

## **AMENDED SETTLEMENT AGREEMENT AND MUTUAL RELEASE**

This Amended Settlement Agreement and Mutual Release (“Settlement Agreement”) is entered into by and among, plaintiffs, ADAM D.K. ABELKOP and KATHERINE G. MACDONALD (the “Named Plaintiffs”) as class representatives for all purported class members (collectively with Named Plaintiffs, “Plaintiffs”), on the one hand; and defendants THE SOBRATO ORGANIZATION, LLC (“SOBRATO”), SI VI, LLC (“SI VI”), a California limited liability company, and ALLIANCE COMMUNITIES INC. (“ALLIANCE”), a Delaware corporation (collectively “Defendants”) on the other hand. Plaintiffs and Defendants shall be referred to as the “Settling Parties.”

The Settling Parties agree that this Amended Settlement Agreement constitutes a written agreement to amend the earlier Settlement Agreement and Mutual Release executed by the Settling Parties between January 20, 2022 and February 4, 2022, pursuant to Section 32 of the earlier Settlement Agreement, such that this Amended Settlement Agreement replaces the earlier agreement in its entirety.

### **RECITALS**

A. On September 23, 2019, the Named Plaintiffs filed a complaint in the Superior Court of the State of California, County of Santa Clara, under Case No. 19CV355487 entitled “THE SOBRATO ORGANIZATION, a California business form unknown; SI VI, LLC, a California limited liability company; and DOES 1 through 200, inclusive” (the “Lawsuit”); subsequently, on May 12, 2020, the Named Plaintiffs filed a First Amended Complaint (the “FAC”) adding ALLIANCE COMMUNITIES, INC., a Delaware corporation, as a defendant in the Lawsuit. On July 29, 2020, the Named Plaintiffs filed a Second Amended Complaint (the “SAC”) in the Lawsuit; and on November 4, 2020, the Named Plaintiffs filed a Corrected Second Amended Complaint (the “Corrected SAC”). On February 17, 2022, the Named Plaintiffs filed a Third Amended Complaint (the “TAC”).

B. The Lawsuit originated from a claim by Named Plaintiffs, who were tenants from approximately September 1, 2016, to August 31, 2017, under a written lease for apartment Number 2315 of the “Central Park at Whisman Station” multi-unit apartment complex located 100 North Whisman Road, in the City of Mountain View, California, which is owned by SOBRATO and SI VI and was managed by ALLIANCE. Pursuant to the lease, Named Plaintiffs paid a security deposit of \$600, which they claim was not timely or properly returned to them as required by California Civil Code section 1950.5. Along with their Civil Code section 1950.5 claim, Named Plaintiffs’ Corrected SAC included claims for violation of California’s Business & Professions Code sections 17200, et seq., for fraud, and for declaratory relief (the “Claims”).

C. In the Lawsuit, Plaintiffs alleged, inter alia, that Defendants violated Civil Code section 1950.5 regarding the return of security deposits to all Plaintiffs, by improperly making deductions to security deposits, failing to properly send invoices, over-estimating deductions, and referring tenants who disputed security deposit deductions to collection agencies. The Defendants operated 12 residential apartment complexes (the “Subject Properties”) whose tenants are alleged to belong to the putative class. These apartment complexes include the following, and are listed with their addresses as Exhibit A to this Agreement: 599 Castro, Bridgepointe, Central Park at Whisman Station, City Place, Domicilio, Elements, The Montecito, La Terraza, Mosaic Apts., Naya, Tamarind Square, and The Standard.

D. Defendants vigorously deny any and all liability with respect to the individual and purported class claims alleged in the Lawsuit and vigorously deny all allegations of wrongdoing asserted in the Lawsuit and/or the Claims, or related to the Subject Properties and/or the putative class. This Settlement Agreement was reached following mediation with Hon. Dickran

Tevrizian (Ret.), an experienced class action mediator, and after extensive arms-length settlement negotiations. Nothing stated herein is intended to, or shall be construed as, a waiver of the mediation privilege. After investigating the facts and carefully considering applicable law, the Plaintiffs' counsel, Alexander J. Perez, Esq. of the LAW OFFICES OF ALEXANDER J. PEREZ and Joshua H. Haffner, Esq. of HAFFNER LAW, PC ("Class Counsel"), have concluded that, despite their belief that Named Plaintiffs would prevail on the claims, it would be in the best interests of the Named Plaintiffs and Class Members to enter into this Settlement Agreement in order to avoid the uncertainties of litigation, particularly complex litigation such as this, and to assure meaningful benefits to the Plaintiffs; and that the terms and conditions of this Settlement Agreement are fair, reasonable, and adequate and in the best interests of all members of the class, if any. Defendants have independently concluded that the benefits provided in this Agreement are in their best interest as well. Defendants deny all allegations of wrongdoing.

E. This Settlement Agreement is made for the sole purpose of attempting to consummate settlement of this Lawsuit on a class-wide basis. It is made in compromise of disputed claims and must receive preliminary and final approval by the Court. It is made with the desire to settle all claims, disputes and matters between and among the Settling Parties related to the Lawsuit and/or Subject Properties and/or Claims and/or the potential class and any of the matters alleged in the Lawsuit or that could have been alleged in the Lawsuit, and the Settling Parties agree to the following terms:

### DEFINITIONS

Definitions contained elsewhere in this Agreement shall be effective, along with the following definitions applicable to this Agreement:

