UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

TITLE VIII of the Civil Rights Act of 1968 as amended by the Fair Housing Act of 1988

CONCILIATION AGREEMENT

between

John Trasviña, Assistant Secretary
Office of Fair Housing and Equal Opportunity
(Complainant)

and

Cornerstone Residential Management, Inc.,
Cornerstone Group Development Corp.,
The Oaks at Pompano, Ltd.
(Respondents)

Approved by the United States Department of Housing and Urban Development

FHEO CASE NUMBER: 04-08-1085-8

INITIALS - Complainant_____ **Respondents**_____

A. PARTIES AND SUBJECT PROPERTY

The complainant is the Assistant Secretary for Fair Housing and Equal Opportunity who, on behalf of the Secretary of HUD, is authorized to file a complaint of housing discrimination. See Section 810(a)(1)(A)(iii). (Hereinafter referred to as "Complainant").

The Respondents named in the Complaint are Cornerstone Residential Management, Cornerstone Group, and The Oaks at Pompano, Ltd.. (Hereinafter referred to as "Respondents").

Cornerstone Group, or Cornerstone Group Development Corp. ("CGDC"), is a real estate developer that has developed several affordable apartment communities in the State of Florida. CGDC developed the subject property, Oaks at Pompano Apartments (the "Subject Property" or "Oaks at Pompano"), but it does not own or manage the Subject Property.

Cornerstone Residential Management, Inc. ("CRMI") is the company that manages Oaks at Pompano Apartments but does not own the apartment complex. CRMI is in the business of providing management services for residential apartment complexes. CRMI is a Florida Corporation owned by JL Management Consulting, LLC and SIM Management Consulting, LLC.

The Oaks at Pompano Apartment complex is owned by The Oaks at Pompano, Ltd., ("OAP"), a Florida Limited Partnership in the business of owning a residential rental apartment complex. The general partners of OAP are Urban Pompano, Inc. and Pompano Oaks Associates, Ltd. The decision making authority of OAP is with the Managing General Partner, Pompano Oaks Associates, Ltd. OAP does not manage any properties.

The Subject Property, Oaks at Pompano Apartments, consists of 224 units and is located at 501SW 1st Court, Pompano Beach, Florida 33060. There are 49 one bedroom units, 95 two bedroom units, and 80 three bedroom units. All units share a common parking lot. Cornerstone related entities also developed and manage multiple properties throughout the state of Florida.

B. STATEMENT OF FACTS

Complainant's Allegations

On June 9, 2008, the Complainant filed a complaint against the Respondents alleging that the occupancy policies at the Oaks at Pompano Apartments violated Section 804(a) of the Fair Housing Act ("Act"). The Complainant alleged that the Cornerstone properties have restrictions on the number of occupants that can

5. The Department acknowledges that this Agreement does not constitute, and shall not be construed as an admission by the Respondent of any violation of any Federal, State, or local civil rights statute, law, ordinance or regulation.

6. The Respondents acknowledge that they have an affirmative duty not to discriminate under the Act, and that it is unlawful to retaliate against any person because that person has filed a complaint, testified, or participated in any manner in a proceeding under the Act.

7. This Agreement, after it has been approved by the Assistant Secretary for Fair Housing and Equal Opportunity (FHEO), of the United States Department of Housing and Urban Development (HUD), or his or her designee, is binding upon the Respondents, their employees, heirs, successors and assigns and their agents with it in the ownership or operation of the subject property.

8. It is understood that pursuant to Section 810(b)(4) of the Act, upon approval of this Agreement by the Assistant Secretary for Fair Housing and Equal Opportunity (FHEO) of the United States Department of Housing and Urban Development (HUD) or his or her designee, it is a public document.

9. This Agreement does not in any way limit or restrict the Department's authority to investigate any other complaint involving the Respondents made pursuant to the Act, or any other complaint within the Department's jurisdiction, which is not pending at the time this Agreement was executed.

10. No amendment to, modification of, or waiver of any provision of this Agreement shall be effective unless: (a) all signatories or their successors to the Agreement agree in writing to the amendment, modification or waiver; (b) the amendment, modification or waiver is in writing; and (c) the amendment, modification, or waiver is approved, and signed by the Assistant Secretary for Fair Housing and Equal Opportunity (FHEO), of the United States Department of Housing and Urban Development (HUD) or his or her designee.

11. The parties agree that the execution of this Agreement may be accomplished by separate execution of consent to this Agreement, and the original executed signature pages to be attached to the Agreement to constitute one document.

12. The Assistant Secretary for Fair Housing and Equal Opportunity, on behalf of the Secretary of HUD, hereby forever waives, releases and covenants not to sue Respondents, Cornerstone Residential Management, Cornerstone Group Development Corp., and The Oaks at Pompano, Ltd., their heirs, executors, assigns, employees, and attorneys with regard to any and all claims, damages, and injuries of whatever nature, whether presently known or unknown, arising out of the subject matter of HUD's Title VIII Case Number 04-08-1085-8 or

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which could have been filed in any action or suit arising from said subject matter. The Assistant Secretary for Fair Housing and Equal Opportunity, on behalf of the Secretary of HUD agrees not to accept, recover, or receive any monetary damages or any other form of relief, outside the terms of this Agreement, which may arise out of or in connection with any administrative remedies, which may be filed with or pursued independently by a governmental agency or agencies, whether federal, state or local.

