

SETTLEMENT AGREEMENT

WHEREAS, in November 2008, Plaintiffs Greater New Orleans Fair Housing Action Center, National Fair Housing Alliance, Daphne Jones, Edward Randolph, Gloria Burns, Rhonda Dents, and Almarie Ford (“Plaintiffs”) filed the instant action seeking injunctive and declaratory relief against Defendant U.S. Department of Housing and Urban Development (“HUD”) and against Defendant Paul Rainwater, in his official capacity as Executive Director of the Louisiana Recovery Authority (“the State”),¹ under the Fair Housing Act of 1968 (“FHA”), *as amended*, 42 U.S.C. § 3613, the Declaratory Judgment Act, 28 U.S.C. §§ 2201 & 2202, 28 U.S.C. § 1331, and 28 U.S.C. § 1343(a)(4) for violations of the FHA and the Housing and Community Development Act of 1974. *See Greater New Orleans Fair Hsg. Action Ctr., et al. v. HUD, et al.*, No. 1:08-1938 (D.D.C.), Dkt. No. 1, Compl. ¶¶ 8-9, *interlocutory appeals docketed*, Nos. 10-5257, 10-5269, 10-5309 (D.C. Cir.). In this action, Plaintiffs sought to ensure that Road Home Program Option 1 grant recipients receive grants based on the Estimated Cost of Damage, up to \$150,000, rather than grants based on Pre-Storm Home Value;

WHEREAS, on October 12, 2009, the State adopted Action Plan Amendment No. 39, which lifted the prior \$50,000 cap on Additional Compensation Grants (“ACG”) for low- and moderate-income homeowners under Option 1 of the Road Home Program, as more particularly described in that amendment. As a result, low- and moderate-income homeowners were given the opportunity to receive uncapped ACGs so that eligible homeowners received Road Home awards up to the Estimated Cost of Damage to their homes, ensuring that all low- and moderate-income homeowners would receive Option 1 grants based on Estimated Cost of Damage instead of Pre-Storm Home Value. To date, the State has distributed an additional \$470 million in

¹ By terms of its enabling statutes, the Louisiana Recovery Authority as an agency ceased to exist, and the functions relating to design of the Road Home Program were subsumed by the Louisiana Division of Administration Office of Community Development, for which the current interim executive director is Pat Forbes.

uncapped ACG awards to 13,361 low- and moderate-income homeowners by virtue of lifting of the \$50,000 cap on ACG awards. Through the implementation of Action Plan Amendment 39, the majority of the putative Plaintiff class members (African-American homeowners in Orleans Parish whose initial grants were based on Pre-Storm Value) have received Option 1 grants based on Estimated Cost of Damage;

WHEREAS, on June 13, 2011, the State submitted Action Plan Amendment No. 51 to HUD for its acceptance. [Attached hereto as Exhibit A.] Action Plan Amendment No. 51, the “Blight Reduction Grant Adjustment” (BRGA), is a substantial amendment to Option 1 of the Road Home Program. As described therein, Amendment No. 51 will provide additional payments to Option 1 Road Home program participants residing in Cameron, Orleans, Plaquemines, and St. Bernard Parishes who: (i) have not been able to repair and re-occupy their storm-damaged homes, (ii) received Road Home Option 1 grant awards that were limited by the pre-storm value of their homes, and (iii) received Road Home grant awards that fall below the 55th percentile of pre-storm value per square foot for homes within their parish. Action Plan Amendment 51 further provides that any individual receiving a BRGA shall receive a one (1) year extension in which to comply with the Road Home Covenants; and certain additional Option 1 beneficiaries whose grants were limited by pre-storm value but are ineligible for the BRGA may also receive a one-year extension upon application to the State through its covenant extension program;

WHEREAS, the State estimates that Amendment No. 51 will require up to \$62 million of the funds remaining from the third and final Congressional appropriation to Louisiana for the Road Home Program. *See* Pub. L. No. 110-116, 121 (Nov. 13, 2007). HUD has accepted Amendment No. 51, as submitted by the State of Louisiana, on July 6, 2011; and

WHEREAS, through the continued administration of the Road Home Program, the State will make refined projections of the amount, if any, of the funds budgeted for the Road Home Program that will not be consumed by the close out of the Road Home Program, including the funds spent on Amendment No. 51. The State anticipates utilizing any remaining available funds in the restoration of communities impacted by Hurricanes Katrina and Rita, and will determine the use and method of spending such funds at the time the State has completed its projections. The use of such funds will be subject to the laws and regulations governing the use of those funds.

