

## **SETTLEMENT AGREEMENT AND GENERAL RELEASE**

This Settlement Agreement and General Release (hereinafter “Agreement”) is entered by and between, or among, National Fair Housing Alliance (“NFHA”), Fair Housing Advocates of Northern California, Central Ohio Fair Housing Association, Connecticut Fair Housing Center, Denver Metro Fair Housing Center, Fair Housing Center of Central Indiana, Fair Housing Center of the Greater Palm Beaches, Fair Housing Center of West Michigan, Fair Housing Continuum, Inc., HOPE Fair Housing Center, Housing Opportunities Made Equal of Virginia, Housing Opportunities Project for Excellence, Inc., Housing Research & Advocacy Center, Louisiana Fair Housing Action Center, Miami Valley Fair Housing Center, Metro Fair Housing Services, Inc., Metropolitan Milwaukee Fair Housing Council, North Texas Fair Housing Center, Open Communities, Inc., South Suburban Housing Center, and Toledo Fair Housing Center (collectively “Plaintiffs”) on the one hand, and Federal National Mortgage Association (“Defendant” or “Fannie Mae”) on the other hand.

### **RECITALS**

WHEREAS, Plaintiffs filed an administrative complaint against Defendant with the U.S. Department of Housing and Urban Development (“HUD”) on May 13, 2015 (the “HUD Complaint”), filed a complaint against Defendant on December 5, 2016 in the United States District Court for the Northern District of California (the “Court”), captioned *National Fair Housing Alliance, et al. v. Federal National Mortgage Association*, Case No. 4:16-cv-06969-JSW (N.D. Cal.), withdrew the HUD Complaint, and subsequently filed an amended complaint against Defendant with the Court on April 10, 2018 (the “Amended Complaint”) (collectively, the “Litigation”);

WHEREAS, in the Litigation, Plaintiffs alleged, among other things, that Defendant did not maintain or market properties it acquired through foreclosures or otherwise from borrowers, commonly known as Real Estate Owned (“REO”) properties, in African American and Latino neighborhoods to the same level as REO properties in White neighborhoods, in violation of the federal Fair Housing Act (“FHA”) (42 U.S.C. § 3601, *et seq.*);

WHEREAS, Defendant denies Plaintiffs’ allegations in the Litigation;

WHEREAS, prior to and after Plaintiffs commenced the Litigation, Fannie Mae made several enhancements to its REO maintenance and marketing activities, including the following:

- 1) Publishing a Field Services Vendor Guide for vendors who maintain Fannie Mae REO that specifies contractual requirements and expectations, including fair housing compliance, for all field services;
- 2) Expanding its network of field services vendors to include local and regional vendors, including companies owned by women or people of color consistent with the Federal Housing Finance Agency’s Minority and Women Inclusion rule, 12 C.F.R. § 1223;
- 3) Enhancing its third-party quality control inspections of vendor’s work by:

- a. increasing inspections of properties in majority non-White census tracts from a thirty percent (30%) sample to one hundred percent (100%) of all properties in those tracts,
  - b. retooling the quality control methodology to leverage weight versus frequency of deficiencies, with added weight on exterior and safety hazards, and
  - c. deploying a mobile inspection application to ensure real-time, geo-coded quality control reviews;
- 4) Revising standard provisions in its contract with field service vendors to:
- a. increase the frequency of exterior maintenance services from “as-needed” to weekly,
  - b. expand the allowable services for which a field service vendor does not need pre-approval to include fence repair, handrail installation, light/doorbell replacement, gutter repair, shutter replacement, landscaping, windowpane re-glaze, wooden step repair, exterior deck repair, graffiti removal, and exterior door replacement,
  - c. require monthly quality control inspections by vendors of thirty percent (30%) of the properties for which they are performing maintenance services, and
  - d. require field service vendors to provide sub-contractor scorecards twice annually;
- 5) Retrofitting over four thousand REO properties with clear boarding and using that material whenever possible for securing REO properties;
- 6) Creating a toll-free telephone number for any member of the public to contact Fannie Mae directly with concerns about REO properties and listing that number on HomePath.com, where REO properties are listed for sale;
- 7) Providing fair housing training to its vendor network, including the listing agents responsible for marketing and selling REO and field service vendors;
- 8) Expanding its First Look program for prospective owner-occupant REO purchasers from 20 to 30 days, consistent with a directive from the Federal Housing Finance Agency.