13. The Respondents hereby forever waive, release and covenant not to sue the Department or Complainant, its heirs, executors, assigns, employees, and attorneys with regard to any and all claims, damages and injuries of whatever presently known or unknown, arising out of the subject matter of HUD's Title VIII Case Number 04-08-1085-8 or which could have been filed in any action or suit arising from said subject matter.

14. This Agreement is being entered into voluntarily by Respondents, is a result of compromise on disputed claims, and is not to be construed as an admission or a finding of any liability or wrongdoing.

15. This Agreement is not intended to be used in any other proceedings and is solely intended to apply to this proceeding involving Oaks at Pompano.

D. RELIEF IN THE PUBLIC INTEREST

16. The Respondents agree to continue to apply their practices, policies and procedures utilized in managing the Subject Property and all other properties that they own or manage in a nondiscriminatory manner by refraining from committing any acts of discrimination against any person in violation of the Act, including families with children.

Donation

17. The Respondents will donate $20,000.00 to the fair housing organization(s) of their choosing with the approval of the Department. The Respondents have provided the Department with the names of two South Florida fair housing organizations to which the Respondents may provide such funds, and the Department has deemed those two entities as being acceptable recipients. The parties acknowledge that this donation may also be applied towards any fees charged by the fair housing organizations for training or consultation services provided to the Respondents.

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Occupancy Standards

18. The Respondents agree that the occupancy standards at the Oaks at Pompano shall be as follows:

    1 bedroom – 2 persons
    2 bedroom – 4 persons
    3 bedroom – 6 persons

19. The Respondents have represented that all their other properties in the state of Florida have the same occupancy standards.

20. In the event that a governmental agency determines that the occupancy standards are in violation of local, city or county laws or ordinance at a particular property, the Respondents may adjust the occupancy standards to comply with the local, city, county laws or ordinances.

Fair Housing Training

21. The Respondents agree to provide fair housing training to staff at Oaks at Pompano and all other properties. The purpose of the training is to inform employees of their responsibilities under the Fair Housing Act. The training course will be designed for Respondents' agents, employees, officers, and directors involved with the property management, setting of policies at the properties, or dealing with the public.

22. The Respondents agree to provide HUD with evidence of attendance of current agents, employees, officers, and directors involved with the property management, setting of policies at the properties, or dealing with the public, including copies of certificates and the agenda within thirty (30) days of such attendance.

23. The Respondents agree to provide Fair Housing training to any new agents, employees, officers, and directors involved with the property management, setting of policies at the properties, or dealing with the public at the Subject Property within thirty (30) days after their hire date. The Respondents will provide evidence of this training by a copy of certificates and agenda.

24. The Respondents agree that HUD staff shall provide Fair Housing training to the tenants. HUD may conduct an informational seminar on general fair housing issues for tenants at Oaks at Pompano on a mutually agreeable place, date, and time. Attendance by tenants at such seminar is voluntary.

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25. The Respondents agree to provide HUD with evidence of the notice for the training to be provided to the tenants, including, but not limited to, fliers or notices to tenants, within twenty (20) days after HUD and Respondents agree upon a place, date, and time to schedule training. The notice materials must be provided to tenants at least twenty (20) days before the training date.

Family-friendly improvements and Family Rental Incentives

26. The Respondents agree to use $20,000.00 to make family-friendly improvements to the Oaks at Pompano. Family-friendly improvements can include, but are not limited to, playground equipment, expansion of computer labs, family friendly social events, the addition of washers and dryers in the units, picnic and barbecue areas, and swimming lessons for children.

27. The Respondents agree to give families with children rental incentives or discounts on their rental amounts at the Oaks at Pompano in the amount of $30,000. Rental incentives or discounts can include, but are not limited to, discounts on rent for families with children and the marketing of the incentives or discounts. The rental incentives or discounts will be over and above any discounts the Respondents already offer to the general public.

28. The Respondents agree to use the monies specified in paragraph 26 within a period of two (2) years. If the monies are not applied within the two (2) years, the Respondents can extend the timeframe to one (1) more year with the approval by HUD.

29. If any monies are left after the timeframe allotted to applying the rental incentives monies, the Respondents agree to use such monies to make additional family-friendly improvements to the Oaks at Pompano.

E. MONITORING

30. The Department shall determine compliance with the terms of this Agreement. During the term of this Agreement, HUD may review compliance with this Agreement. As part of such review, HUD may inspect the Subject Property, examine witnesses, and copy pertinent records of the Respondents regarding the Subject Property. The Respondents agree to provide their full cooperation in any monitoring review undertaken by HUD to ensure compliance with this Agreement.

