

SETTLEMENT AGREEMENT

1. Plaintiff, the Inclusive Communities Project, Inc., has brought suit under the Administrative Procedure Act, 5 U.S.C. § 701 *et seq.*, against Defendant, the U.S. Department of Housing and Urban Development. *See Inclusive Communities Project, Inc. v. U.S. Dep't of Hsg. and Urban Devel.*, No. 3:07-945 (N.D. Tex.). Plaintiff's Amended Complaint alleges that Defendant's determination that the Dallas, Texas, Housing Fair Market Area ("HFMA"), which consists of Collin, Dallas, Delta, Denton, Ellis, Kaufman, and Rockwall Counties, constitutes a "market area," under 42 U.S.C. § 1437f(c)(1), in the Section 8 Housing Choice Voucher Program violates: (i) the equal protection component of the Due Process Clause of the Fifth Amendment to the U.S. Constitution; (ii) Section 804(a) of the Fair Housing Act of 1968, *as amended*, 42 U.S.C. § 3604(a); and (iii) Section 808(e)(5) of the Fair Housing Act, *as amended*, 42 U.S.C. § 3608(e)(5). *See Inclusive Communities Project, supra*, Doc. No. 42.

2. On May 18, 2010, Defendant announced a demonstration project that will alter what constitutes a market area within selected metropolitan areas through the use of Small Area Fair Market Rents ("FMRs"). *See 75 Fed. Reg. 27808* (May 18, 2010). The methodology for determining Small Area FMRs is set forth in that Notice. As indicated in the Notice, the demonstration projects are slated to begin October 1, 2010, or at the beginning of Fiscal Year 2011.

3. The parties agree that Defendant will select the Dallas, Texas, HFMA as one of the metropolitan areas for a Small Area FMR Demonstration Project and that Defendant will implement the Small Area FMR Demonstration Project in the Dallas, Texas, HFMA by October 1, 2010. The parties further agree that Defendant will continue the Small Area FMR Demonstration Project in the Dallas, Texas HFMA for at least one Fiscal Year. The parties

further agree that Defendant will pay Plaintiff \$65,000 in attorney fees by October 1, 2010. In return, Plaintiff will sign the attached stipulation of dismissal with prejudice and file it with the Court by October 1, 2010.

4. The parties agree that this Settlement does not represent an admission of liability by Defendant.

5. The parties agree that nothing in this Settlement shall be construed as prohibiting Defendant from modifying, amending, rescinding, or failing to continue the Small Area FMR Demonstration Project in future fiscal years, except that Defendant agrees that no modification, amendment, rescission, or failure to continue the project in future years shall be made without publishing another Notice in the Federal Register, which shall include a comment period of no less than thirty days.

6. The parties further agree that nothing in this Settlement or the Stipulation of Dismissal shall be construed as prohibiting Plaintiff from challenging any action Defendant may take to modify, amend, rescind, or fail to continue the Small Area FMR Demonstration Project in the Dallas, Texas, HFMA.

7. Nothing contained in this Settlement 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.

8. This Settlement binds both the Plaintiff and the Defendant.

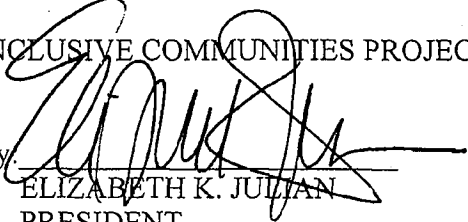
9. This Settlement is the integrated understanding of the parties and replaces and supersedes any prior agreement, understanding, or contract between them regarding settlement of this dispute.

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

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

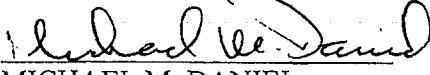
PLAINTIFF

INCLUSIVE COMMUNITIES PROJECT, INC.

By: 
ELIZABETH K. JULIAN
PRESIDENT,
INCLUSIVE COMMUNITIES PROJECT, INC.

June 6, 2010
Date

COUNSEL FOR PLAINTIFF


MICHAEL M. DANIEL

June 4, 2010
Date

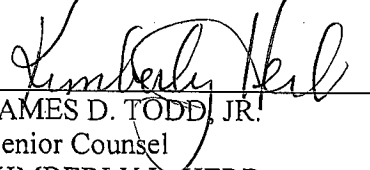

LAURA B. BESHARA

June 4, 2010
Date

COUNSEL FOR DEFENDANT

TONY WEST
Assistant Attorney General

MICHAEL SITCOV
Assistant Branch Director
Federal Programs Branch
Civil Division


JAMES D. TODD, JR.
Senior Counsel
KIMBERLY L. HERB
Trial Attorney
Federal Programs Branch
Civil Division
United States Department of Justice

June 4, 2010
Date

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

THE INCLUSIVE COMMUNITIES PROJECT, INC.,

Plaintiff,

No. 07-CV-945-O-BD

v.

U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT,

Defendant.

STIPULATION OF DISMISSAL

Plaintiff, the Inclusive Communities Project, Inc., with the concurrence of Defendant, the U.S. Department of Housing and Urban Development, voluntarily dismisses all claims with prejudice pursuant to Fed. R. Civ. P. 41(a)(1)(A)(ii).

Dated: October 1, 2010

Respectfully Submitted,

s/ Michael M. Daniel
MICHAEL M. DANIEL
State Bar No. 05360500
LAURA B. BESHARA
State Bar No. 02261750
DANIEL & BESHARA, P.C.
3301 Elm Street
Dallas, TX 75226-1637
214-939-9230
daniel.michael@att.net
laurabeshara@swbell.net
Attorneys for Plaintiffs

TONY WEST
Assistant Attorney General

JAMES T. JACKS
United States Attorney

s/ James D. Todd Jr
MICHAEL SITCOV
Assistant Branch Director
JAMES D. TODD JR
Senior Counsel
KIMBERLY L. HERB
Trial Attorney
U.S. Department of Justice, Civil Division
Federal Programs Branch
20 Massachusetts Avenue, N.W.
Washington, DC 20001
(202) 514-3378
james.todd@usdoj.gov
kimberly.l.herb@usdoj.gov
Attorneys for Defendant

June 4, 2010

delivery by email to Judi_Andrew@txnd.uscourts.gov

U.S. Magistrate Judge Jeff Kaplan
1100 Commerce Street, Room 1611
Dallas, TX 75242

Re: Inclusive Communities Project, Inc. v. U.S. Department of Housing and Urban Development
No. 3-07-CV-0945-O

Dear Judge Kaplan:

The case is settled. The parties have agreed to the attached settlement agreement that provides for filing a stipulation of dismissal by October 1, 2010 assuming compliance with the agreement. The settlement was approved by Tony West, Assistant Attorney General for the Civil Division. The U.S. Department of Housing and Urban Development has already published the notice of the demonstration project referred to in the agreement. That notice is also attached.

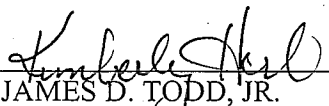
The parties request that the Court carry the case on the docket until the settlement agreement is implemented and the notice of dismissal is filed.

COUNSEL FOR PLAINTIFF

s/ Michael M. Daniel
MICHAEL M. DANIEL
LAURA B. BESHARA

COUNSEL FOR DEFENDANT

TONY WEST
Assistant Attorney General
MICHAEL SITCOV
Assistant Branch Director
Federal Programs Branch
Civil Division


JAMES D. TODD, JR.
Senior Counsel
KIMBERLY L. HERB
Trial Attorney
Federal Programs Branch
Civil Division
United States Department of Justice