1. "Action" or "Lawsuit" means *Adam D.K. Abelkop and Katherine G. MacDonald v. The Sobrato Organization, SI VI, LLC, and Alliance Communities, Inc.*, filed on September 23, 2019 in the Superior Court State of California, County of Santa Clara Case No. 19CV355487, and includes, without limitation: (i) any and all allegations or claims asserted therein; and (ii) any appeals or requests for leave to appeal any ruling or judgment entered in the lawsuit.
2. "Agreement" or "Settlement Agreement" means this Settlement Agreement and Mutual Release, inclusive of all attachments.
3. "Class" or "Class Member(s)" means all persons within the Settlement Class definition.
4. "Class Counsel" means Alexander J. Perez, Esq. of the LAW OFFICES OF ALEXANDER J. PEREZ and Joshua H. Haffner, Esq. of HAFFNER LAW, PC.
5. "Class Counsel Award" means such award of fees and costs and expenses as the Court may authorize to be paid to Class Counsel for the services they have rendered and will render to Plaintiffs and the Class in the Action.
6. "Class Member Household(s)" means a Household that includes one or more Class Members to be contacted by the Settlement Administrator through the contact information provided to ALLIANCE for the forwarding address provided for the Household to ALLIANCE as part of the move-out process, or the last known address on file for that Household.
7. "Class Notice Date" means the date that the mailing or other distribution of the Class Notice has been completed, as confirmed by the declaration of the Settlement Administrator.

8. “Class Period” means the period from September 23, 2015, through December 31, 2020.

9. “Class Representatives” or “Named Plaintiffs” means Adam D.K. Abelkop and Katherine G. MacDonald.

10. “Counsel for Defendant” or “Defense Counsel” means Linda M. Moroney and Seth Weisburst of Gordon Rees Scully Mansukhani, LLP.

11. “Court” means the Superior Court for the State of California, County of Santa Clara, or any other court taking jurisdiction of the Action.

12. “Defendants” means THE SOBRATO ORGANIZATION, LLC (“SOBRATO”), SI VI, LLC (“SI VI”), and ALLIANCE COMMUNITIES INC. (“ALLIANCE”).

13. “Defendant Released Parties” means Defendants, including, each of Defendants’ respective parents, successors-in-interest, affiliates, assigns, and each of their respective past and present officers, directors, shareholders, employees, administrators, fiduciaries, trustees, agents, and principals.

14. “Effective Date” means the later of: (i) 65 calendar days after the Final Approval Date, if no timely motions for reconsideration and/or no appeals or other efforts to obtain review have been filed; or (ii) if a Class Member objects to the Settlement and commences an appeal challenging the Settlement approval, 30 calendar days after the final resolution of any such appeal.

15. “Enhancement Payment” or “Service Payment” means the amount that the Court authorizes to be paid to Named Plaintiffs, in addition to their Individual Settlement Payment, in recognition of his efforts and risks in assisting with the prosecution of the Action. Subject to the Court granting final approval, the Parties agree that Named Plaintiffs shall collectively be paid up to Two Thousand Five Hundred Dollars (\$2,500.00) from the Maximum Settlement Amount.

16. “Final Approval” means that the Final Approval Order and Judgment have been entered by the Court. “Final Approval Date” means the date on which the Court enters an order granting final approval of the Settlement. “Final Approval Hearing” means the hearing to be conducted by the Court to determine the fairness, adequacy and reasonableness of the Settlement pursuant to California Rule of Court 3.769. If that order is modified by subsequent order of the Court, the modified order shall constitute the Final Approval Order.

17. “Household” means an apartment unit at one of the Subject Properties that one or more Class Member(s) leased and subsequently vacated during the Class Period.

18. “Maximum Settlement Amount” means the maximum settlement amount of One Million Dollars (\$1,000,000.00) to be paid by Defendants as a result of this Agreement. The Maximum Settlement Amount includes all Individual Settlement Payments to Settlement Class Members, the Enhancement Payment to Named Plaintiffs, Settlement Administration Costs to the Settlement Administrator, and the Class Counsel Award. Defendants shall have no monetary responsibility of any kind in connection with this settlement other than payment of the Maximum Settlement Amount.

19. “Individual Settlement Payment” means the amount payable from the Net Settlement Amount to each Settlement Class Member Household.

20. “Named Plaintiffs” means Adam D.K. Abelkop and Katherine G. MacDonald.
21. “Net Settlement Amount” means the balance of the Maximum Settlement Amount remaining after deduction of the approved Enhancement Payment to Named Plaintiffs, Settlement Administration Costs, and the Class Counsel Award. The entire Net Settlement Amount is the maximum amount that will be available for distribution to Settlement Class Members.
22. “Notice of Objection” means a Class Member’s written objection to the Settlement. The Notice of Objection must include: (a) the case name and/or number; and (b) the objector’s full name. The Notice of Objection should be returned to the Settlement Administrator at the specified address indicated in the Notice Packet, as well as the Clerk of the Court. Alternatively, a Class Member may appear at the Final Approval Hearing and present his or her objection to the Court orally, even without written objection, and regardless of whether or not any written objection or notice of appearance has been provided.
23. “Notice Packet” means the form of notice of this Settlement to be agreed upon by the Parties and sent to the forwarding address for each unit, as provided by Class Members for their Class Member Household as part of the move out process or the last known address on file for that Class Member Household. If the Class Notice is modified by subsequent agreement of the Parties and/or order of the Court, the modified form shall constitute the Class Notice. Any version of the Class Notice shall be approved by the Court.
24. “Parties” means Named Plaintiffs, on behalf of themselves and Settlement Class Members, and Defendants collectively.
25. “Preliminary Approval” means the Court’s order granting preliminary approval of the Settlement. “Preliminary Approval Date” means the date on which the Court signs an order preliminarily approving the Settlement and ordering or authorizing the distribution of the Class Notice. “Preliminary Approval Order” means the Order signed by the Court preliminarily approving this Agreement.
26. “Released Claims” means claims asserted in the original Complaint and any amended Complaints, and potential claims reasonably arising out of the same set of operative facts pled in the original complaint and any amended complaint, against the Defendant Released Parties or any of them, as more thoroughly set forth in paragraph 12 below.
27. “Request for Exclusion” means a timely letter submitted by a Class Member indicating a request to be excluded from the Settlement. The Request for Exclusion must: (a) state that the Class Member does not wish to be included in the Settlement; (b) set forth the name of the Class Member requesting exclusion; (c) be signed by the Class Member; (d) be returned by mail to the Settlement Administrator at the specified address indicated in the Notice Packet; and (e) be postmarked on or before the Response Deadline.
28. “Response Deadline” means forty-five (45) days after the Settlement Administrator initially mails the Notice Packet, and the last date on which Class Members may submit Requests for Exclusion or Notices of Objections to the Settlement.
29. “Settling Parties” means Plaintiffs and Defendants.
30. “Settlement” means the agreement among the Parties to resolve the Action, as set forth in this Agreement, including all covenants, promises, and consideration set forth in and contemplated by this Agreement, inclusive of all attachments, as approved or modified by the Court.