F. REPORTING AND RECORDKEEPING

31. The Respondents will notify the Department of the amount of the donation(s) to fair housing organizations and provide a copy of the check(s) issued or

other proof of payment within ten (10) days of delivery as indicated in paragraph 17.

32. The Respondents will also provide a copy of acknowledgement of the receipt from the Fair Housing Organizations or other proof of receipt of the donations to the Fair Housing Organizations to the Department of the within twenty (20) days of this agreement as indicated in paragraph 17.

33. The Respondents shall forward to HUD a copy of the new policies relating to Occupancy Standards within thirty (30) days of this agreement as indicated in paragraph 18.

34. The Respondents shall forward to HUD a copy of the notification to all current tenants and agents involved in the management of rental properties, employees, officers, and directors at all the Respondents' properties regarding all new policies that will be implemented in this Agreement as indicated in Paragraph 18 within ten (10) days of their implementation.

35. The Respondents shall provide HUD with evidence of attendance of current agents involved in the management of rental properties, employees, officers, and directors, including copies of certificates and the agenda within thirty (30) days of such attendance as indicated in Paragraph 22.

36. The Respondents shall provide Fair Housing training to any new agents involved in the management of rental properties, employees, officers, and directors within thirty (30) days after the hire date. The Respondents will provide evidence of this training by a copy of certificates and agenda as indicated in Paragraph 23.

37. The Respondents shall provide HUD with evidence of the notice of the training to be provided to the tenants, including, but not limited to, fliers or notices to tenants, within twenty (20) days after HUD and Respondents agree upon a date to schedule training as indicated in Paragraph 25.

38. The Respondents shall provide HUD with evidence of the family-friendly improvements made at the Oaks at Pompano annually after the improvements have been made as indicated in Paragraph 26.

39. The Respondents shall provide HUD with evidence of the rental incentives or discounts given to families with children at the Oaks at Pompano annually for the timeframe allotted for the rental incentives as indicated in Paragraph 27.

40. The Respondents shall provide HUD with copies of any marketing materials used in the furtherance of Paragraph 26 and 27 within twenty (20) days of their use.

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41. The Respondents shall provide HUD with an accounting of the monies for the rental incentives or discounts after two (2) years in order to determine whether to extend the timeframe for one (1) more year as indicated in Paragraph 28.

42. The Respondents shall provide HUD with an accounting of the monies for rental incentives or discounts after the timeframe extension of three (3) years, if necessary, in order to determine if there are any remaining funds and have the remainder added to the amount allotted for the family friendly improvements as indicated in Paragraph 29.

43. The Respondents shall retain all records related to this agreement for the duration of this agreement. The Respondents shall make those records available for inspection when requested by HUD.

44. All required documentation for compliance must be submitted to:

Candace M. Tapscott, Director
U.S. HUD - Miami FHEO Center
Brickell Plaza, 909 SE First Avenue, Suite 500
Miami, FL 33131

G. CONSEQUENCES OF BREACH

45. Whenever the Department has reasonable cause to believe that the Respondents have breached this Agreement, the matter may be referred to the Attorney General of the United States to commence a civil action in the appropriate U. S. District Court, pursuant to §§ 810(c) and 814(b)(2) of the Act.

INITIALS - Complainant_____ **Respondents**_____

H. SIGNATURES

FOR THE COMPLAINANT

_____ 7/16/10

John Trasviña, Assistant Secretary **Date**
Office of Fair Housing and Equal Opportunity

FOR RESPONDENTS

_____ 7-15-10

Jorge Lopez, Representative for Cornerstone **Date**
Residential Management, Inc.

_____ 7-15-10

Jorge Lopez, Representative for Cornerstone Group **Date**
Development Corp.

The Oaks at Pompano, Ltd.,
a Florida Limited Partnership

By: Pompano Oaks Associates, Ltd.,
a Florida Limited Partnership,
as General Partner of The Oaks at Pompano, Ltd.

By: Cornerstone Pompano, Inc.,
a Florida Corporation, as General Partner
of Pompano Oaks Associates, Ltd.

By:_____ 7-15-10
Jorge Lopez, Vice President **Date**

_____ 7/15/10

Tew Cardenas LLP, Attorneys at Law **Date**
By: Bryan T. West, Esq.
(solely to reflect that Respondents were represented by counsel in the conciliation process and not as a party or signatory to this Agreement)

INITIALS - Complainant_____ **Respondents**_____

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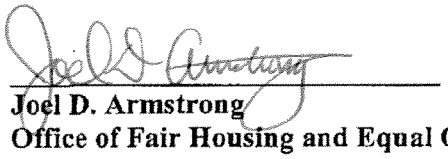
I. APPROVAL FOR HUD



Joel D. Armstrong
Office of Fair Housing and Equal Opportunity

7-16-10
Date

INITIALS - Complainant **Respondents**

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