

***United States v. PRG Real Estate Management, Inc. (E.D. Va., Civil No. 2:19-cv-00125)***

**SETTLEMENT AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND  
PRG REAL ESTATE MANAGEMENT, INC.; WATERGATE/TREEHOUSE  
ASSOCIATES, LP; CHANTICLEER ASSOCIATES, LP; NEW COLONY HILTON  
ASSOCIATES, LLC; HERITAGE TRACE APARTMENTS, LLC; PRG ASHTON  
CREEK ASSOCIATES, LLC; NEW TOWNHOUSE PARK ASSOCIATES, LLC, AND  
NEW HYDE PARK ASSOCIATES, LLC**

**I. INTRODUCTION**

1. This Settlement Agreement (“Agreement”) dated this 15th day of March, 2019 (the “Effective Date”) is entered into by the United States of America (“the United States”), through the Department of Justice, and PRG Real Estate Management, Inc.; Watergate/Treehouse Associates, LP; Chanticleer Associates, LP; New Colony Hilton Associates, LLC; Heritage Trace Apartments, LLC; PRG Ashton Creek Associates, LLC; New Townhouse Park Associates, LLC; and New Hyde Park Associates, LLC (collectively referred to as “the PRG Entities”), through their authorized representatives. The United States and the PRG Entities are referred to herein as the “Parties” and where context requires, each, a “Party.”

2. This Agreement resolves the claims and causes of action asserted in the United States’ lawsuit, *United States v. PRG Real Estate Management, Inc., et al.*, Civil No. 2:19-cv-00125, filed in the United States District Court for the Eastern District of Virginia on March 14, 2019, against PRG Real Estate Management, Inc.; Watergate/Treehouse Associates, LP; Chanticleer Associates, LP; New Colony Hilton Associates, LLC; Heritage Trace Apartments, LLC; PRG Ashton Creek Associates, LLC; and New Hyde Park Associates, LLC (collectively “Defendants”) alleging that the Defendants violated the Servicemembers Civil Relief Act (“SCRA”), 50 U.S.C. §§ 3901-4043 (hereinafter the “Civil Action”).

3. In the Civil Action, the United States alleges that in the course of litigating actions for evictions and/or money damages relating to residential leases, the Defendants

obtained default judgments against SCRA-protected servicemembers by failing to disclose their military service or inaccurately stating that they were not in the military, in violation of 50 U.S.C. § 3931. The United States further alleges that the Defendants imposed unlawful early termination charges on servicemembers who exercised their rights to terminate residential leases in accordance with 50 U.S.C. § 3955.

## II. RECITALS

4. Defendant PRG Real Estate Management, Inc. ("PRG") is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal place of business in Philadelphia, Pennsylvania. PRG conducts business within the Eastern District of Virginia.

5. Defendant Watergate/Trehouse Associates, L.P. ("Watergate") is a limited partnership organized and existing under the laws of the Commonwealth of Virginia with its principal place of business in Virginia Beach, Virginia. From December 16, 1989, to the present, Watergate has owned Linkhorn Bay Apartments ("Linkhorn Bay"), an 864-unit residential apartment complex located at 1201 Waterfront Drive, Virginia Beach, Virginia 23451. At all times relevant, Linkhorn Bay was managed by PRG.

6. Defendant Chanticleer Associates, L.P. ("Chanticleer") is a limited partnership organized and existing under the laws of the Commonwealth of Virginia with its principal place of business in Virginia Beach, Virginia. From June 28, 1990, to the present, Chanticleer has owned Courtyards of Chanticleer, a 306-unit residential apartment complex located at 1421-B Automne Circle, Virginia Beach, Virginia 23451. At all times relevant, Courtyards of Chanticleer was managed by PRG.

7. Defendant New Hyde Park Associates, LLC ("New Hyde Park") is a limited liability company organized and existing under the laws of the Commonwealth of Virginia with its principal place of business in Norfolk, Virginia. From September 12, 1996, to the present, New Hyde Park has owned Hyde Park Apartments ("Hyde Park"), a 262-unit residential apartment complex, located at 4223 Hyde Park Drive, Chester, Virginia 23831. At all times relevant, Hyde Park was managed by PRG.

8. Defendant PRG Ashton Creek Associates, LLC ("PRG Ashton Creek") is a limited liability company organized and existing under the laws of the Commonwealth of Virginia with its principal place of business in Philadelphia, Pennsylvania. From December 11, 2015, to the present, PRG Ashton Creek has owned Ashton Creek, a 232-unit residential apartment complex located at 4201 Creek Way, Chester, Virginia 23831. At all times relevant, Ashton Creek was managed by PRG.