31. “Settlement Administration Costs” means the fees and expenses reasonably incurred by the Settlement Administrator as a result of the procedures and processes expressly required by this Agreement, which are estimated at Seventy Thousand Four Hundred and Thirteen Dollars (\$70,413.00). Any portion of the Settlement Administration Costs not used or approved by the Court shall be added to the Net Settlement Amount.

32. “Settlement Administrator” means the third party Settlement Administrator appointed by the Court to send notices and payments and to otherwise administer communication with Class Members. Plaintiffs propose CPT GROUP, INC. to be the Settlement Administrator.

33. “Settlement Class” means the class to be certified solely for purposes of this Settlement as defined in this Agreement.

34. “Settlement Class Members” means all Class Members who do not submit valid and timely Requests for Exclusion.

35. “Subject Properties” means 599 Castro, Bridgepointe, Central Park at Whisman Station, City Place, Domicilio, Elements, The Montecito, La Terraza, Mosaic Apts., Naya, Tamarind Square, and The Standard, listed with their addresses in Exhibit A to this Agreement.

## AGREEMENTS

This Settlement Agreement is subject to preliminary and final Court approval. Class counsel will draft both motions. Defendants will cooperate with Named Plaintiffs in this regard.

**1. Settlement Class Defined.** Without admitting that a class otherwise exists and without any concession that the requirements of Section 382 of the California Code of Civil Procedure or any other applicable law are satisfied, the Parties agree to certification of a class action strictly for purposes of this Agreement. In this respect, solely for purposes of this Agreement, the Parties agree that the Settlement Class is defined as:

All tenants who terminated the lease of their residential unit at any of the Subject Properties and moved out of their residential units from September 23, 2015 through December 31, 2020, and who had charges deducted from their security deposit and/or were invoiced for charges as part of the move-out process other than for rent or utilities, but including utility portal charges.

The Parties are agreeing to class certification for settlement purposes only. This Agreement shall not constitute, in this or any other proceeding, an admission of any kind by Defendants, including without limitation, that Defendants committed any violation of statute or other wrongdoing, that Defendants are liable to Named Plaintiffs or to any other Class Members, that certification of a class for trial or any other purpose is appropriate or proper or that Named Plaintiffs or any Class Member can establish any of the requisite elements for class treatment of any of the claims in this Action. If, for any reason, the Settlement is not finally approved, this Agreement will be void and the Parties will be restored to their respective positions in the lawsuit as if they had not entered into this Agreement. The Parties further agree that this Agreement or any documents or orders issued related to this Settlement will not be admissible, other than according to the Settlement’s terms, in this or any other proceeding as evidence that either: (i) a

class action should be certified, or (ii) Defendants are liable to Named Plaintiffs or any Class Member.

**2. Preliminary Approval Hearing.** Plaintiffs shall obtain a hearing before the Court to request the Preliminary Approval of the Settlement, conditional certification of the Class, and the entry of a Preliminary Approval Order: (i) approving of the proposed Settlement, and (ii) setting a date for a Final Approval/Settlement Fairness Hearing. The Preliminary Approval Order shall provide for the Notice Packet to be sent to all Class Member Households. In conjunction with the Preliminary Approval hearing, Plaintiff shall submit this Agreement, which sets forth the terms of this Settlement, and will submit the proposed Notice Packet once it has been agreed on by the Parties.

**3. Class Notice.** Within 30 calendar days after the execution of this Agreement by all Parties, Defendants shall exercise best efforts to provide to Class Counsel the following categories of information along with a declaration (or declarations) under penalty of perjury verifying the accuracy of the information and how it was collected:

i. A spreadsheet or spreadsheets containing all of the following information as to each class-member tenancy: name of tenant(s), move-out unit and apartment complex name and street address, date of move-out, total amount of security deposits deductions/charges incurred, withheld, or charged (other than for rent and utilities).

ii. A sampling of 10% of the move-out statements per year for each of the 12 residential apartment complexes included in this Settlement, for calendar years 2015 through 2020.

Within 15 calendar days of entry of the Preliminary Approval Order, Defendants shall provide the Administrator with a spreadsheet or spreadsheets listing the above information and the forwarding address for each unit, as provided by Class Members for their Class Member Household as part of the move-out process or the last known address on file for that Class Member Household. The Administrator will then make reasonable efforts using a national address database to trace, identify and obtain any updated addresses for such Class Member Households.

All information provided by Defendants under this Section shall be maintained as confidential and used solely for the purpose of providing Class Notice or, if necessary, enforcing this Agreement.

