

## SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement is made and entered into by: (i) Plaintiffs Sharon Felker, Herman Grishaver, Edgar Cruz Soriano, and Jeanace Zetino (“Plaintiffs”) on behalf of themselves and the members of the Section 396 Class, TPA Class, Late Fee Class, and RINCO Class, and (ii) Defendants JRK Residential Group, Inc. and JRK Property Holdings, Inc. (“JRK”). The Settlement Agreement is intended to fully resolve the action pending in the Superior Court of California, County of Sonoma, titled *Sharon Felker, et al. v. JRK Residential Group, Inc., et al.*, Case No. SCV-267587 (herein, the “Litigation”), subject to the approval of the Court and the terms and conditions set forth in this Settlement Agreement.

### I. RECITALS

- a. Plaintiffs filed their initial Complaint in the Litigation on December 22, 2020.
- b. In response to a demurrer and motion to strike, Plaintiffs filed their First Amended Complaint on June 1, 2021.
- c. JRK filed a further demurrer and motion to strike as to the First Amended Complaint, which were overruled and denied on March 18, 2022.
- d. After further motion practice, written discovery and depositions, the Parties attended a mediation session before Hon. Ronald M. Sabraw (Ret.) with JAMS in Walnut Creek on December 5, 2023. Settlement was not reached.
- e. On February 28, 2024, Plaintiffs moved for certification of the Section 396 Class, TPA Class, Late Fee Class and RINCO Class, which JRK opposed. In connection with that class certification motion, Plaintiffs also moved for leave to file a Second Amended Complaint, which JRK did not oppose.
- f. The Second Amended Complaint asserts claims against JRK under the Unfair Competition Law and Consumer Legal Remedies Act in connection with alleged violations of Penal Code, section 396, the Tenant Protection Act, Civil Code, section 1947.12, and Civil Code, section 1671.

- g. On March 27, 2024, while the motion for class certification was pending, JRK moved for summary adjudication and a determination of no merit as to Plaintiffs' claims related to alleged violations of Penal Code, section 396.
- h. The Court granted Plaintiffs' motion for class certification and denied JRK's motion for summary adjudication in orders dated August 7, 2024.
- i. On October 30, 2024, the Parties participated in a further mediation session before Bruce Friedman, Esq. with JAMS in Los Angeles. The parties did not settle that day, but the parties continued arm's-length negotiations with the assistance and under the supervision of Mediator Friedman.
- j. On November 14, 2024, Mediator Friedman issued a mediator's proposal, which both parties accepted on November 15, 2024.
- k. On November 20, 2024, the Parties informed the Court of the settlement in principle in a joint ex parte application to vacate all dates in the Litigation (including briefing and hearing dates for JRK's pending motion to compel arbitration and Plaintiffs' pending motion to compel discovery responses), stay the action and set a January 31, 2025 deadline for Plaintiffs to move for preliminary settlement approval and notice to Class Members.
- l. On November 25, 2024, the Court approved the Parties' joint ex parte application.
- m. Thereafter, the Parties filed several joint ex parte applications to extend the deadline for the motion for preliminary approval.
- n. The Court approved the Parties' joint ex parte applications and the hearing on the forthcoming motion for preliminary approval is currently scheduled for August 27, 2025.
- o. Plaintiffs in entering into this Agreement acknowledge the difficulty, time and effort involved in prosecuting the Litigation through trial and any subsequent appeals, and the uncertainties inherent to complex litigation.

- p. JRK has asserted numerous defenses to the claims alleged by Plaintiffs and expressly denies each of the claims and allegations asserted and any liability.
- q. JRK also has taken into account the uncertainty and risks presented by the Litigation and acknowledges that continuing the Litigation would be protracted and expensive. JRK has devoted substantial amounts of time, energy, and resources to the defense of the claims asserted by Plaintiffs and, unless this settlement is made, will continue to do so for the foreseeable future. For these reasons, JRK has agreed to settle the matter upon the terms set forth in this Agreement, to put to rest the claims alleged in the Litigation.
- r. Plaintiffs and JRK have therefore each independently determined that it is desirable and beneficial for the Litigation to be fully and finally resolved in the manner and upon the terms and conditions set forth in this Settlement Agreement.

**NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED** by and among Plaintiffs and JRK, by and through their counsel, that, subject to the approval of the Court, the Litigation and the Released Claims shall be finally and fully compromised, settled, and released, and the Litigation shall be resolved, upon and subject to the terms and conditions that follow.

## **II. TERMS AND CONDITIONS OF AGREEMENT**

### **1. Definitions**

As used herein, the following terms have the meanings specified below:

- 1.1 “Administrative Expenses” means the cost of the notice program relating to this Settlement and the costs of processing and administering disbursements pursuant to the Allocation Plan, and other necessary and reasonable administrative expenses relating to this Settlement.
- 1.2 “Agreement” or “Settlement Agreement” or “Settlement” means this Settlement Agreement and its Exhibits, attached hereto and incorporated herein, including all subsequent amendments agreed to in writing by the Parties and any exhibits to such amendments.