9. Defendant New Colony Hilton Associates, LLC ("New Colony") is a limited liability company organized and existing under the laws of the Commonwealth of Virginia with its principal place of business in Philadelphia, Pennsylvania. From November 28, 2007, to July 11, 2014, New Colony owned Hilton Village Townhomes ("Hilton Village"), a 160-unit residential apartment complex located at 531 Bulkeley Place, Newport News, Virginia 23601. At all times relevant, Hilton Village was managed by PRG.

10. Defendant Heritage Trace Apartments, LLC ("Heritage LLC") is a limited liability company. From October 3, 2008, to November 12, 2010, Heritage LLC owned Heritage Trace Apartments ("Heritage Trace"), a 200-unit residential apartment complex located at 168 A Heritage Way, Newport News, Virginia 23602. At all times relevant, Heritage Trace was managed by PRG.

11. **New Townhouse Park Associates, LLC ("New Townhouse Park") is a limited liability company organized and existing under the laws of the state of Delaware with its principal place of business in Philadelphia, Pennsylvania. From August 26, 2004, to the present, New Townhouse Park has owned Staples Mill Townhomes ("Staples Mill"), a 437-unit residential complex located at 4100 Townhouse Road, Richmond, VA 23228. At all times relevant, Staples Mill was managed by PRG.**

12. **The PRG Entities have cooperated with the United States' investigation into the facts and circumstances leading to the filing of the Civil Action.**

13. **The Parties acknowledge that this Agreement is made in furtherance of settlement and compromise of the Civil Action, and that nothing in this Agreement is intended as, or is to be construed for any purpose to be, an admission of fault, wrongdoing or liability on the part of any Party. Specifically, and for the avoidance of doubt, despite the settlement and compromise of the Civil Action reached herein, the PRG Entities each expressly denies any liability on their part.**

14. **The Parties agree, and the United States believes that it is in the public's best interest, that the Civil Action should be resolved amicably and without further litigation.**

15. **To avoid the delay, uncertainty, inconvenience and expense of protracted litigation of the United States' claims, and in consideration of the mutual promises and obligations set forth below, the Parties agree and covenant to the following material terms and conditions:**

### **III. STATEMENT OF CONSIDERATION**

16. **In consideration of, and consistent with, the terms of this Agreement, the United States and the Defendants will move jointly for dismissal of the lawsuit entitled *United States v. PRG Real Estate Management, Inc., et al.*, Civil No. 2:19-cv-00125, filed in the United States**

District Court for the Eastern District of Virginia, as set forth in Paragraph 50. The Parties agree and acknowledge that this consideration is adequate and sufficient.

#### **IV. TERMS AND CONDITIONS**

##### **A. PROHIBITED CONDUCT**

17. The PRG Entities and their officers, employees, agents and representatives will not seek a default judgment in any action without first filing with the court an affidavit prepared in accordance with 50 U.S.C. § 3931 (a) and (b) and the SCRA Policies and Procedures for Default Judgments established in Part IV.B.

18. The PRG Entities and their officers, employees, agents, and representatives will not impose or seek to collect any early termination charge on a servicemember or a dependent<sup>1</sup> of a servicemember who lawfully terminates a residential lease in accordance with 50 U.S.C. § 3955 and shall comply with the SCRA Policies and Procedures for Lease Termination established in Part IV.B.

##### **B. COMPLIANCE WITH THE SCRA AND SCRA POLICIES AND PROCEDURES**

19. Within thirty (30) calendar days of the effective date of this Agreement, the PRG Entities shall develop SCRA Policies and Procedures for Default Judgments in compliance with 50 U.S.C. § 3931. These policies and procedures must include the following provisions:

- a. The PRG Entities shall not refer any matter to litigation without first taking the actions necessary to comply with Paragraph 19(b). The PRG Entities shall advise any employees, agents or attorneys conducting and/or involved

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<sup>1</sup> The term "dependent," with respect to a servicemember, includes: (a) the servicemember's spouse; (b) the servicemember's child (as defined in section 101(4) of title 38); or (c) an individual for whom the servicemember provided more than one-half of the individual's support for 180 days immediately preceding an application for relief under the SCRA.

in the litigation whether or not the defendant or defendants in the action are SCRA-protected servicemembers and, if the defendants are protected, shall require them to disclose the defendant or defendants' military status to the court in an affidavit that complies with Paragraph 17;