Within a reasonable time from receipt of the spreadsheet discussed above, not to exceed 60 calendar days after the Preliminary Approval Date, the Administrator shall send by first-class mail a Class Notice to each identified last known address according to Defendants' business records, or to the extent applicable, to their updated address. The costs of this mailing will be paid by the Administrator out of the Settlement Administration Costs. If a mailed Class Notice is returned, the Administrator shall take reasonable steps to attempt to locate a better address.

Before the Final Approval Hearing, Class Counsel shall file a declaration from the Administrator confirming the Class Notice Date and compliance with the requirements of this Agreement.

**4. Objections to Settlement.** Any Class Member who does not opt-out of this Settlement may choose to object to the Settlement by either: 1) sending a written Notice of Objection (which includes the case name and the objector's name) by mail to the Settlement Administrator and to the Clerk of the Court; or 2) by appearing at the Final Approval Hearing and making an objection orally before the Court, regardless of whether or not any written objection or notice of appearance has been provided.

At no time shall any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to opt-out, submit written objections to the Settlement, or appeal from the Order and Judgment. Class Counsel shall not represent any Class Members with respect to any such objections to this Settlement. Any Class Member who submits a valid Request for Exclusion shall not be allowed to object to this Settlement.

**5. Exclusion from the Settlement.** Any Class Member, other than Named Plaintiffs, may opt-out from the Settlement by submitting a written Request for Exclusion to the Settlement Administrator postmarked by the Response Deadline. A Request for Exclusion must: (1) contain the name of the person requesting exclusion; (2) state that the Class Member does not wish to be included in the Settlement; (3) be signed by the Class Member; (4) be returned by mail to the Settlement Administrator at the specified address; and (5) be postmarked on or before the Response Deadline. The date of the postmark shall be the exclusive means to determine whether a Request for Exclusion is timely. By submitting such a Request for Exclusion, a Class Member shall be deemed to have exercised his or her option to opt out of the Action and not be bound by this Agreement. Accordingly, a Class Member who timely submits a valid Request for Exclusion will not be entitled to any payments under this Settlement and will not be bound by the terms of the Settlement. Any Class Member who fails to submit a valid and timely Request for Exclusion on or before the Response Deadline shall be deemed a Settlement Class Member and will be bound by all terms of the Settlement to the fullest possible extent if the Settlement is granted final approval by the Court. At no time shall any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to submit a Request for Exclusion. Class Counsel shall not represent any Class Members with respect to any such request.

For Households with more than one Class Member, the following provisions shall apply: (a) a Request for Exclusion by one or more Class Members within the Household shall not preclude other Class Members within that Household from remaining in the Settlement as Settlement Class Members; (b) all Class Members within a Household who do not timely mail a Request for Exclusion shall be bound by the Settlement even if other Class Members within that Household have opted out of the Settlement; and (c) Defendants shall retain all rights and defenses with respect to any Class Member(s) who have mailed a Request for Exclusion, including without limitation, the right to assert a pro-rated amount of any Defendants' Claim applicable to the Household in question.

No later than five (5) days after the Response Deadline, the Settlement Administrator shall provide Defense Counsel with a complete list of all Class Members who have timely and properly requested exclusion from the Class.

**6. Final Court Approval.** Upon expiration of the deadlines to submit Requests for Exclusion, and with the Court's permission, a Final Approval/Settlement Fairness Hearing shall be conducted to determine the Final Approval of the Settlement along with the amounts properly payable for (i) Individual Settlement Payments; (ii) the Class Counsel Award; (iii) the Enhancement Payment; and (iv) Settlement Administration Costs. Class Counsel will be responsible for drafting all documents necessary to obtain final approval. Class Counsel will also be responsible for drafting the attorneys' fees and costs application to be heard at the Final Approval Hearing.

The Final Approval Hearing shall be set for a date that is at least 15 calendar days after the last day for any Class Member to exclude himself or herself from the Settlement. The dates for filing and service of moving, opposition and reply briefing on the motion for final approval shall be set by the Court at the preliminary approval hearing. Any Class Members may appear before the Court and be heard at the Final Approval Hearing, regardless of whether or not they notify the Settlement Administrator or give the Court notice of their intent to appear.

If the Court does not grant the motion for entry of the Final Approval Order, the Administrator shall notify all Class Members it had previously contacted of the Court's ruling within 30 calendar days of the Court's ruling, unless the Parties reach some different agreement or the Court orders other timing for such notice.

**7. Right to Terminate Agreement.** Defendants may unilaterally, in their sole discretion, withdraw from and terminate this Agreement by providing written notice of termination to Class Counsel if more than Twelve-and-a-Half Percent (12.5%) of Class Members timely elect to opt-out of the Settlement (through the Request for Exclusion procedure). Notice of termination under this paragraph shall be provided on or before 15 calendar days of Defendants' receipt of final written notice from the Settlement Administrator that the opt-out number has exceeded Twelve-and-a-Half Percent (12.5%) of Class Members, or shall be deemed waived.

If this Agreement terminates or is terminated for any reason, within five business days after written notification of such termination is sent by Defense Counsel or Class Counsel to the Settlement Administrator, the Maximum Settlement Amount (including accrued interest), less only the Settlement Administration Costs actually incurred or due and payable, shall be refunded to Defendants.

**8. Funding of the Maximum Settlement Amount.** Within 15 days after the Effective Date, Defendants will make a one-time deposit of the Maximum Settlement Amount into a Qualified Settlement Fund to be established by the Settlement Administrator.

Defendants shall pay the sum of the Maximum Settlement Amount as specified in this Agreement (\$1,000,000.00), which shall be used to pay: (1) Individual Settlement Payments; (2) Class Counsel Award; (3) the Enhancement Payment; and (4) Settlement Administration Costs. Defendants shall have no monetary responsibility of any kind in connection with this settlement other than payment of the Maximum Settlement Amount. The Parties agree that this is a non-



reversionary Settlement and that no portion of the Maximum Settlement Amount shall revert to Defendants.