- 1.3 “Allocation Plan” means the plan for the pro rata and additional claims-based allocation of the net Settlement Amount set forth in **Exhibit 2** hereto, or such other plan for allocating the Settlement Amount approved by the Court.
- 1.4 “Claims” includes but is not limited to any claim, liability, right, demand, suit, matter, obligation, damage, including consequential damages, losses or costs, liquidated damages, statutory damages, punitive damages, attorneys’ fees and costs, actions or causes of action of every kind and description, whether in law, in equity, for administrative relief, or otherwise.
- 1.5 “Classes” may be used herein to collectively refer to and mean the Section 396 Class, TPA Class, Late Fee Class, and RINCO Class.
- 1.6 “Class Counsel” means: Julie Erickson, Elizabeth Kramer and Kevin Osborne, Erickson Kramer Osborne LLP; Joshua Katz, Law Office of Joshua Katz; and Todd Espinosa, Law Office of Todd Espinosa.
- 1.7 “Class List” means lists of persons falling within the definitions of the Section 396 Class, TPA Class, Late Fee Class, and/or RINCO Class. The Parties agree to work cooperatively to create a Class List for the purposes of this Settlement.
- 1.8 “Class Member(s)” means a person who falls within the definition of the Section 396 Class, TPA Class, Late Fee Class and/or RINCO Class and who is included in the Class List.
- 1.9 “Court” means the Superior Court of California, County of Sonoma.
- 1.10 “Defendants” or “JRK” collectively refer to and mean JRK Residential Group, Inc. and JRK Property Holdings, Inc.
- 1.11 “Effective Date” means the date by when both of the following have occurred: (a) the Court enters its Final Order and Final Judgment; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) the day after the deadline for filing a notice of appeal from the Judgment, if no notice

of appeal is filed; or (b) if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

- 1.12 “Fee and Expense Award” means the order awarding attorneys’ fees and reimbursement of costs and expenses incurred by Class Counsel in the Litigation, which shall be paid from the Settlement Amount.
- 1.13 “Final Approval Hearing” means the hearing to be requested by the Parties and conducted by the Court, following notice to potential Class Members and a time period for them to exclude themselves from the Classes or object to the Settlement, at which time Plaintiffs shall move the Court to finally approve the fairness, reasonableness, and adequacy of the Settlement and to enter the Final Order and Final Judgment.
- 1.14 “Final Order and Final Judgment” means an order entered by the Court granting final approval of this Settlement Agreement and entering final judgment accordingly, substantially in the form of **Exhibit 4** hereto or as jointly modified by the Parties.
- 1.15 “JRK California Apartments” means Arbors at California Oaks (Riverside County); Cascades Apartments (Fresno County); Crown Point Apartments (Fresno County); Diamond Hillside Apartments (Contra Costa County); Dominion Heights Apartments (Fresno County); Duo Apartments (Santa Clara County); Montage (Sacramento County); Parkside Glen Apartment Homes (Santa Clara County); Rancho Solana Apartments (Ventura County); Serenade at River Park (Ventura County); Somerset Glen Senior Apartments (Los Angeles County); Terraces at Highland Reserve (Placer County); The Harrison Glendale (Los Angeles County); and Vineyard Luxury Apartments (also known as Enclave at Adobe Creek and The Grove) (Sonoma County).

- 1.16 “Late Fee Class” means all tenants whose leases for JRK California Apartments provide for a late rent charge and who were charged that late charge on a net basis from December 22, 2016 to June 27, 2024.
- 1.17 “Litigation” means the action captioned *Sharon Felker, et al. v. JRK Residential Group, Inc., et al.*, Case No. SCV-267587 (Sonoma County Super. Ct.).
- 1.18 “Notice” collectively refers to and means the Notices of Proposed Settlement of Class Action, which, subject to Court approval, shall be substantially in the form attached hereto as **Exhibit 1**.
- 1.19 “Objection Deadline” means the date set forth in the Notice by which Class Members must object to the Settlement.
- 1.20 “Opt-Out Deadline” means the date set forth in the Notice by which Class Members must request exclusion from the Classes.
- 1.21 “Parties” means Plaintiffs and JRK collectively.
- 1.22 “Plaintiffs” means Sharon Felker, Herman Grishaver, Edgar Cruz Soriano and Jeanace Zetino.
- 1.23 “Preliminary Approval Order” means the order preliminarily approving the Settlement and providing for notice to Class Members, substantially in the form of **Exhibit 3** hereto.
- 1.24 “Section 396 Class” means all tenants with initial lease terms of no longer than one year who were charged rental price increases of more than 10 percent for JRK California Apartments in Los Angeles, Sonoma, or Ventura Counties during Wildfire Section 396 Protection Periods in those counties. Excluded from this class are tenants of The Harrison Glendale.
- 1.25 “Released Claims” means:
- for Releasing Persons who are members of the Section 396 Class, all Claims that such Releasing Persons had, have, or may have against Released Persons that were or could have been asserted in the Litigation for rent charged in

excess of the Penal Code section 396 limit during the Wildfire Section 396 Protection Periods, based upon the facts alleged in Plaintiffs' Second Amended Complaint;