- b. In addition to any other reviews the PRG Entities may perform to assess eligibility under the SCRA, before referring any matter to litigation, the PRG Entities will determine whether the defendant or defendants in the action are SCRA-protected servicemembers by: (1) reviewing any military service information (including orders, rental applications, employment information and/or leave and earning statements) they have received from the defendant or defendants; and (2) searching the Department of Defense Manpower Data Center ("DMDC") website for evidence of SCRA eligibility by last name and social security number. If the PRG Entities do not have a social security number for a defendant or defendants in an action, the PRG Entities will determine whether the defendant or defendants are SCRA-protected servicemembers by searching the DMDC website by last name and date of birth. If the PRG Entities are aware of any last name variants or aliases (e.g., maiden names, hyphenated or composite surnames or variant spellings) utilized by the defendant or defendants, the PRG Entities shall run a separate DMDC search for each name variant or alias;
- c. After a matter is referred to litigation, the PRG Entities shall require that the agents or attorneys conducting the litigation on the PRG Entities' behalf conduct an additional review to determine the military status of the

defendants before attempting to obtain a default judgment. At a minimum, the additional review shall consist of: (1) reviewing any military service information (including orders, rental applications, employment information and/or leave and earning statements) they have received from the PRG Entities; and (2) searching the DMDC website for evidence of SCRA eligibility by last name and social security number. If the PRG Entities and their agents and/or attorneys do not have a social security number for a defendant or defendants in an action, the PRG Entities' agents or attorneys will determine whether the defendant or defendants are SCRA-protected servicemembers by searching the DMDC website by last name and date of birth. If the PRG Entities or their agents or attorneys are aware of any last name variants or aliases (e.g., maiden names, hyphenated or composite surnames or variant spellings) utilized by the defendant or defendants, the PRG Entities' agents and/or attorneys shall run a separate DMDC search for each name variant or alias;

- d. The PRG Entities shall not attempt to obtain a default judgment against any defendant or defendants without first filing with the court an affidavit that complies with Paragraph 17. The affidavit must be signed and prepared only after taking the actions necessary to comply with Paragraph 19(b) and must be executed no more than two business days prior to the first return date in the matter. The PRG Entities will attach the most recent DMDC Status Report Pursuant to the Servicemembers Civil Relief Act to the affidavit;

- e. If the PRG Entities obtain a waiver of the servicemember's right to have an attorney appointed to represent him or her, as provided in 50 U.S.C. § 3931(b)(2), the waiver must be in writing and must be executed after the civil action has been filed. If the PRG Entities initiate the waiver process, a notice and a copy of the proposed waiver must be provided to the servicemember at least 30 days in advance of any anticipated default judgment or other court action. To the extent that the PRG Entities exercise this right, the PRG Entities shall use a notice and waiver in the form attached as Exhibit A.

20. Within thirty (30) calendar days of the effective date of this Agreement, the PRG Entities shall develop SCRA Policies and Procedures for Lease Terminations in compliance with 50 U.S.C. § 3955. These policies and procedures must include the following provisions:

- a. The PRG Entities shall permit servicemembers to terminate residential leases upon their entry into military service or receipt of military orders for (i) a permanent change of station<sup>2</sup> or (ii) to deploy with a military unit, or as an individual in support of a military operation, for a period of not less than 90 days. A servicemember's termination of a lease shall terminate any obligation a dependent of the servicemember may have under the lease;

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<sup>2</sup> The term "permanent change of station" shall include a change from the servicemember's last permanent duty station to the servicemember's home or primary residence upon: (1) discharge, resignation, or separation from the Service under honorable conditions; (2) release from active duty; (3) transfer to the Fleet Reserve or to the Fleet Marine Corps Reserve; (4) retirement; or (5) temporary disability retirement. It shall also include a change in the home port of a ship/mobile unit or of the permanent duty station of a shore based unit. See U.S. Department of Defense Joint Travel Regulations (JTR) at Appendix A.



- b. The PRG Entities shall accept terminations upon delivery of written notice of termination and a copy of military orders<sup>3</sup> to the PRG Entities, their employees, agents or representatives. Delivery of the written notice and orders may be accomplished by hand delivery, private business carrier, U.S. mail, electronic mail, facsimile or text message;
- c. The PRG Entities shall treat any residential lease termination as effective 30 days after the first date on which the next rental payment is due and payable after the date on which the notice was delivered. Any rent amounts that are unpaid for the period preceding the effective date of the lease termination must be prorated. Rents or lease amounts paid in advance for a period after the effective date of the termination of the lease shall be refunded to the lessee within 30 days of the effective date of termination;
- d. The PRG Entities may not impose any early termination charge, but any taxes, summonses, or reasonable charges to the lessee for excess wear that are due and unpaid at the time of the termination of the lease shall be paid by the lessee;
- e. The PRG Entities shall not initiate or pursue a waiver of the lease termination rights provided under 50 U.S.C. § 3955; and
- f. The PRG Entities shall revise their standard lease forms to ensure that any "military personnel clause" or early termination provisions comply with 50 U.S.C. § 3955.

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<sup>3</sup> The term "military orders" shall include official military orders, or any notification, certification, or verification from the servicemember's commanding officer regarding the servicemember's current or future military duty status.