**9. Calculation of Individual Settlement Payments.** Individual Settlement Payments shall be based on a pro rata percentage of the Net Settlement Amount as applied to each Settlement Class Member Household's corresponding security deposit charges (not including deductions for rent or utilities). For example: If the total of all applicable security deposit charges to Settlement Class Members were \$1,500,000, and the Net Settlement Amount were \$750,000, a Settlement Class Member who had been charged \$500.00 in applicable security deposit charges would receive a pro rata payment equal to 50% of what they had paid, which in this example would amount to \$250.00.

No payments shall be made to any Plaintiffs until after the Court orders final approval of the Settlement, and after all claims have been received and approved for payment. The Settlement Administrator shall determine appropriate payment amounts based upon security deposit deductions to individual tenants on a pro rata basis, and will make the proper payments from the Qualified Settlement Fund.

If there are any timely submitted Requests for Exclusion, the Settlement Administrator shall proportionately increase the Individual Settlement Payments for each Settlement Class Member Household. Payments to class members shall be made by check sent via U.S. Mail, and the checks will remain valid for 120 days from the date of mailing; thereafter, any uncashed checks shall be void. The Settlement Administrator shall reconcile uncashed settlement checks by **first** attempting to locate corresponding Class Member Households via skip trace, and, if unsuccessful, redistributing the funds to other Class Member Households pursuant to the same pro-rata formula. After this redistribution to Class Member Households, any residual, unclaimed and/or abandoned class member funds (plus any interest that has accrued thereon), shall then be distributed pursuant to Code of Civil Procedure §384 to TENANTS TOGETHER (a California tenant advocacy organization), so that the entirety of the Net Settlement Amount is distributed.

**10. Letter to Collections Agency(ies).** As to Plaintiffs who were referred by Defendants to collections agencies for charges in excess of the respective Plaintiff's total security deposit, Defendants shall provide a form letter to all such collections agencies instructing those agencies to cease any ongoing collection efforts and/or to cease otherwise impacting credit information of all such individuals who shall be listed in an attachment to the letter. The letter shall include the substantive language reflected in Exhibit B, attached to this Agreement.

**11. Duties of Settlement Administrator and Settlement Administration Process.** The proposed Settlement Administrator shall be CPT GROUP, INC. ("CPT"). The Parties agree to cooperate in the administration of the Settlement and to make all reasonable efforts to control and minimize the costs and expenses incurred in the administration of the Settlement. CPT's duties and services will consist of:

- (i) establishing and maintaining a Qualified Settlement Fund account;

(ii) preparing, printing, and mailing to Class Member Households notification of pending class action lawsuits, and request for exclusion forms, which may or may not include having the documents translated to other languages;

(iii) establishing and dedicating a toll free 800 number where Class Members are able to speak to a live representative regarding their claim and case information;

(iv) preparing the mailing list and processing undeliverable mail and locating updated addresses for Class Member Households, including performing National Change of Address (NCOA) database searches in attempt to update the class list of addresses for any individual who has moved in the previous 48 months and notified the U.S. Postal Service of a forwarding address;

(v) receiving and validating Requests for Exclusion submitted by Class Members;

(vi) notifying the Parties of certain information in weekly status reports, including the number of notices mailed (with information regarding undeliverable and/or emailed notices), the number of disputes received, the number of objections received, and the numbers of requests for exclusion received (with identification of requesting individuals);

(vii) receiving other communications about the Settlement;

(viii) filing any required reports and/or declarations with the court;

(ix) establishing a fund for authorized claimants;

(x) calculating the amounts due to each Settlement Class Member pursuant to the settlement;

(xi) making payments to Settlement Class Members through the established fund and filing all applicable tax returns;

(xii) distributing and paying the Enhancement Payment;

(xiii) distributing and paying the Class Counsel Award; and

(xiv) reconciling and handling of uncashed settlement checks by first attempting to locate corresponding Class Member Households via skip trace, and, if unsuccessful, redistributing the funds to other Class Members Households pursuant to the same pro-rata formula. Thereafter, any residual, unclaimed and/or abandoned Class Member Household funds (plus any interest that has accrued thereon), shall then be distributed pursuant to Code of Civil Procedure §384 to TENANTS TOGETHER (a California tenant advocacy organization), so that the entirety of the Net Settlement Amount is distributed.

**12. Release of Claims by Named Plaintiffs and Settlement Class Members.** As a condition of this Settlement and obtaining the consideration provided for herein, Named Plaintiffs and the other Settlement Class Members and their respective heirs, spouses, executors, administrators, trustees, and/or permitted assigns, hereby do and shall be deemed to have fully, finally, and forever released, settled, compromised, relinquished and discharged, to the fullest extent possible, the Defendant Released Parties of all claims, counterclaims, suits, debts, controversies, promises, losses, sums of money, covenants, assertions, allegations, contentions,

actions, demands, liabilities, rights, causes or rights of action, damages, punitive, exemplary, or multiplied damages, incidental, consequential damages, expenses, costs, attorneys' fees and/or obligations, and other claims and/or allegations which were raised in the original Complaint and/or any amended Complaints and/or which are reasonably related to the factual allegations of the original Complaint and any amended Complaints in this lawsuit, including: (i) alleged breach(es) of the lease; (ii) alleged withholding of tenant security deposit(s); (iii) alleged charges for apartment cleaning, painting, carpet cleaning and/or carpet replacement; (iv) alleged report(s), publication(s) and/or other statement(s) made to any person or entity concerning amounts allegedly owed by a Class Member under a lease at one of the Subject Properties during the Class Period; (v) alleged non-compliance with Civil Code § 1950.5, Bus. & Prof. Code §§ 17200 et seq., 17500; and/or (vi) alleged claims for fraud or declaratory relief.

