen Thompson, Joann Boyd, Rhonda Harris, Doris Tinsley, Lorraine Johnson (now deceased), and Isaac Neal. The attorneys representing the members of the Plaintiff Class and the class representatives include the following:

Barbara A. Samuels
ACLU of Maryland
3600 Clipper Mill Rd, Suite 350
Baltimore, MD 21211

Joshua Civin
NAACP Legal Defense &
Educational Fund, Inc.
1444 I Street, NW, 10th floor
Washington, DC 20005

Debo P. Adegbile
Elise Boddie
Ria Tabacco
NAACP Legal Defense &
Educational Fund, Inc.
99 Hudson Street, 16th floor
New York, NY 10013

Andrew D. Freeman
Brown, Goldstein & Levy, LLP
120 E. Baltimore Street, Suite 1700
Baltimore, MD 21202

Peter Buscemi
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, NW
Washington, DC 20004

Robert H. Stroup
Levy Ratner, P.C.
80 Eighth Avenue, 8th floor
New York, NY 10011

ISSUED THIS 12th DAY OF SEPTEMBER, 2012

/s/
Felicia Cannon, Clerk
United States District Court

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
(NORTHERN DIVISION)

CARMEN THOMPSON, *et al.*,	*	
Plaintiffs,	*	
v.	*	Civil Action No. MJG 95-309
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, *et al.*,	*	
Defendants.	*	

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WRITTEN COMMENT SUBMISSION FORM

This form must be received, together with a written statement of your comments, (by mail, private delivery service or in person delivery) by November 2, 2012 by:

Housing Case Settlement Clerk
Room 4228
United States Courthouse
101 West Lombard Street
Baltimore, MD 21201

NAME _____

GROUP OR AFFILIATION: _____

Contact Information:

TELEPHONE _____ FAX _____ EMAIL _____

MAILING ADDRESS _____

The Court will file your written comments on the public record but will not place your contact information on the public record.

PLEASE BE SURE TO PROVIDE YOUR COMMENTS IN WRITING TOGETHER WITH THIS FORM.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
(NORTHERN DIVISION)

CARMEN THOMPSON, *et al.*,	*	
Plaintiffs,	*	
v.	*	Civil Action No. MJG 95-309
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, *et al.*,	*	
Defendants.	*	

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Housing Case Settlement Clerk
Room 4228
United States Courthouse
101 West Lombard Street
Baltimore, MD 21201

NAME _____

GROUP OR AFFILIATION: _____

Contact Information:

TELEPHONE _____ FAX _____ EMAIL _____

MAILING ADDRESS _____

The Court will file your written comments on the public record but will not place your contact information on the public record . The Court will, taking into account the number of requests to speak and time available, determine whether the request can be granted, the order of speakers, and the time allocated for each speaker.

PLEASE BE SURE TO PROVIDE YOUR COMMENTS IN WRITING TOGETHER WITH THIS REQUEST.