WHEREAS, Defendant and Plaintiffs have engaged in extensive written discovery and have begun taking depositions in the Litigation;

WHEREAS, Plaintiffs and Defendant (collectively, the “Parties” and each a “Party”) wish to amicably and finally resolve Plaintiffs’ claims relating to Fannie Mae REO properties, according to the terms set forth in this Agreement, as a compromise to avoid the cost and uncertainty of litigation and have voluntarily agreed to the terms of this Agreement as indicated by the signatures appearing below.

## **AGREEMENT**

With the above facts taken into consideration, and for good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged, and in consideration of the mutual terms, provisions, covenants, conditions, understandings, and agreements set forth here, the Parties agree as follows:

### **Terms and Scope of Agreement**

1. The Effective Date of this Agreement shall be the earliest date on which all Parties have executed the Agreement.
2. This Agreement shall be binding on the Parties and their affiliates, heirs, successors, assigns, subsidiaries, and their officers, owners, directors, representatives, employees, managers, administrators, and each person or entity acting or purporting to act for them or on their behalf, unless otherwise specified.

### **Confidentiality and Non-Disclosure**

3. It is understood that this Agreement is a public document.
4. Plaintiffs and Defendant agree that the following matters (the “Confidential Matters”) are, and shall remain confidential: (i) all negotiations, discussions, communications, or correspondence between Plaintiffs and Defendant, or their respective counsel, with respect to any matter relating to this Agreement or terms thereof; and (ii) any future negotiations, discussions, communications, or correspondence between Plaintiffs and Defendant, or their respective counsel, with respect to any matter relating to this Agreement or the terms thereof. Nothing in this paragraph shall prevent or bar any of the Parties from publicly describing or discussing the final terms or contents of this Agreement.
5. In recognition of the confidential nature of the Confidential Matters, the Parties agree that, subject to the exclusions identified in Paragraph 6 below, they shall not disclose, discuss, or communicate in any manner whatsoever the Confidential Matters to anyone. For avoidance of doubt, the Parties agree that they shall refrain in all instances from making any comments or statements regarding the Confidential Matters to persons other than those enumerated in Paragraph 6 below.
6. The Parties agree that the Confidential Matters may be disclosed: (i) to counsel for the Parties; (ii) to individuals who are affiliated or associated in a professional capacity with the Parties, so long as such disclosure is reasonably necessary to effectuate the terms and conditions of the Agreement or to comply with legal, regulatory, or auditing requirements; (iii) to any competent public authority to which a Party is obligated to report the fact or terms of the Agreement; (iv) by a Party to the Federal Housing Finance Agency or any other regulator or agency having jurisdiction over Fannie Mae; (v) by Fannie Mae to its insurers or to pursue or enforce any insurance rights Fannie Mae may have; (vi) as determined by Fannie Mae to be required or prudent in connection with its securities disclosures; (vii) as required by order of any court of competent jurisdiction or required by any governmental agency; or (viii) as required by order of any administrative agency.

### **Non-Discrimination Statement**

7. Fannie Mae reaffirms its intention to comply with all fair housing laws and regulations applicable to maintaining and marketing its REO properties. Fair housing law prohibits Fannie Mae from engaging in discrimination on the basis of certain characteristics including but not limited to race, color, ancestry, national origin, sex, sexual orientation, gender identity, religion, marital status, age, receipt of public assistance, familial status, disability and military status.

### **Dismissal with Prejudice**

8. Within 1 business day of receipt of the funds described in Paragraph 10, the Parties shall file a Stipulation and Dismissal of Action with Prejudice and a [Proposed] Order, the form of which is attached hereto as Exhibit 1, with the Court to dismiss the Amended Complaint with prejudice.
9. The Parties agree that dismissal of the Amended Complaint by the Court is a material term of this Agreement. If a Stipulation of Dismissal of Action with Prejudice is not filed in the time and manner described in Paragraph 8, the Agreement will be deemed null and void *ab initio*, in which case no Party shall be subject to any obligation arising thereunder, and Plaintiffs shall immediately repay to Fannie Mae any Monetary Relief paid pursuant to this Settlement Agreement. In the event that the Stipulation of Dismissal of Action with Prejudice is not filed in the time and manner described in Paragraph 8, the Litigation will revert to the status that existed as of the Effective Date, and no term or draft of this Agreement, nor any part of the Parties' settlement discussions or communications, will be admissible or used as evidence or argument by any Party for any purpose in the Litigation or any other proceeding.