**13. Release of Claims by Defendants.** Defendants and their respective parents, successors-in-interest, affiliates, assigns, and each of their respective past and present officers, directors, shareholders, employees, administrators, fiduciaries, trustees, agents, and principals, hereby do and shall be deemed to have fully, finally, and forever released, settled, compromised, relinquished and discharged, to the fullest extent possible, Named Plaintiffs from any claims, counterclaims, suits, debts, controversies, promises, losses, sums of money, covenants, assertions, allegations, contentions, actions, demands, liabilities, rights, causes or rights of action, damages, punitive, exemplary, or multiplied damages, incidental, consequential damages, expenses, costs, attorneys' fees and or obligations of any kind or nature whatsoever, whether in law or in equity, which were raised or could have been raised related to the Action.

**14. Civil Code Section 1542 Waiver as to Named Plaintiffs and Defendants.** Named Plaintiffs, ADAM D.K. ABELKOP and KATHERINE G. MACDONALD (and no other Class Members), and Defendants, hereby agree to release each other from any and all causes of action, suits, claims or demands known or unknown, suspected or unsuspected, fixed or contingent, regardless of the subsequent discovery or existence of different or additional facts. This shall be a bar from proceeding with any such causes of action, suits, claims or demands

Named Plaintiffs, ADAM D.K. ABELKOP and KATHERINE G. MACDONALD, and Defendants, acknowledge that they have been advised by their counsel and are familiar with the provision of California Civil Code Section 1542, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR 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.

ADAM D.K. ABELKOP and KATHERINE G. MACDONALD (and no other Class Members), and Defendants expressly waive and relinquish any and all rights or benefits they may have under, or which may conferred upon them, by the provisions of Section 1542 of the California Civil Code, as to any and all actions, causes of action, suits, claims, or demands against each other.

**15. Class Counsel Award.** Defendants agree not to oppose a Class Counsel Award of up to twenty-five percent of the Maximum Settlement Amount, subject to the Court finally approving this Settlement. It is understood by Class Counsel that the Court has final discretion in any fee award. The Settlement Administrator shall issue an IRS Form 1099 to Class Counsel reflecting the awarded attorneys' fees, costs, and expenses. Any portion of the Class Counsel Award not awarded to Class Counsel shall be added to the Net Settlement Amount and shall be distributed to Settlement Class Members as provided in this Agreement. It is agreed that no order of the Court, including any order concerning attorneys' fees, may alter or otherwise increase the Maximum Settlement Amount.

**16. Class Representatives' Enhancement Payment.** Defendants agree not to oppose any application or motion by Named Plaintiffs for an Enhancement Payment of up to Two Thousand Five Hundred Dollars (\$2,500.00), total, to Named Plaintiffs. The Enhancement Payment shall be paid from the Maximum Settlement Amount and shall be paid in addition to Named Plaintiffs' Individual Settlement Payment as Settlement Class Members. It is understood by Class Counsel and Plaintiff that the Court has final discretion in any Enhancement Payment. The Settlement Administrator shall issue an IRS Form 1099 to Named Plaintiffs reflecting the Enhancement Payment. Named Plaintiffs shall be solely and legally responsible to pay any and all applicable taxes on their Enhancement Payment and shall hold harmless Defendants from any claim or liability for taxes, penalties, or interest arising as a result of the Enhancement Payment. Any portion of the Enhancement Payment not awarded to Named Plaintiffs shall be added to the Net Settlement Amount and shall be distributed to Settlement Class Members as provided in this Agreement. Notwithstanding any other provision of this Agreement, if the Court should fail to award an Enhancement Payment in the full amount provided for in this Agreement, such shall not constitute grounds for cancellation or termination of the Agreement or grounds for limiting any other provision of the Judgment. It is agreed that no order of the Court, including any order concerning the Enhancement Award, may alter or otherwise increase the Maximum Settlement Amount.

**17. Confirmation of Contact Information in the Class List.** Prior to mailing, the Settlement Administrator shall perform a search based on the National Change of Address Database for information to update and correct for any known or identifiable address changes.

**18. Notice Packets.** All Class Member Households will be mailed a Notice Packet. Each Notice Packet will provide: (1) information regarding the nature of the Action; (2) a summary of the Settlement's principal terms; (3) the Class definition; (4) the Class Member Household's estimated Individual Settlement Payment and the formula for calculating Individual Settlement Payments, if they do not request to be excluded; (5) the dates that comprise the Class Period; (6) instructions on how to submit valid Requests for Exclusion, or objections; (7) the deadlines by which Class Members must submit a Request for Exclusion or Notice of Objection to the Settlement; (8) the date for the final approval hearing; and (9) the claims to be released. The Notice Packet will also inform Class Members that, in order to receive the Individual Settlement Payment, they do not need to do anything except keep the Settlement Administrator apprised of the Class Member Households' current mailing addresses.

**19. Re-Mailing of Returned Notices.** Any Notice Packets returned to the Settlement Administrator as non-deliverable on or before the Response Deadline shall be re-sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto and the Settlement Administrator shall indicate the date of such re-mailing on the Notice Packet. If no forwarding address is provided, the Settlement Administrator shall promptly attempt to determine the correct address using a skip-trace, or other search using the name and last known address of the Class Member involved and shall then perform a re-mailing. Those Class Members who receive a re-mailed Notice Packet shall have their Response Deadline extended fifteen (15) days from the original Response Deadline.