- for Releasing Persons who are members of the TPA Class, all Claims that such Releasing Persons had, have, or may have against Released Persons that were or could have been asserted in the Litigation for rent charged in excess of the Rental Rate Caps for the period from January 1, 2020 to June 27, 2024, based upon the facts alleged in Plaintiffs' Second Amended Complaint;
- for Releasing Persons who are members of the Late Fee Class, all Claims that such Releasing Persons had, have, or may have against Released Persons that were or could have been asserted in the Litigation for fees charged for late payment of rent for the period from December 22, 2016 to June 27, 2024, based upon the facts alleged in Plaintiffs' Second Amended Complaint;
- for Releasing Persons who are members of the RINCO Class, all Claims that such Releasing Persons had, have, or may have against Released Persons that were or could have been asserted in the Litigation for fees charged for failure to maintain renter's liability insurance for the period from December 22, 2016 to June 27, 2024, based upon the facts alleged in Plaintiffs' Second Amended Complaint.

- 1.26 "Released Persons" means JRK and its past or present owners, parents, subsidiaries, divisions, and affiliated entities, as well as each of Defendants' and these entities' respective predecessors, successors, directors, officers, shareholders, employees, representatives, principals, agents, attorneys, insurers, reinsurers, and subrogees. "Released Persons" shall not include any debt collector or any consumer reporting agency ("CRA").
- 1.27 "Releasing Persons" means Settlement Class Members and any heirs, successors, and/or assignees of Settlement Class Members.

- 1.28 “Rental Rate Caps” means the rent limits defined in Civil Code, section 1947.12.
- 1.29 “RINCO Class” means all tenants whose leases for JRK California Apartments provide for a fee for a missing renter’s liability insurance policy and who were charged that fee on a net basis from December 22, 2016 to June 27, 2024.
- 1.30 “Serenade TPA Dates” means: November 15, 2022 for tenants at 702 Forest Park Blvd.; November 28, 2022 for tenants at 712, 762 and 772 Forest Park Blvd.; December 14, 2022 for tenants at 708 Forest Park Blvd.; February 27, 2023 for tenants at 768 Forest Park Blvd.; April 4, 2023 for tenants at 758 Forest Park Blvd.; April 17, 2023 for tenants at 752 Forest Park Blvd.; May 1, 2023 for tenants at 722 Forest Park Blvd.; June 5, 2023 for tenants at 718 Forest Park Blvd.; June 26, 2023 for tenants at 748 Forest Park Blvd.; July 9, 2023 for tenants at 742 Forest Park Blvd.; July 17, 2023 for tenants at 732 Forest Park Blvd.; and July 22, 2023 for tenants at 728 Forest Park Blvd.
- 1.31 “Service Awards” means Court-approved awards to Plaintiffs in recognition of their service to the Class Members.
- 1.32 “Settlement Administrator” means Angeion Group, or such other administrator as the Court shall approve.
- 1.33 “Settlement Amount” means a non-reversionary gross settlement amount of Four Million and 00/100 Dollars (\$4,000,000.00), which is the total and maximum amount JRK will be required to pay under this Settlement. The Settlement Amount will include the following elements: (i) payments to the Settlement Class Members pursuant to this Settlement; (ii) Service Awards to the Plaintiffs, as described herein; (iii) Class Counsel’s Attorneys’ Fees and Costs, as described herein; and (iv) Administrative Expenses, as described herein.
- 1.34 “Settlement Class Member” means a person who falls within the definition of the Section 396 Class, TPA Class, Late Fee Class and/or RINCO Class and does not exercise their right to opt out before the Opt-Out Deadline.

- 1.35 “Settlement Fund” means the Settlement Amount remaining after the deduction of (i) Service Awards to the Plaintiffs, as described herein; (ii) Class Counsel’s Attorneys’ Fees and Costs, as described herein; and (iii) Administrative Expenses, as described herein.
- 1.36 “TPA Class” or “Tenant Protection Act Class” means tenants who on January 1, 2020 or thereafter through June 27, 2024 were charged rent increases based on gross rental rates excluding discounts, incentives, concessions or credits for JRK California Apartments that exceeded the Rental Rate Caps. Excluded from this class are tenants of Parkside Glen Apartment Homes, Somerset Glen Senior Apartments, The Harrison Glendale, and Duo Apartments. Also excluded from this class are tenants of the Serenade at RiverPark whose rent increased in excess of the Rental Rate Caps before the Serenade TPA Dates.
- 1.37 “Wildfire Section 396 Protection Periods” means: in Los Angeles County, September 3 to October 3, 2017, December 5, 2017 to January 4, 2018, November 9, 2018 to November 8, 2019, and October 11, 2019 to December 31, 2021; in Sonoma County, October 9, 2017 to December 31, 2021; and in Ventura County, December 5, 2017 to December 31, 2021.