21. No later than thirty (30) calendar days after the effective date of this Agreement, the PRG Entities shall provide a copy of the proposed SCRA Policies and Procedures, along with any revised lease forms, as required under Paragraphs 19 and 20 to counsel for the United States.<sup>4</sup> The United States shall respond to the PRG Entities' proposed SCRA Policies and Procedures within thirty (30) calendar days of receipt. If the United States objects to any part of the PRG Entities' SCRA Policies and Procedures, the parties shall confer to resolve their differences. The PRG Entities shall begin the process of implementing the SCRA Policies and Procedures within ten (10) calendar days of approval by the United States.

22. If, at any time during the term of this Agreement, the PRG Entities propose to materially change their SCRA Policies and Procedures described herein, they shall first provide a copy of the proposed changes to counsel for the United States. If the United States does not deliver written objections to the PRG Entities within thirty (30) calendar days of receiving the proposed changes, the changes may be implemented. If the United States makes any objections to the proposed changes within the thirty (30) day period, the specific changes to which the United States objects shall not be implemented until the objections are resolved pursuant to the process described in Paragraph 21.

23. No later than thirty (30) calendar days after the effective date of this Agreement, the PRG Entities shall designate employees who have been specifically trained on the protections of the SCRA and who are responsible for the intake of and response to servicemembers' inquiries regarding the SCRA (the "designated employees"). The PRG Entities shall ensure that

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<sup>4</sup> All materials required by this Agreement to be sent to counsel for the United States shall be sent by commercial overnight delivery addressed as follows: ATTN: Assistant United States Attorney Deirdre G. Brou, Justin W. Williams United States Attorney's Building, 2100 Jamieson Avenue, Alexandria, Virginia 22314.

they have a designated telephone number and electronic mail address at which servicemembers may reach a designated employee, who will address questions or concerns regarding the SCRA. The PRG Entities shall also include a page on their property websites detailing eligibility for, and relief provided by, the SCRA, and providing the designated telephone number and electronic mail address to obtain SCRA relief, or raise questions or concerns regarding such relief. The placement, format, and content of the page shall be subject to the non-objection of the United States.

### C. TRAINING

24. Within sixty (60) calendar days after the PRG Entities' training program is approved by the United States pursuant to Paragraph 26, the PRG Entities shall provide SCRA compliance training to any employees who: (a) are involved with residential lease issues, including early lease terminations, landlord tenant disputes or eviction or collection activities; or (b) are involved with any litigation, including preparing and signing affidavits, supervising or reviewing the work of outside attorneys and/or assigning matters out for litigation (hereinafter "covered employees"). The PRG Entities shall provide to each covered employee: (a) training on the terms of the SCRA specific to the employee's responsibilities associated with that employee's position; (b) training on the terms of the PRG Entities' SCRA Policies and Procedures (both those required pursuant to Paragraphs 19 and 20, and all others adopted by the PRG Entities) specific to the employee's responsibilities associated with that employee's position; (c) training on the terms of this Agreement specific to the employee's responsibilities associated with that employee's position and his or her responsibilities and obligations under the SCRA; and (d) the contact information for the designated employees described in Paragraph 23. The PRG Entities shall also follow these training procedures for each employee who

subsequently becomes a covered employee within thirty (30) calendar days of his or her hiring, promotion or transfer.

25. During the term of this Agreement, the PRG Entities shall provide annual SCRA training, with the same content as described in Paragraph 24, to covered employees with respect to their responsibilities and obligations under the SCRA, the SCRA Policies and Procedures and the terms of this Agreement.

26. Within forty-five (45) calendar days of the United States' approval of the SCRA Policies and Procedures pursuant to Paragraphs 19 and 20, the PRG Entities shall provide to the United States the curriculum, instructions, and any written material included in the training required by Paragraphs 24 and 25. The United States shall have forty-five (45) calendar days from receipt of these documents to raise any objections to the PRG Entities' training materials, and, if it raises any, the Parties shall confer to resolve their differences.

27. The covered employees may undergo the training required by Paragraphs 24 and 25 via live training, computer-based training, web-based training, or interactive digital media. If the training is conducted in any format other than live training, the PRG Entities shall ensure that covered employees have the opportunity to have their questions answered by a company contact that the PRG Entities identify as having SCRA expertise within two (2) business days of the training. Any expenses associated with the training program required by Paragraphs 24 and 25 shall be borne by the PRG Entities.

28. The PRG Entities shall secure a signed statement in the form attached as Exhibit B<sup>5</sup> from each covered employee at the training required by Paragraphs 24 and 25 acknowledging

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<sup>5</sup> The electronic signature of a covered employee shall be deemed satisfactory for purposes of verifying completion of the training required under this Agreement.

that he or she has received, read, and understands the SCRA Policies and Procedures specific to the employee's responsibilities associated with property management and/or litigation, has had the opportunity to have his or her questions about these documents answered, and agrees to abide by them. For the duration of this Agreement, copies of those signed statements shall be provided to the United States upon request. The PRG Entities shall also certify in writing to counsel for the United States that the covered employees successfully completed the training required by Paragraphs 24 and 25.