**20. Settlement Terms Bind All Class Members Who Do Not Opt-Out.** Any Class Member who does not affirmatively opt-out of the Settlement by submitting a valid and timely Request for Exclusion shall be bound by all terms of the Settlement to the fullest possible extent, including those pertaining to the Released Claims, as well as any Judgment that may be entered by the Court.

**21. Distribution Timing of Individual Settlement Payments.** No earlier than the Effective Date, and no later than fifteen (15) calendar days after the Effective Date, the Settlement Administrator shall issue payments to (1) Settlement Class Member Households; (2) Named Plaintiffs; and (3) Class Counsel.

**22. Certification of Completion.** Upon completion of administration of the Settlement, the Settlement Administrator shall provide a written declaration under oath to certify such completion to the Court and counsel for all Parties

**23. Administration of Tax Reporting by the Settlement Administrator.** The Settlement Administrator shall be responsible for issuing to Named Plaintiffs, Settlement Class Member Households, and Class Counsel, 1099 forms or other tax forms as may be required by law for all amounts paid pursuant to this Agreement.

**24. Tax Liability.** Defendants, Defense Counsel, the Settlement Administrator, and Class Counsel make no representation as to the tax treatment or legal effect of the payments called for hereunder, and Plaintiffs/Settlement Class Members are not relying on any statement, representation, or calculation by Defendant, Defense Counsel, Class Counsel, or by the Settlement Administrator in this regard. Plaintiffs/Settlement Class Members understand and agree that they will be solely responsible for the payment of any and all taxes and penalties assessed on their respective payments described herein and will defend, indemnify, and hold Defendants, Defense Counsel, Class Counsel and the Settlement Administrator free and harmless from and against any claims resulting from treatment of such payments as non-taxable penalties/damages.

**25. Circular 230 Disclaimer.** EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR

AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR SHALL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISOR TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISOR'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT.

**26. Future Suits Barred.** The Settling Parties further covenant and agree that this Settlement Agreement is a bar to any future claim, action, cause of action, suit or proceeding regarding the matters settled, released and dismissed hereby and pursuant to the Court's order approving the class and the class period.

**27. Counsel.** Each of the Defendants and each of the named Plaintiffs further acknowledge and represent that they have been given an opportunity to consult and be represented by, and have consulted and been represented by, attorneys of their own choice in connection with the execution of this Agreement, and has relied upon the advice of such attorneys in executing this Agreement. Counsel for Named Plaintiffs, Alexander J. Perez, Esq. and Joshua H. Haffner, Esq., will also be Class Counsel.

**28. No Admission of Liability.** It is expressly understood and agreed that this Settlement Agreement is entered into solely for the purpose of avoiding the expense and inconvenience of further litigation, and that this Settlement Agreement is not to be construed as an admission by any of the Settling Parties of any wrongdoing or liability whatsoever. The Settling Parties agree not to assert in any context that the fact of this proposed settlement, or any stipulation to certification of the settlement class, constitutes any concession or admission by Defendants that a litigation class could properly be certified. The Settling Parties and their respective counsel further agree that no aspect of this Settlement Agreement, its provisions, the negotiations or the positions of any of the Settling Parties leading to its execution, shall be construed as a concession, admission or acknowledgement of the truth of any of the allegations made in the Lawsuit. Accordingly, this Settlement Agreement shall not be offered or received in evidence in any action or proceeding in any court, private forum, administrative proceeding, or other tribunal as any kind of admission or concession by Defendants. Plaintiffs' Counsel represent and warrant that they do not currently intend to bring any further claims against the

Defendant Released Parties based on allegations in the Lawsuit, and they are aware of no persons who currently expressed intent to assert or file claims against the Defendant Released Parties related to property management at any of the Subject Properties.

**29. No Prior Assignments.** The Parties and their counsel represent, covenant, and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or right herein released and discharged.

**30. Benefit and Burden.** This Agreement shall be binding upon and inure to the benefit of the SETTLING PARTIES hereto and their respective heirs, representatives, successors and assigns and all POTENTIAL CLASS and class PLAINTIFFS.

**31. Waiver and Amendment.** No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision hereof shall not be deemed to be a waiver of any other breach of the same or any other provision hereof. No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by any of the Parties hereto shall be considered to imply or constitute a further waiver by such party of the same or any other condition, covenant, right or remedy. This Agreement may be amended only by a written agreement executed by the Named Plaintiffs and Defendants in interest at the time of the modification.

**32. Captions and Interpretations.** Titles or captions contained herein are inserted as a matter of convenience and for reference, and no way define, limit, extend or describe the scope of this Agreement or any provision thereof. Whenever the context hereof shall so require, the singular shall include the plural, and male gender shall include the female gender and the neuter, and vice-versa. Furthermore, no provision in this Agreement is to be interpreted for or against any party because that party or his/her/its legal representative drafted such provision.

**33. Authority to Execute.** Named Plaintiffs and Defendants each represent and warrant that it is competent to enter into this Agreement and has the full right, power and authority to enter into and perform the obligations under this Agreement.

**34. Integration.** This Agreement constitutes the entire, final and integrated agreement between the Settling Parties hereto pertaining to the subject matter hereof and fully supersedes all prior understandings, representations, warranties and agreements between the Settling Parties hereto, or any of them, pertaining to the subject matter hereof and may be modified only by written agreement signed by all of the Settling Parties hereto.

**35. Severance.** If any provision of this Agreement is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, such provision will be deemed to be severed and deleted from the Agreement as a whole, and neither such provision nor its severance and deletion shall in any way affect the validity of the remaining provisions of the Agreement.

36. **No Reliance.** The Settling Parties hereto and each of them represent and declare that in executing this Agreement, they rely solely upon their own judgment, belief and knowledge, and that they have not been influenced to any extent whatsoever in executing the same by any of the Settling Parties hereto or by any person representing them, or any of them.