## **2. Settlement Benefits**

2.1 Settlement Payment. No later than fourteen (14) calendar days after the Effective Date, JRK shall pay and deliver the Settlement Amount to the Qualified Settlement Fund (“QSF”), which, subject to Court approval, shall be disbursed by the Settlement Administrator to pay relief to Settlement Class Members pursuant to the Allocation Plan, the Fees and Expense Award to Class Counsel, the Service Awards to Plaintiffs, and Administrative Expenses to the Settlement Administrator. JRK will advance from the Settlement Amount a reasonable sum into

the QSF following the date of the Preliminary Approval Order to cover notice costs incurred by the Settlement Administrator.

2.2 No Charging of Late Fees in California for Two (2) Years. For a period of two (2) years starting upon the date of the Preliminary Approval Order, neither JRK nor any affiliate of JRK shall charge fees for late payment of rent to any resident residing at the JRK California Apartments as of the date of the Preliminary Approval Order. A violation of this provision by a JRK affiliate shall be a breach of this Agreement by JRK.

2.3 No Charging of RINCO Fees in California for Seven (7) Years. For a period of seven (7) years starting upon the date of the Preliminary Approval Order, neither JRK nor any affiliate of JRK shall charge fees for failure to maintain renter's liability insurance to any resident residing at the JRK California Apartments as of the date of the Preliminary Approval Order. A violation of this provision by a JRK affiliate shall be a breach of this Agreement by JRK.

2.4 Debt Relief: Within 14 days of the Effective Date, JRK and, as necessary, any affiliates of JRK, shall instruct its debt collector(s) to cease all collection efforts for all of the debts of residents or former residents of JRK California Apartments that were sent to collection by JRK or any of its affiliates from January 1, 2017 to December 31, 2021 ("Debt Relief Residents") and shall not engage in any new collection efforts for those debts. JRK (and, as necessary, any affiliate of JRK) shall instruct its debt collector(s) to request that any applicable Consumer Reporting Agencies ("CRAs") delete all tradelines for the Debt Relief Residents. It may take 45 days or more for these updates to be reflected on their credit reports. JRK and its affiliates are not responsible for actions taken by the CRAs, or those agencies' failure to timely or accurately act on JRK's and any affiliates' request(s). JRK and its affiliates do not own or control the CRAs (which are separate legal entities unaffiliated with JRK) and JRK and its affiliates are not responsible for what actions or inactions they take in response to the foregoing request(s). It is Debt Relief Residents' responsibility to contact the CRAs to verify that they have taken action consistent with JRK's request(s). If the CRAs do not delete the tradelines

pursuant to JRK's request(s), JRK and its affiliates shall have no liability and no cause of action can or will be stated against JRK, including any for breach of this Agreement. Notwithstanding the foregoing sentence, if any CRA advises a Debt Relief Resident that it has not received from JRK (or the applicable affiliate) the request to delete tradelines provided for here, JRK (and, as necessary, any affiliate of JRK) shall promptly make all necessary requests and instructions for the deletion of the tradelines and shall cooperate with the CRAs in accomplishing the deletion. Any action, inaction, omission, and/or error by the CRAs are not and shall not be attributable to JRK or its affiliates in any way. A violation of this provision by a JRK affiliate shall be a breach of this Agreement by JRK.

JRK represents that no more than 825 Class Members are in collections for any unpaid balances related to the JRK California Apartments that were sent to collection from January 1, 2022 to June 27, 2024 (the "Collection Class Members"). After the Parties work cooperatively to prepare the Class List, JRK shall identify each of the Collection Class Members, who shall number no more than 825, to the Settlement Administrator and a single member of Class Counsel team (who will not share this information with anyone else) to be mutually agreed upon by the parties for purposes of implementing this Agreement and the Allocation Plan and the Set-Aside Fund. Within 45 days of the Effective Date, other than Collection Class Members, no Class Member shall be subject to any debt collection efforts by or on behalf of JRK or any JRK affiliate for any unpaid balance related to the JRK California Apartments that was sent to collections from January 1, 2022 to June 27, 2024. If a Class Member, who was not identified as a Collection Class Member, becomes subject to a collection effort 45 days after the Effective Date for a debt related to the JRK California Apartments that was sent to collections from January 1, 2022 to June 27, 2024, the Class Member shall notify JRK as specified in paragraph 9.15 and JRK shall have 30 days to cure by instructing its debt collector(s) to cease all collection efforts and not engage in new collection efforts for those debts. A violation of this provision by a JRK affiliate shall be a breach of this Agreement by JRK.

2.5 Catalyst Benefits. JRK represents that it has adopted remedial measures in response to the Litigation, including: (a) reducing the amounts of the individual late fees and RINCO fees charged at the JRK California Apartments; and (b) purchasing and deploying compliance software Entrata CORE.

### **3. Notice**

3.1 No later than twenty-one (21) calendar days after entry of the Preliminary Approval Order, JRK shall provide to the Settlement Administrator the Class List, along with the last known addresses and last known email addresses (if any) for each person listed in the relevant lease agreements for the purpose of preparing and sending the Notice.