NOW, THEREFORE,

1. The parties agree that the reference in this Settlement Agreement to any action plan amendment, whether previously submitted or to be submitted in the future, does not create any new right or cause of action on behalf of the parties hereto or any other party with respect to the programs created or amended in those action plan amendments.

2. Within two (2) business days of execution of this Settlement Agreement by all parties, plaintiffs will file a notice of dismissal of this action with prejudice pursuant to Fed. R. Civ. P. 41(a)(1).

3. The parties agree that this Settlement Agreement does not represent an admission of liability by either Defendant; nor does it represent any admission of the absence of liability by the Plaintiffs.

4. The parties agree that each party shall bear its own fees and costs in this action, including any appeals of this action.

5. Nothing contained in this Settlement Agreement shall be deemed to be an approval or adoption by any party of any other party's rationale or justification for entering into this Settlement Agreement.

6. This Settlement Agreement binds the Plaintiffs and the Defendants named in this action, including any appeals of this action.

7. In the event that in the continued administration of the Road Home Program the State of Louisiana determines that an amendment to the terms of Action Plan Amendment No. 51 is appropriate, this Settlement Agreement shall not restrict the State of Louisiana from submitting such amendment to HUD.

8. This Settlement Agreement does not restrict the State of Louisiana from implementing any programs or restrict the State of Louisiana's ability to utilize any funds that have been awarded or allocated to it.

9. This Settlement Agreement is the integrated understanding of the parties and replaces and supersedes any prior agreement, understanding, or contract between them regarding settlement of this dispute.

10. This Settlement Agreement may be executed by the parties' attorneys, in counterparts.

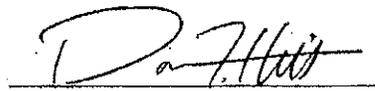
By their signatures below the parties, by and through counsel, indicate their consent to the terms and conditions set forth above.

COUNSEL FOR PLAINTIFFS



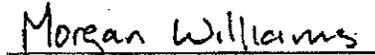
JOSEPH M. SELLERS
PETER ROMER-FRIEDMAN
Cohen Milstein Sellers & Toll PLLC

6/29/11
Date



DAMON T. HEWITT
RENIKA C. MOORE
JOHNATHAN SMITH
NAACP Legal Defense & Educational Fund, Inc.

6/28/11
Date



MORGAN WILLIAMS
Greater New Orleans Fair Housing Action Center

June 28, 2011
Date

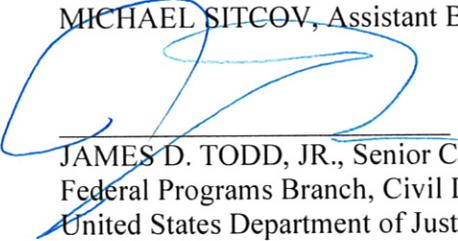


CRAIG GOLDBLATT
Wilmer, Cutler, Pickering, Hale & Dorr

June 28, 2011
Date

COUNSEL FOR DEFENDANT U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

TONY WEST, Assistant Attorney General
FELIX V. BAXTER, Director
MICHAEL SITCOV, Assistant Branch Director



JAMES D. TODD, JR., Senior Counsel
Federal Programs Branch, Civil Division
United States Department of Justice

Date July 7, 2011

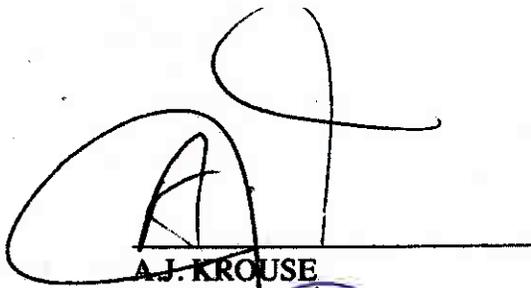
COUNSEL FOR DEFENDANT, LRA/OCD EXECUTIVE DIRECTOR

A.J. KROUSE
Frilot L.L.C.

Date

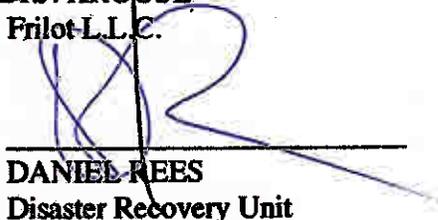
DANIEL REES
Disaster Recovery Unit
Office of Community Development
State of Louisiana

Date



A.J. KROUSE
Fritel-L.L.C.

7/5/11
Date



DANIEL REES
Disaster Recovery Unit
Office of Community Development
State of Louisiana

7/6/11
Date