37. **Voluntary Agreement.** The Settling Parties hereto, and each of them, further represent and declare that they have carefully read this Agreement and know the contents thereof, and that they signed the same freely and voluntarily.

38. **Governing Law.** This Agreement has been negotiated and entered into in the State of California, and shall be governed by, construed and enforced in accordance with the internal laws of the State of California, without regard to provisions concerning choice or conflict of law.

39. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument. An executed signature page received via facsimile transmission and/or a signature executed via DocuSign shall be legally effective as the original.

40. **Attorneys' Fees.** Each Party to this Agreement shall bear his, her, or its own attorneys' fees and costs incurred in connection with the defense and prosecution of the Lawsuit and the negotiations and execution of this Agreement. The Class Counsel Award allocated to Plaintiffs shall not exceed twenty-five percent (25%) of the Maximum Settlement Amount and is part of and inclusive of the Settlement Agreement, but is subject to Court approval.


41. **Assumption of Risk of Differences in Facts.** Other than the representations and warranties made herein, each of the Settling Parties acknowledge that, if the facts with respect to which this Agreement are executed are found hereafter to be different from the facts now believed by them to be true, each expressly accepts and assumes the risk of such possible differences in facts, and agrees that this Agreement shall be, and shall remain, effective, notwithstanding such differences in facts.

42. **Court to retain jurisdiction under CCP section 664.6.** The Settling Parties expressly request that the Court retain jurisdiction to enforce this Agreement and agree that either party may seek enforcement by means of ex parte application.

Dated: 15 Septemeber, 2022

  
\_\_\_\_\_  
ADAM D.K. ABELKOP

Dated: 15 September, 2022

  
\_\_\_\_\_  
KATHERINE MACDONALD



THE SOBRATO ORGANIZATION, LLC,  
a California Limited Liability Company

Dated: September 6  
\_\_\_\_\_, 2022

DocuSigned by:  
*Matthew W. Sonsini*  
E096AEAEED73E41A...  
By: Matthew W. Sonsini  
Title: Manager

SI VI, LLC,  
a California Limited Liability Company

Dated: September 6  
\_\_\_\_\_, 2022

DocuSigned by:  
*Matthew W. Sonsini*  
E096AEAEED73E41A...  
By: Matthew W. Sonsini  
Title: Manager for Sobrato Development  
Companies, LLC (general partner of Sobrato  
Interests 3, the sole member of SI VI, LLC)

ALLIANCE COMMUNITIES, INC.

Dated: \_\_\_\_\_, 2022

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

**APPROVED AS TO FORM:**

Date: September \_\_\_\_, 2022

LAW OFFICES OF ALEXANDER J. PEREZ

\_\_\_\_\_  
By: Alexander J. Perez, Esq.  
Attorneys for Plaintiffs  
ADAM D.K. ABELKOP and  
KATHERINE MACDONALD

Date: September \_\_\_\_, 2022

GORDON, REES, SCULLY, MANSUKHANI,  
LLP

\_\_\_\_\_  
By: Linda M. Moroney, Esq.  
Seth Weisburst, Esq.  
Attorneys for Defendants  
THE SOBRATO ORGANIZATION, LLC, SI VI,  
LLC, and ALLIANCE COMMUNITIES INC.

THE SOBRATO ORGANIZATION, LLC,  
a California Limited Liability Company

Dated: \_\_\_\_\_, 2022

By: \_\_\_\_\_  
Title: \_\_\_\_\_

SI VI, LLC,  
a California Limited Liability Company

Dated: \_\_\_\_\_, 2022

By: \_\_\_\_\_  
Title: \_\_\_\_\_

ALLIANCE COMMUNITIES, INC.

Dated: September 7, 2022

By: [Signature]  
Title: Senior Vice President

**APPROVED AS TO FORM:**

Date: September 15, 2022

LAW OFFICES OF ALEXANDER J. PEREZ

[Signature]  
By: Alexander J. Perez, Esq.  
Attorneys for Plaintiffs  
ADAM D.K. ABELKOP and  
KATHERINE MACDONALD

Date: September 8, 2022

GORDON, REES, SCULLY, MANSUKHANI,  
LLP

[Signature]  
By: Linda M. Moroney, Esq.  
Seth Weisburst, Esq.  
Attorneys for Defendants  
THE SOBRATO ORGANIZATION, LLC, SI VI,  
LLC, and ALLIANCE COMMUNITIES INC.

THE SOBRATO ORGANIZATION, LLC,  
a California Limited Liability Company

Dated: \_\_\_\_\_, 2022

By: \_\_\_\_\_  
Title: \_\_\_\_\_


SI VI, LLC,  
a California Limited Liability Company

Dated: \_\_\_\_\_, 2022

By: \_\_\_\_\_  
Title: \_\_\_\_\_

ALLIANCE COMMUNITIES, INC.

Dated: September 7, 2022

  
By: Michael Chan  
Title: General Vice President

**APPROVED AS TO FORM:**

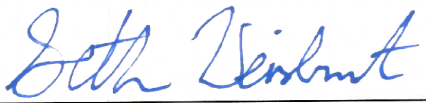
Date: September \_\_\_\_, 2022

LAW OFFICES OF ALEXANDER J. PEREZ

By: Alexander J. Perez, Esq.  
Attorneys for Plaintiffs  
ADAM D.K. ABELKOP and  
KATHERINE MACDONALD

Date: September 8, 2022

GORDON, REES, SCULLY, MANSUKHANI,  
LLP

  
By: Linda M. Moroney, Esq.  
Seth Weisburst, Esq.  
Attorneys for Defendants  
THE SOBRATO ORGANIZATION, LLC, SI VI,  
LLC, and ALLIANCE COMMUNITIES INC.