**D. COMPENSATION FOR VIOLATIONS OF 50 U.S.C. § 3931  
(DEFAULT JUDGMENTS)**

29. The United States has determined that between January 1, 2006, and May 30, 2017, the Defendants obtained 152 default judgments against 127 SCRA-protected servicemembers in violation of 50 U.S.C. § 3931. The United States has previously provided a list of these default judgments to the PRG Entities. For each servicemember identified pursuant to this paragraph, the PRG Entities shall provide the following compensation, for a total sum of One Million Four Hundred Ninety-Eight Thousand Dollars (\$1,498,000.00):

- a. an amount of \$1,500 for the first default judgment entered against the servicemember in violation of 50 U.S.C. § 3931; and
- b. an additional amount of \$1,500 per judgment for each subsequent default judgment entered against the servicemember in violation of 50 U.S.C. § 3931.

**E. COMPENSATION FOR VIOLATIONS OF 50 U.S.C. § 3955  
(LEASE TERMINATION CHARGES)**

30. The United States has determined that between October 13, 2010 and June 29, 2018, the Defendants imposed early termination charges in violation of 50 U.S.C. § 3955(e)(1)

on ten (10) servicemembers. The United States has previously provided a list of these servicemembers to the PRG Entities. For each servicemember identified pursuant to this paragraph, the PRG Entities shall compensate the servicemember-tenant who terminated his or her lease pursuant to the SCRA by paying an amount equal to three (3) times the termination fee charged, for a total sum of Thirty-Four Thousand Nine Hundred Twenty Dollars and Thirty-Nine Cents (\$34,920.39).

#### **F. SETTLEMENT ADMINISTRATION**

31. Within sixty (60) calendar days of the effective date of this Agreement, the PRG Entities shall enter into a contract retaining an Independent Settlement Administrator ("Administrator") to conduct the activities set forth in Paragraphs 31-36. The selection of the Administrator and the terms of the Administrator's contract related to the Administrator's duties pursuant to this Agreement shall be subject to the non-objection of the United States. The PRG Entities shall bear all costs and expenses of the Administrator. The PRG Entities' contract with the Administrator shall require the Administrator to comply with the provisions of this Agreement as applicable to the Administrator. The Administrator's contract shall require the Administrator to work cooperatively with the PRG Entities and the United States in the conduct of its activities, including reporting regularly to and providing all reasonably requested information to the United States. The Administrator's contract shall require the Administrator to comply with all confidentiality and privacy restrictions applicable to the Party who supplied the information and data to the Administrator.

32. The Administrator's contract shall require the Administrator, as part of its operations, to establish, and to maintain throughout the contract period, multiple cost-free means

for affected servicemembers to contact it, including an electronic mail address, a website, and a toll-free telephone number.

33. Within sixty (60) days of the effective date of this Agreement, the PRG Entities shall provide to the Administrator the name -- and to the extent available in their records -- the most recent mailing address, electronic mail address, cell phone number, Social Security number, and any other information in their records as requested by the United States and the Administrator, with respect to the persons identified pursuant to Paragraphs 29 and 30. Such information and data shall be used by the Administrator solely for the purpose of implementing the Agreement.

34. The Administrator's contract shall require the Administrator to notify each servicemember identified in Paragraphs 29 and 30 by letter (using wording mutually agreeable to the PRG Entities and the United States) sent via U.S. Mail and electronic mail within sixty (60) calendar days of the effective date of this Agreement. The Administrator shall be required to search the National Change of Address (NCOA) database to obtain each servicemember's most recent mailing address prior to the initial mailing. The Administrator's contract shall require the Administrator to provide the United States with samples of all letters, and receive the United States' approval of the sample letters, before mailing any letter required by this paragraph, and all letters mailed pursuant to this paragraph shall be accompanied, in the case of servicemembers entitled to compensation under Paragraphs 29 by the Declaration and Release attached as Exhibits C-1 and C-2, or in the case of servicemembers entitled to compensation under Paragraph 30 by the Release and Declaration attached as Exhibits C-2 and C-3. The Administrator's contract shall require the Administrator to adopt effective methods, including

"skip tracing," as requested by the United States, to make contact with, and obtain a response from, each identified servicemember.

35. The Administrator's contract shall require the Administrator to issue and mail compensation checks no later than twenty-one (21) calendar days after receipt of a signed Declaration and Release. The Administrator's contract shall require the Administrator to skip trace and redeliver any payment that is returned to the Administrator as undeliverable, or that is not deposited or cashed within three (3) months. The PRG Entities will ensure that the Administrator has access to any funds necessary to compensate servicemembers by the deadlines established in this Paragraph.