3.2 No later than twenty-one (21) calendar days after JRK provides the Class List, the Settlement Administrator shall send the best practicable Notice to Class Members by email and/or U.S. Mail, where a physical mailing address is available. If any emails or mailed notices are returned undeliverable, the Settlement Administrator will take industry-standard steps to identify an alternative electronic or physical address by which to effect notice.

### **4. Settlement Procedures**

4.1 By the date ordered by the Court, or as soon as reasonably possible, Plaintiffs shall submit the Agreement together with its exhibits to the Court and shall apply for entry of the Preliminary Approval Order, requesting, *inter alia*, the preliminary approval of the Settlement; setting of dates for the distribution of the Notice, Opt-Out Deadline, Objection Deadline and Final Approval Hearing; approval of the Settlement Administrator; and approval of the Notice. Class Counsel shall provide JRK with a reasonable opportunity to review and provide comments to the motion for preliminary approval by providing a draft to JRK before the motion and supporting papers are filed with the Court.

4.2 Any Class Member who wishes to opt out of any of the Classes must submit a timely written request for exclusion on or before the Opt-Out Deadline, in the manner specified in the Court's Preliminary Approval Order and the Notice. Any Class Member who does not

submit a timely written request for exclusion will be bound by all proceedings and orders in the Litigation.

4.3 Any Class Member who wishes to object to the fairness, reasonableness, or adequacy of the Settlement, or the application of Class Counsel for a Fee and Expense Award and/or for Service Awards for Plaintiffs, must timely do so in the manner specified in the Court's Preliminary Approval Order and the Notice, or in a manner otherwise approved by the Court.

4.4 Within thirty (30) days after the Opt-Out Deadline and Objection Deadline, or on a different date if set by the Court, Plaintiffs and Class Counsel shall file their motion for final approval of the Settlement, application for the Fee and Expense Award and application for Service Awards.

4.5 At the Final Approval Hearing, Class Counsel will request that the Court enter the Final Order and Final Judgment, thereby resolving the Litigation.

## **5. The Settlement Administrator and Administrative Expenses**

5.1 The Settlement Administrator shall be bound by and shall perform the obligations imposed on it under the terms of this Agreement, including the Allocation Plan.

5.2 The Settlement Administrator shall be subject to the jurisdiction of the Court with respect to the administration of this Settlement.

5.3 All of the Administrative Expenses incurred by the Settlement Administrator shall be paid from the Settlement Amount.

5.4 The Settlement Administrator shall, among other things, be responsible for providing the Notice and otherwise administering the Settlement according to the terms of this Agreement. The Settlement Administrator shall create and maintain a website, which will include links to relevant case materials, including the Notice and Motions for Preliminary and Final Approval. The Settlement Administrator will post Class Counsel's application for the Fee and Expense Award, and for Service Awards to the settlement website promptly after the application is filed and will post instructions for Class Members to object or comment on the application.

5.5 The Settlement Administrator will, every two weeks after the provision of Notice and for a reasonable period following the Objection Date / Opt-Out Deadline, provide updates to Class Counsel and counsel for JRK as to the number of Class Members who submitted (a) valid opt-out requests for exclusion or (b) objections. With each update, the Settlement Administrator shall also provide Class Counsel and counsel for JRK copies of all objections and requests for exclusion received. At JRK's request, and at its own expense (separately invoiced to and paid by JRK), the Settlement Administrator will also include in the update to Class Counsel and counsel for JRK a zip folder containing all written correspondence between the Settlement Administrator and Class Members, as well as any recordings and/or transcripts of any phone calls or voice messages between the Settlement Administrator and Class Members. However, if the Settlement Administrator has reason to believe that the communication reveals communications between Class Counsel and the Class Member, the Settlement Administrator will first provide those communications to Class Counsel only. Class Counsel will then have seven (7) days to request that the communications be withheld on privilege grounds and inform JRK of this request. If there is a dispute about whether any communication may be withheld on privilege grounds, the party challenging the privilege may seek court intervention and the Court shall have the opportunity to review the communication in camera. Any documents not withheld on privilege grounds will be shared with JRK on the first business day following Class Counsel's 7-day review period. The Settlement Administrator shall disclose to Class Members that the communications it receives may be provided to Class Counsel and counsel for JRK. All such communications provided to counsel for JRK shall be designated confidential under the Court's protective order.

5.6 If Class Counsel has a reasonable need for contact information for a particular Class Member, on an as-needed basis, Class Counsel may request that information from the Settlement Administrator. The Settlement Administrator shall furnish that Class Member's contact information to Class Counsel as reasonably necessary, who shall hold it in confidence and use it only for purposes of communicating with that Class Member about the Settlement.

5.7 At least seven days before any filing deadline for Plaintiffs' motion for final approval, the Settlement Administrator shall prepare and circulate to Class Counsel and counsel for JRK a draft declaration attesting to the following: (i) its efforts to distribute the Notice including all means by which notice was distributed; (ii) its receipt of any valid requests for exclusion and its inability to deliver the Notice to any Class Members; (iii) the number of Settlement Class Members; (iv) the highest estimated award amount to be paid to the Settlement Class Members, along with the median and mean award payments. The Settlement Administrator will also prepare and submit to Class Counsel and counsel for JRK supplemental declarations as may be necessary.