### **Monetary Relief**

10. Defendant shall pay or cause to be paid to Plaintiffs the total aggregate lump sum of \$53,000,000 in full and final settlement of the Litigation, including but not limited to, any claims for damages of any kind whatsoever, attorneys' fees, and costs (the "Settlement Amount"). Plaintiffs will use \$35,390,000 of the Settlement Amount to address community needs, as determined by Plaintiffs, including addressing home ownership, neighborhood and/or community stabilization, access to credit, property rehabilitation, residential development in African American and Latino communities, fair housing education and outreach, counseling, and other fair housing activities. NFHA will provide Defendant with a report within 30 months of the Effective Date detailing the use of the funds during the 24-month period following the Effective Date.
11. As a condition precedent to Defendant paying or causing to be paid the Settlement Amount, counsel for Plaintiffs will deliver a completed IRS Form W-9 to counsel for Defendant via email to [marcus\\_meeks@fanniema.com](mailto:marcus_meeks@fanniema.com) within 7 days of the Effective Date. The Settlement Amount shall be made payable to Relman Colfax PLLC. Defendant shall cause the Settlement Amount to be delivered via wire transfer pursuant to instructions that counsel

for Plaintiffs shall provide within 7 days of the Effective Date. Payment shall be made no later than 21 days after the Effective Date of the Agreement.

### **Mutual Releases**

12. In exchange for Defendant's agreement to the terms set forth in this Agreement, Plaintiffs and their testers, employees, contractors, agents, representatives, attorneys, directors, officers, trustees, heirs, successors, assigns, and subsidiaries, and anyone acting on their behalf (collectively, the "Plaintiff Releasing Parties"), hereby fully, forever, and irrevocably release, waive, extinguish, and discharge Defendant and all entities that are or were owned and/or controlled by Defendant on or before the Effective Date, all of the respective past, present, and future officers, directors, employees, principals, shareholders, representatives, attorneys, agents, and owners, and all of the respective heirs, executors, administrators, predecessors, successors, and assigns of all of the foregoing ("Defendant Released Parties"), from any and all claims, causes of action, liability, charges, complaints, demands, or rights of recovery of any nature, type or description whatsoever, whether legal, equitable, or statutory, asserted or unasserted, contingent or vested, express or implied, known or unknown, foreseen or unforeseen, suspected or unsuspected, accrued or unaccrued, liquidated or unliquidated, direct or indirect, that Plaintiffs had, now have, or may have, from the beginning of time until the Effective Date, arising out of or relating to the facts that occurred before the Effective Date and that were alleged in or arise out of the same subject matter as the Litigation ("Plaintiffs' Released Claims").
13. Plaintiffs expressly covenant and agree to forever refrain from instituting, prosecuting, or continuing to maintain or prosecute any suit, action, complaint, or charge involving any court or administrative agency against the Defendant Released Parties in any way relating to Plaintiffs' Released Claims.
14. In exchange for Plaintiffs' agreement to the terms set forth in this Agreement, Defendant and its employees, representatives, attorneys, directors, officers, trustees, heirs, successors, assigns, and subsidiaries (collectively, the "Defendant Releasing Parties"), hereby fully, forever, and irrevocably release, waive, extinguish, and discharge Plaintiffs and all entities that are or were owned and/or controlled by Plaintiffs on or before the Effective Date, all of the respective past, present, and future officers, directors, employees, principals, shareholders, and owners, and all of the respective heirs, executors, administrators, predecessors, successors, and assigns of all of the foregoing ("Plaintiff Released Parties"), from any and all claims, causes of action, liability, charges, complaints, demands, or rights of recovery of any nature, type or description whatsoever, whether legal, equitable, or statutory, asserted or unasserted, contingent or vested, express or implied, known or unknown, foreseen or unforeseen, suspected or unsuspected, accrued or unaccrued, liquidated or unliquidated, direct or indirect, that Defendant had, now has, or may have, from the beginning of time until the Effective Date, arising out of or relating to the facts that occurred before the Effective Date and that were alleged in or arise out of the same subject matter as the Litigation, including, but not limited to, any and all claims, causes of action, charges, complaints, demands, or rights of recovery of any nature, type, or description whatsoever that have been or may be asserted by Defendant or by any other person or entity on Defendant's behalf in any action, including any class or collective action ("Defendant's Released Claims").