36. The Administrator's contract shall require the Administrator, for a period of five (5) years following the effective date of this Agreement, to provide the United States with a monthly accounting of all declarations received, checks issued (including copies of issued checks), and notifications without responses or that were returned as undeliverable. During the term of this Agreement, the Administrator shall, at the request of a servicemember entitled to compensation, reissue any checks that are not cashed or deposited prior to their expiration. After the term of the Agreement has expired, the Administrator shall report any uncashed checks in accordance with state unclaimed property laws.

37. In the event that the United States has reason to believe that the Administrator is not materially complying with the terms of its contract with the PRG Entities, the PRG Entities shall present for review and determination of non-objection a course of action to effectuate the Administrator's material compliance with its contract with the PRG Entities. The United States shall make a determination of non-objection to the course of action or direct the PRG Entities to revise it. In the event that the United States directs revisions, the PRG Entities shall make the



revisions and resubmit the course of action to the United States within thirty (30) days. Upon notification that the United States has made a determination of non-objection, the PRG Entities shall implement the course of action.

38. The PRG Entities will not refuse to make a payment based on a waiver or release of legal claims, or arbitration agreement previously signed by any such recipient, except that in determining the amount of compensation due to any servicemember pursuant to Paragraph 29, the United States will credit any monetary compensation already provided to the servicemember for violations of 50 U.S.C. § 3931 arising from the same default judgment(s).

39. No individual may obtain review by the Parties or the Administrator of the identifications made, and payments disbursed, pursuant to Paragraphs 29-38.

#### **G. CREDIT REPAIR AND OTHER RELIEF**

40. Within sixty (60) calendar days of the effective date of this Agreement, the PRG Entities shall move to set aside each default judgment identified in Paragraph 29 on the grounds that the defendant, at the time of service or process or entry of the judgment was in military service. The PRG Entities shall also, within thirty (30) calendar days of notification by the United States, move to set aside any other default judgment that the United States determines was obtained in violation of 50 U.S.C. § 3931.

41. Within sixty (60) calendar days of the effective date of this Agreement, the PRG Entities shall request that all three (3) major credit bureaus and any other credit bureaus to which the PRG Entities report delete: (1) any trade lines associated with the default judgment accounts identified in Paragraph 29; and (2) any derogatory credit information related to the early termination charges identified in Paragraph 30. Further, the PRG Entities shall not pursue and must indemnify the servicemember against any recovery occurring after the Effective Date and

resulting from the third-party pursuit of any amounts due and owing under any default judgment identified pursuant to Paragraph 29.

## **II. CIVIL PENALTY**

42. Within thirty (30) calendar days of the effective date of this Agreement, the PRG Entities shall pay a total of Sixty-Two Thousand and Twenty-Nine Dollars (\$62,029.00) to the United States Treasury as a civil penalty pursuant to 50 U.S.C. § 4041(b)(3) and 28 C.F.R. § 85.5, to vindicate the public interest. The payment shall be in the form of an electronic funds transfer pursuant to written instructions to be provided by the United States.

### **I. REPORTING, RECORD-KEEPING, AND MONITORING**

43. For the duration of this Agreement, the PRG Entities shall retain all records relating to their obligations hereunder, including their records with respect to any request to terminate a lease in accordance with 50 U.S.C. § 3955, whether that request was granted by the PRG Entities, and all records relating to compliance activities as set forth herein. The United States shall have the right to review and copy any such records, including electronic data, upon reasonable request during the term of this Agreement.

44. During the term of this Agreement, the PRG Entities shall notify counsel for the United States in writing every six (6) months of receipt of any SCRA complaint or complaint that implicates the SCRA. The PRG Entities shall provide a copy of any written complaints with the notifications. The PRG Entities will incorporate into their SCRA Policies and Procedures a requirement that all customer service personnel, upon receiving any oral SCRA complaint, shall notify individuals designated and trained to receive SCRA complaints pursuant to Paragraph 23. In the case of both written and oral SCRA complaints, the notification to the United States shall include the full details of the complaint, including the complainant's name, address, and

telephone number, and the full details of all actions the PRG Entities took to resolve the complaint. The PRG Entities shall also promptly provide the United States all information it may request concerning any such complaint. If the United States raises any objections to the PRG Entities' actions, the Parties shall meet and confer to consider appropriate steps to address the concerns raised by the United States' review.

**J. IMPLEMENTATION, ENFORCEMENT, AND DISMISSAL OF UNDERLYING CIVIL ACTION**

45. The United States may review compliance with this Agreement at any time. The PRG Entities agree to cooperate with the United States in any review of compliance with this Agreement. Upon reasonable notice, the PRG Entities shall permit counsel for the United States to inspect and copy all non-privileged records pertinent to this Agreement.