5.8 Within fourteen (14) days of the completion of payments to Class Members under the Allocation Plan, the Settlement Administrator shall prepare a declaration for the Parties setting forth the total amounts paid to the Settlement Class Members by the Settlement Administrator; a listing of all checks not cashed and/or returned; the total amount of all checks that were not cashed and/or returned; the efforts undertaken to follow up on uncashed and/or returned checks; and the total amount of money being held by the Settlement Administrator.

5.9 All funds held by the Settlement Administrator shall be deemed and considered to be *in custodia legis* of the Court and shall remain subject to the jurisdiction of the Court until distributed pursuant to this Agreement.

5.10 All funds held by the Settlement Administrator shall be deemed to be a Qualified Settlement Fund as described in Treasury Regulation § 1.468B1, 26 C.F.R. § 1.468B-1. Upon depositing funds with the Qualified Settlement Fund, JRK shall have no further liabilities, obligations, or rights with respect to those funds or any earnings thereon. Without limiting the generality of the preceding sentence, and notwithstanding anything to the contrary in this Agreement, JRK will not (i) be liable for any failure by the Qualified Settlement Fund to make appropriate distributions or disbursements, (ii) be a party or signatory to any Qualified Settlement Fund documents, (iii) have any obligation with respect to any tax payment or tax reporting by the Qualified Settlement Fund, and (iv) be entitled to any reversion or refund or any

earnings thereon. If any dispute arises with respect to the disbursements pursuant to the Allocation Plan (or any other matter with respect to disbursement after JRK's payment into the Qualified Settlement Fund), Settlement Class Members agree they will not involve JRK in such dispute. As a condition to JRK's obligation to pay and deliver the Settlement Amount to the Settlement Administrator, at the earliest available date, the Qualified Settlement Fund will provide JRK with a duly executed and properly completed IRS Form W-9 (and any applicable state and local equivalent forms) and such evidence as is reasonably satisfactory to JRK that the Qualified Settlement Fund meets the requirements of Treasury regulations section 1.468B-1 *et seq.* JRK will timely provide the Qualified Settlement Fund with, and include with JRK's tax return, a statement meeting the requirements of Treasury regulations section 1.468B-3(e).

5.11 No person shall have any claim against the Parties, their counsel, or the Settlement Administrator based on distributions made substantially in accordance with the Settlement, the Allocation Plan, or any order of the Court.

5.12 In the event the Settlement Administrator fails to perform its duties, and/or makes a material or fraudulent misrepresentation to, or conceals requested material information from, Class Counsel or JRK, then any party shall, in addition to any other appropriate relief, have the right to demand that the Settlement Administrator immediately be replaced. No party shall unreasonably withhold consent to remove the Settlement Administrator. The Parties will attempt to resolve any disputes regarding the retention or dismissal of the Settlement Administrator in good faith, and, if they are unable to do so, will refer the matter to the Court for resolution.

5.13. Except for the Service Awards (as described in paragraph 7.2), Class Counsel's court-ordered Fees and Expense Award (as described in paragraph 7.1), and Administrative Expenses, which will be paid out of the Settlement Amount, the Parties shall bear all of their own attorney fees, costs, and expenses.

## **6. Releases**

6.1 Upon the Effective Date, all Releasing Persons shall be deemed to have fully, finally, and forever released, relinquished, and discharged all Released Claims against all Released Persons.

Additionally, upon the Effective Date, Plaintiffs on the one hand, and JRK and all Released Persons, on the other hand, shall mutually be deemed to have fully, finally, and forever released, relinquished, and discharged all Claims (including, but not limited to, all unpaid balances associated with all the units where Plaintiffs have resided) against each other that have accrued as of the date of the execution of this Settlement Agreement. This additional release shall include any and all Claims of JRK and Enclave Apartments Property Owner LLC (“Enclave”) associated with all the units where Plaintiffs have resided. JRK has the authority to provide this additional release as agent for Enclave. Except for debts sent to collections, which will not be pursued, none of the Claims subject to this additional release have been transferred or assigned.

6.2 (i) JRK, Enclave, and Plaintiffs, with respect to all Claims mutually released, and (ii) all Releasing Persons with respect to the Released Claims, in each case, additionally expressly waive any and all rights they have under § 1542 of the Civil Code of the State of California or any law of any state or territory of the United States that is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

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.

Notwithstanding the provision of § 1542 or any law of any state or territory of the United States that is similar, comparable, or equivalent to California Civil Code § 1542, and for the purpose of implementing a complete release and discharge, the Parties, Enclave, and all Releasing Persons expressly acknowledge that this Settlement Agreement is intended to include in its effect claims which they do not know of or suspect to exist in their favor at the time of execution hereof

and that this Agreement contemplates extinguishing all of such claims specified to be released herein. Notwithstanding the foregoing, Plaintiffs and Released Persons (except Enclave and JRK) reserve their rights solely as to each other under § 1542 and any similar, comparable, or equivalent law for Claims that do not qualify as Released Claims.