15. Defendant expressly covenants and agrees to forever refrain from instituting, prosecuting, or continuing to maintain or prosecute any suit, action, complaint, or charge involving any court or administrative agency against the Plaintiff Released Parties in any way relating to Defendant's Released Claims.
16. Plaintiffs and Defendant each acknowledge that subsequent to the execution of this Agreement they may discover facts or claims in addition to or different from those they now know or believe to exist with respect to any of the matters being released through this Agreement, including, but not limited to, the subject matter of the Litigation, which were unknown or unsuspected at the time this Agreement was executed, and which if known or suspected by them at that time may have materially affected their decision to enter into this Agreement. Each of Plaintiffs and Defendant nevertheless agrees that the releases described in Paragraphs 14-17 apply to any such additional or different claims and notwithstanding any such additional or different facts. Each of Plaintiffs and Defendant acknowledges that the significance and consequences of the releases in this Agreement have been explained to them by their counsel and that they understand the significance and consequences of the releases in this Agreement. Nothing in this Paragraph shall be construed to expand the scope of the releases set forth in Paragraphs 14-17.
17. Plaintiffs and Defendant each acknowledge that they have been advised of and expressly waives and releases any rights or benefits they may have under Section 1542 of the Civil Code of California that provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

18. Plaintiffs and Defendant each further expressly waives and releases any rights or benefits they have or may have under any similar law or rule of any other jurisdiction pertaining to the matters released herein.

### **Notices**

19. Any notice required or permitted under this Agreement shall be provided as follows:

- a. For Plaintiffs:

Morgan Williams  
Email: [mwilliams@nationalfairhousing.org](mailto:mwilliams@nationalfairhousing.org)  
National Fair Housing Alliance  
1331 Pennsylvania Ave. NW  
Washington, DC 20004

Reed N. Colfax  
Email: rcolfax@relmanlaw.com  
Relman Colfax PLLC  
1225 19th St. NW  
Washington, DC 20036

b. For Defendant:

Terry Theologides  
Email: terry\_theologides@fanniema.com  
Jonathan Griffith  
Email: jonathan\_griffith@fanniema.com  
Marcus Meeks  
Email: marcus\_meeks@fanniema.com  
FANNIE MAE  
1100 15th St. NW  
Washington, DC 20005  
Telephone: (800) 232-6643

Anand S. Raman  
Email: anand.raman@skadden.com  
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP  
1440 New York Avenue, NW  
Washington, DC 20005  
Telephone: (202) 371-7000

**Severability**

20. If any provision of this Agreement shall be adjudged by any court of competent jurisdiction to be invalid or unenforceable, such judgment shall not invalidate any other provision of this Agreement. The Parties agree that if a court of competent jurisdiction adjudges any provision of this Agreement to be invalid or unenforceable, the Parties shall consult and use their best efforts to agree upon a valid and enforceable provision that shall be a reasonable substitute for such invalid or unenforceable provision in light of the intent of this Agreement.

**No Admission of Liability**

21. Plaintiffs acknowledge the Defendant denies any and all wrongdoing or liability.

22. Plaintiffs further acknowledge that this Agreement is not an admission by Defendant of any wrongdoing or liability, and that the Parties will not argue in or before any court, administrative agency, or other tribunal, or make any public statement whatsoever, that this Agreement is or may be construed as an admission by Defendant of any wrongdoing or liability.

## **Miscellaneous**

23. This Agreement shall be deemed to have been jointly drafted and no provision herein shall be interpreted or construed for or against any Party because such Party drafted or requested such provision, or this Agreement as a whole.
24. This Agreement contains all the terms and conditions agreed upon by the Plaintiffs on the one hand and Defendant on the other hand, and no oral agreement entered into at any time nor any written agreement entered into prior to the execution of this Agreement regarding the subject matter of it shall be deemed to exist, or to bind the Plaintiffs on the one hand and Defendant on the other hand, or to vary the terms and conditions contained herein.
25. The headings in this Agreement are included for convenience only and shall not constitute a part of the Agreement nor shall they affect its meaning, construction, or effect.
26. This Agreement may not be modified or amended except by an instrument in writing that specifically states that it is a supplement, modification, or amendment to this Agreement and is signed by an authorized representative for each Party.
27. Each person who signs this Agreement in a representative capacity warrants that his or her execution of this Agreement is duly authorized, executed, and delivered by and for the entity for which he or she signs.
28. The Parties expressly represent and warrant that they have full legal capacity to enter into this Agreement, that they have carefully read and fully understand this Agreement, that they have had the opportunity to review this Agreement with their attorneys, and that they have executed this Agreement voluntarily, without duress, coercion, or undue influence.
29. Plaintiffs represent and warrant that, other than the Litigation, they have not filed as a plaintiff or complainant any suit, action, complaint, or charge against the Defendant Released Parties as a defendant or respondent involving any court or governmental agency arising out of or relating to in any way the Plaintiffs' Released Claims.
30. Plaintiffs represent and warrant that, other than the Litigation, they are not supporting, financially or otherwise, any suit, action, complaint, or charge brought by any person or entity against the Defendant Released Parties as a defendant or respondent involving any court or governmental agency arising out of or relating to in any way the Plaintiffs' Released Claims.
31. This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original. For purposes of executing this Agreement, a document signed and transmitted by facsimile or email shall be treated as an original document and have the same binding legal effect as an original signature on an original document.
32. This Agreement, for all purposes, shall be construed in accordance with the laws of the District of Columbia without regard to conflict of laws principles. Any action or proceeding by any of the Parties to enforce the Agreement shall be brought only in a state or federal