6.3 Class Members who have opted out of the Settlement by the Opt-Out and Objection Deadline are not subject to the release or bar provisions in paragraphs 6.1 and 6.4 and will not obtain any Settlement payment. No claims of any minor are subject to the release or bar provisions in paragraphs 6.1 and 6.4 and minors will not obtain any Settlement payment.

6.4 Upon the Effective Date: (a) this Settlement shall be the exclusive remedy for any and all Released Claims for all Settlement Class Members against Released Persons; (b) Plaintiffs shall be permanently barred from initiating, asserting, or prosecuting against the Released Persons in any federal or state court or tribunal any and all Claims against all Released Persons that have accrued as of the date of execution of this Settlement Agreement; (c) the Settlement Class Members shall be permanently barred from initiating, asserting, or prosecuting against the Released Persons in any federal or state court or tribunal any and all Released Claims; (d) JRK and all Released Persons (including Enclave) shall be permanently barred from initiating, asserting, or prosecuting against Plaintiffs in any federal or state court or tribunal any and all Claims (including, but not limited to, all unpaid balances associated with all the units where Plaintiffs have resided) that have accrued as of the date of execution of this Settlement Agreement; (e) JRK and all Released Persons (including Enclave) shall be barred from undertaking directly or indirectly any and all debt collection efforts of any kind against Plaintiffs related to any Claims released herein (including, but not limited to, all unpaid balances associated with all the units where Plaintiffs have resided); and (f) JRK (and, as necessary, its affiliates, including Enclave) shall instruct its debt collector(s) to request that all CRAs delete all

tradelines as to all Claims against Plaintiffs released herein (including, but not limited to, all unpaid balances associated with all the units where Plaintiffs have resided).

**7. Fee and Expense Award for Class Counsel; Service Awards for Plaintiffs**

7.1 Class Counsel will apply to the Court for the Fee and Expense Award in an amount not to exceed two million dollars (\$2,000,000.00) in fees and one hundred thousand dollars (\$100,000.00) in expenses, which, subject to Court approval, shall be paid by the Settlement Administrator from the Settlement Amount no later than three (3) business days after JRK delivers the Settlement Amount to the Settlement Administrator.

7.2. Class Counsel will apply to the Court for Service Awards in an amount not to exceed Ten Thousand Dollars (\$10,000.00) for each of the of the Plaintiffs, which, subject to Court approval, shall be paid by the Settlement Administrator from the Settlement Amount no later than three (3) business days after JRK delivers the Settlement Amount to the Settlement Administrator.

**8. Effect of Disapproval of Settlement**

8.1 In the event that the Settlement is not approved by the Court or otherwise fails to become effective in accordance with its terms, the terms and provisions of this Agreement shall be null and void and shall have no legal effect whatsoever, except as provided in Paragraph 9.2 hereof. In the event an appeal is filed from the Court's final judgment, or any other appellate review is sought prior to the Effective Date, administration of the Settlement shall be stayed pending final resolution of the appeal or other appellate review.

8.2 If the number of Class Members who submit timely valid requests for exclusion from the Classes total in number more than 100 of the Class Members, JRK shall have, in its sole discretion, the option to void this Settlement. To exercise this option, JRK must notify Class Counsel in writing within fourteen (14) days after receiving from the Settlement Administrator copies of all requests for exclusion as part of a final exclusion report from the Settlement Administrator, which is to be provided to JRK in a single transmission within seven (7) days after the Objection Deadline / Opt-Out Deadline.

## **9. Miscellaneous Provisions**

9.1 The Parties: (a) acknowledge that it is their intent to consummate this Agreement; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of the Settlement.

9.2 The Parties and their respective counsel agree that they will act in good faith and will not engage in any conduct that could frustrate the purposes of this Agreement or that could frustrate the approval of the Settlement. The Parties stipulate that the time to bring this action to trial under Code of Civil Procedure, section 583.310 is extended by the length of time beginning on November 19, 2024 and ending on either (1) the date that the Parties execute a written agreement recognizing that the time allowed under section 583.310 has started to run again or (2) the date of the issuance of an order by the Court recognizing that the time allowed under section 583.310 has started to run again. This extension of time shall be in addition to the prior extension stipulated to by the Parties on September 9, 2024, as well as any tolling, suspension or other extension of the time to bring this action to trial under applicable law. This stipulation shall be effective and binding and continue to be effective and binding notwithstanding paragraphs 8.1 and 8.2 and any other provisions herein.

9.3 The Parties intend this Agreement to effect a final and complete resolution of the Litigation. The Settlement resolves contested claims. Neither this Settlement, nor any document referred to or contemplated herein, nor any action taken to carry out this Settlement, is, may be construed as, or may be used as an admission, concession, or indication by or against JRK of any fault, wrongdoing or liability.

9.4 The Parties and their counsel agree that, prior to submitting the Settlement for Court approval, they will keep the terms of the Settlement confidential except for purposes of communicating with their respective clients and prospective Settlement Administrators only. Both prior to and after submitting the Settlement for Court approval, no Party or their counsel will issue a press release concerning the terms of the Settlement. For the avoidance of doubt,

nothing in this paragraph shall preclude the Parties from responding to an inquiry about the case or the Settlement after the Settlement is submitted for Court approval.

9.5 The Parties and Parties' counsel will continue to abide by the terms of the Protective Order in this case. The Parties and Parties' counsel will continue to maintain the confidentiality of any documents produced during the course of mediation or settlement discussions as strictly confidential for purposes of settlement only.

9.6 The Settling Parties agree that the terms of the Settlement were reached voluntarily after consultation with competent legal counsel. The normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

9.7 This Agreement may be amended or modified only by a written instrument signed by or on behalf of all settling Parties and approved by the Court.

9.8 This Agreement and the exhibits attached hereto constitute the entire agreement among the Parties hereto, and no representations, warranties or inducements have been made to any party other than the representations, warranties, and covenants contained and memorialized in such documents.

9.9 Each person executing this Agreement on behalf of any Party hereto warrants that they have the full authority to do so.

9.10 This Agreement may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of executed counterparts shall be filed with the Court. Copies of signatures shall be deemed originals.

9.11 Each Party to this Settlement acknowledges and agrees that no provision of this Settlement, and no written communication or disclosure between or among the Parties or their attorneys, is or was intended to be tax advice. No Party shall make any claim or take any position inconsistent with the treatment of the Qualified Settlement Fund as a qualified settlement fund within the meaning of Treasury regulations section 1.468B-1, and the Parties acknowledge and

agree that the Settlement Administrator will perform all tax reporting, compliance, withholding, and other tax related actions necessary to comply with the requirements of the Treasury regulations and other applicable tax laws. Except as provided in the preceding sentence, no Party shall have any responsibility with respect to the tax and tax-related liabilities or responsibilities of any other Party.

9.12 This Agreement shall not be binding upon any third party that is not an Affiliate of JRK who purchases or otherwise obtains title to any of the JRK California Apartments or 100% direct or indirect interest therein (an “Equity Sale”), or any owner at any time from and after an Equity Sale of any of the JRK California Apartments. This Agreement does not run with the land. For purposes of this paragraph: “Affiliate” shall mean, as to any person or entity, any other person or entity which directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such person or entity; and “Control” shall mean, with respect to any person or entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, through the ownership of voting securities, by contract or otherwise, and the terms Controlled, Controlling and common Control shall have correlative meanings. For the avoidance of doubt, the releases contained in Paragraph 6.1 do not encompass conduct that occurs after the date of the execution of this Settlement Agreement and the bar provisions of Paragraph 6.4 do not encompass Claims based on conduct that occurs after the date of the execution of this Settlement Agreement.

9.13 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of this Agreement, and all Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement.

9.14 This Agreement and the exhibits hereto shall be considered to have been negotiated, executed, and delivered, and to be wholly performed, in the State of California, and the rights and obligations of the Parties pursuant to this Agreement shall be construed and enforced in accordance with, and governed by, the substantive laws of the State of California.

9.15 With respect to the notice contemplated in paragraphs 2.4 and 8.2, notice shall be provided by e-mail and/or next-day (excluding Saturdays, Sundays and Legal Holidays) express delivery service as follows:

Upon Class Counsel at:

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Joshua Katz  
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Upon Defendants' Counsel at:

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JRK Property Holdings  
11766 Wilshire Blvd #15, Los Angeles, CA 90025

IN WITNESS WHEREOF, each of the parties hereto have caused this agreement to be executed dated June 3, 2025.

By:   
Plaintiff Sharon Felker

By:   
Plaintiff Herman Grishaver

By:   
Plaintiff Edgar Cruz Soriano

By:   
Plaintiff Jeanace Zetino

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*Class Counsel and Attorneys for Plaintiffs*  
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GRISHAVER, EDGAR CRUZ SORIANO  
and JEANACE ZETINO

By: \_\_\_\_\_  
\_\_\_\_\_  
on behalf of JRK RESIDENTIAL  
GROUP, INC.

By: \_\_\_\_\_  
\_\_\_\_\_  
on behalf of JRK PROPERTY  
HOLDINGS, INC.

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*Attorneys for Defendants*  
JRK RESIDENTIAL GROUP, INC. and JRK  
PROPERTY HOLDINGS, INC.

By: \_\_\_\_\_  
Plaintiff Sharon Felker  
  
By: \_\_\_\_\_  
Plaintiff Herman Grishaver  
  
By: \_\_\_\_\_  
Plaintiff Edgar Cruz Soriano  
  
By: \_\_\_\_\_  
Plaintiff Jeanace Zetino

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SHARON FELKER, HERMAN  
GRISHAVER, EDGAR CRUZ SORIANO  
and JEANACE ZETINO

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458373FB27134E2...  
By: \_\_\_\_\_  
Robert Lee  
\_\_\_\_\_  
on behalf of JRK RESIDENTIAL  
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By: \_\_\_\_\_  
Robert Lee  
\_\_\_\_\_  
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