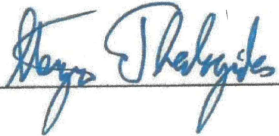
court located in the District of Columbia. The Parties and entities bound by this Agreement hereby irrevocably submit to the exclusive jurisdiction of such courts.

33. The Parties hereto acknowledge and agree to execute any other documents and take any other action as may be reasonably necessary to effectuate this Agreement.

IN WITNESS THEREOF, the Parties hereto have approved and executed this Agreement on the date set forth below.

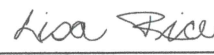
DATED: February 7, 2022

FEDERAL NATIONAL MORTGAGE  
ASSOCIATION

By: 

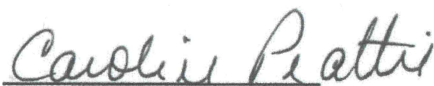
DATED: February 7, 2022

NATIONAL FAIR HOUSING ALLIANCE

By: 

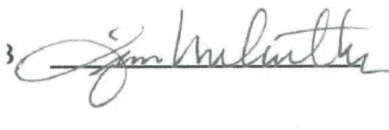
DATED: 1/26/22

FAIR HOUSING ADVOCATES OF NORTHERN  
CALIFORNIA

By: 

DATED: 01/27/2022

CENTRAL OHIO FAIR HOUSING  
ASSOCIATION

By: 

DATED: 2/4/2022

CONNECTICUT FAIR HOUSING CENTER

By: 

DATED: 1-26-2022

DENVER METRO FAIR HOUSING CENTER

By: *Jeannette Basella*  
*Interim Director*

DATED: 1/26/2022

FAIR HOUSING CENTER OF CENTRAL INDIANA

By: *Mary Leach*

DATED: 1/26/2022

FAIR HOUSING CENTER OF THE GREATER PALM BEACHES

By: *Vivian Lubin*

DATED: 1/26/2022

FAIR HOUSING CENTER OF WEST MICHIGAN

By: *Monique Hughes*

DATED: JAN 26, 2022

FAIR HOUSING CONTINUUM, INC.

By: *D. J. B...*  
PRESIDENT / CEO

DATED: 1/27/2022

LOUISIANA FAIR HOUSING ACTION CENTER

By: *[Signature]*


DATED: 01/27/2022

HOPE FAIR HOUSING CENTER

By:   
MICHAEL CHAVARRIA

DATED: 1/27/2022

HOUSING OPPORTUNITIES MADE EQUAL  
OF VIRGINIA

By: 


DATED: 2/7/22

HOUSING OPPORTUNITIES PROJECT FOR  
EXCELLENCE, INC.

By: 

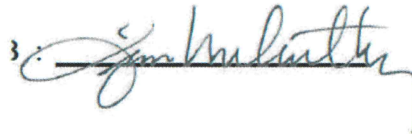
DATED: January 26, 2022

HOUSING RESEARCH & ADVOCACY  
CENTER d/b/a FAIR HOUSING CENTER FOR  
RIGHTS AND RESEARCH

By:   
Carrie Pleasants, Executive Director


DATED: 01/27/2022

MIAMI VALLEY FAIR HOUSING CENTER

By: 

DATED: 1/26/2022

METRO FAIR HOUSING SERVICES, INC.

By: 

DATED: 01/26/2022

METROPOLITAN MILWAUKEE FAIR HOUSING COUNCIL

By: William R. Casale

DATED: 1/27/2022

NORTH TEXAS FAIR HOUSING CENTER

By: FRANCES ESPINOZA  
EXECUTIVE DIRECTOR

DATED: 01/27/2022

OPEN COMMUNITIES, INC.

By: J.P. Lawrence

DATED: 1/27/22

SOUTH SUBURBAN HOUSING CENTER

By: [Signature]

DATED: 2/7/22

TOLEDO FAIR HOUSING CENTER d/b/a THE FAIR HOUSING CENTER

By: Mavis M. Hanover  
President + CEO