46. Should the PRG Entities materially breach any provision of this Agreement, the Parties agree that upon any such claim of breach as made by the United States, the United States may, until the Civil Action is dismissed, seek appropriate relief before the Court in the Civil Action, or if the Civil Action has been dismissed, move to restore the Civil Action to the active docket of this Court for purposes of resolution of any such claim of breach. In the event of such a claim of breach as made by the United States, the PRG Entities consent to and agree not to contest the Government's motion to restore the Civil Action to the Court's active docket. Alternatively, the United States may bring a civil action for breach of this Agreement or any provision thereof, in the United States District Court for the Eastern District of Virginia. The United States may in such action seek to have the Court impose any remedy authorized at law or equity. This Court shall serve as the exclusive jurisdiction and venue for any dispute concerning this Agreement. The PRG Entities consent to and agree not to contest the exercise of personal

jurisdiction over the PRG Entities by this Court. The Parties further acknowledge that venue in this Court is appropriate and agree not to raise any challenge on this basis.

47. Before taking the steps outlined in Paragraph 46, the United States shall first provide the PRG Entities notice of any breach in writing and shall afford the PRG Entities thirty (30) calendar days from the date of mailing to cure the default.<sup>6</sup>

48. In the event the United States moves to reinstate the Civil Action as contemplated by Paragraph 46, or any other civil action is commenced to remedy breach of this Settlement Agreement, the United States may seek the following: 1) an order mandating specific performance of any term or provision in this Settlement Agreement, without regard to whether monetary relief would be adequate; 2) an award of reasonable attorneys' fees and costs incurred in bringing an action to remedy breach of this Settlement Agreement; and 3) any additional relief that may be authorized by law or equity. If the Civil Action is reinstated or any other such civil action is filed, the PRG Entities expressly agree not to count the time during which this Settlement Agreement is in place, or use the terms or existence of this Settlement Agreement, to plead, argue or otherwise raise any defenses under theories of claim preclusion, issue preclusion, statute of limitations, estoppel, laches, or similar defenses.

49. Failure by the United States to enforce any provision of this Agreement shall not operate as a waiver of the United States' right or ability to enforce any other provision of this Agreement.

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<sup>6</sup> Except as otherwise agreed to by the Parties, all materials required by this Agreement to be sent to the PRG Entities shall be sent by commercial overnight delivery addressed as follows: Chief Compliance Officer, PRG Real Estate Management, Inc., 2701 E. Luzerne Street, Philadelphia, PA 19137.

50. Within fifteen (15) calendar days of the PRG Entities providing written verification to the United States of the payment of the civil penalty, as set forth in Paragraph 42, the Parties shall jointly move the Court for dismissal of the underlying Civil Action, subject to its reinstatement as set forth in Paragraph 46 above.

#### **K. SCOPE OF SETTLEMENT AGREEMENT**

51. The provisions of this Agreement shall apply to the PRG Entities and any subsidiaries, predecessors, acquired companies, or successor entities. It shall also apply to the officers, employees, agents, representatives, assigns, successors-in-interest, and all persons and entities in active concert or participation with all of those entities.

52. In the event that the PRG Entities are acquired by or merge with another entity, the PRG Entities shall, as a condition of such acquisition or merger, obtain the written agreement of the acquiring or surviving entity to be bound by any obligations remaining under this Agreement for the remaining term of this Agreement.

53. This Agreement releases only the claims for violations of Section 3931 and Section 3955 of the SCRA addressed in Paragraphs 29 and 30 of this Agreement, which are the only claims of which the undersigned counsel for the Parties are presently aware. This Agreement does not release any other claims that may be held or are currently under investigation by any federal agency, or any claims that may be pursued for actions that may be taken by any executive agency against the PRG Entities, any of their affiliated entities, and/or any of their institution-affiliated parties, as defined by 12 U.S.C. § 1818 or any other statute or regulation.

54. Nothing in this Agreement will excuse the PRG Entities' compliance with any currently or subsequently effective provision of law or order of a regulator with authority over the PRG Entities that imposes additional obligations on them.

#### **L. TERMINATION OF LITIGATION HOLD**

55. The Parties agree that, as of the date of the dismissal of the Action, litigation is not anticipated concerning the matters described in the United States' Complaint. To the extent that any Party previously implemented a litigation hold to preserve documents, electronically stored information (ESI), or things related to the matters described above, the Party is no longer required to maintain such litigation hold. Nothing in this paragraph relieves any Party of any other obligations imposed by this Agreement, including the recordkeeping and retention requirements contained in Paragraphs 43 and 44.

#### **M. DURATION, EXECUTION, AND OTHER TERMS**

56. This Agreement is effective on the date of signature of the last signatory to the Agreement. The Agreement may be executed in multiple counterparts, each of which together shall be considered an original but all of which shall constitute one agreement. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

57. The duration of this Agreement shall be for a period of five (5) years from the date of execution.

58. Each Party shall bear its own legal and other costs incurred in connection with this litigation, including the preparation and performance of this Agreement, except as set forth in Paragraph 48.

59. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

60. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

61. This Agreement constitutes the complete agreement between the Parties. No prior or contemporaneous communications, oral or written, or prior drafts shall be relevant or admissible for purposes of determining the meaning of any provision herein or in any other proceeding.

62. This Agreement is governed by and shall be interpreted under the laws of the United States.

63. The undersigned represent and warrant that they are fully authorized to execute this Agreement on behalf of the entities indicated below.

64. Except where this Agreement expressly conditions or predicates performance of a duty or obligation upon the performance of a duty or obligation by another Party, the performance of one Party's duties or obligations under this Agreement shall not be discharged or excused by the actual or alleged breach of the duties and obligations by another Party.

65. This Agreement is a public document. All Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public and to the PRG Entities' issuance of public statements about this litigation and the subject matter hereof, subject to any applicable privacy laws.

66. Should any provision of this Agreement be declared or determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal or invalid part, term or provision shall be deemed not to be a part of this Agreement.

67. The Parties agree that they will not, individually or in combination with another, seek to have any court declare or determine that any provision of this Agreement is illegal or invalid.

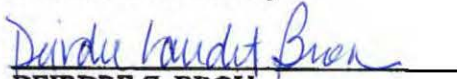
68. This Agreement may be modified only with the written consent of the Parties. Any modifications must be in writing and signed by the Parties through their authorized representatives.

*For the United States of America:*

DATED: 15 MARCH 2019

G. ZACHARY TERWILLIGER  
United States Attorney  
Eastern District of Virginia

LAUREN A. WETZLER  
Chief, Civil Division  
Assistant U.S. Attorney

  
DEIRDRE G. BROU  
Assistant U.S. Attorney  
United States Attorney's Office  
2100 Jamieson Avenue  
Alexandria, Virginia 22314  
Tel: (703) 299-3770  
Fax: (703) 299-3983  
Email: [deirdre.g.brou@usdoj.gov](mailto:deirdre.g.brou@usdoj.gov)

ERIC S. DREIBAND  
Assistant Attorney General  
Civil Rights Division

SAMEENA SHINA MAJEED  
Chief, Housing and Civil  
Enforcement Division

ELIZABETH A. SINGER  
Director, U.S. Attorneys' Fair  
Housing Program

AUDREY M. YAP  
Trial Attorney  
United States Department of Justice  
Civil Rights Division  
Housing and Civil Enforcement Section  
950 Pennsylvania Avenue, NW – NWB  
Washington, DC 20530  
Tel: (202) 305-0015  
Fax: (202) 514-1116  
Email: [audrey.yap@usdoj.gov](mailto:audrey.yap@usdoj.gov)




*For PRG Real Estate Management, Inc.*

DATED: 3-15-19 \_\_\_\_\_

By:   
Samuel C. Foster  
Its: Chief Executive Officer

*For Watergate/Treehouse Associates, LP*

DATED: 3-15-19 \_\_\_\_\_

By:   
Jon Goodman  
Its: Manager


*For Chanticleer Associates, LP*

DATED: 3-15-19 \_\_\_\_\_

By:   
Jon Goodman  
Its: Manager

*For New Colony Hilton Associates, LLC*

DATED: 3-15-19 \_\_\_\_\_

By:   
Jon Goodman  
Its: Manager


*For Heritage Trace Apartments, LLC*

DATED: 3-15-19 \_\_\_\_\_

By:   
Jon Goodman  
Its: Manager


*For PRG Ashton Creek Associates, LLC*

DATED: 3-15-19 \_\_\_\_\_

By:   
Jon Goodman  
Its: Manager

*For New Townhouse Park Associates, LLC*

DATED: 3-15-19 \_\_\_\_\_

By:   
Jon Goodman  
Its: Manager

*For New Hyde Park Associates, LLC*

DATED: 3-15-19 \_\_\_\_\_

By:   
Jon Goodman  
Its: Manager

## EXHIBIT A

### **IMPORTANT NOTICE AFFECTING MILITARY SERVICEMEMBERS RIGHTS AND PROTECTIONS AFFORDED UNDER THE SERVICEMEMBERS CIVIL RELIEF ACT**

Attached to this notice you will find a waiver of rights and protections that may be applicable to you pursuant to the Servicemembers Civil Relief Act, 50 U.S.C. § 3901, *et seq.* (the "SCRA"). The SCRA provides military personnel and their dependents with a wide range of legal and financial protections. Among other benefits and protections, the SCRA:

- Requires that the court appoint an attorney to represent a servicemember who is a defendant in a civil action or proceeding, if the servicemember does not make an appearance;
- Prohibits the eviction of a servicemember or the servicemember's dependents without a court order;
- Allows a court to adjust or stay the enforcement of an obligation if a servicemember's ability to pay the agreed rent is materially affected by military service; and
- Postpones court actions against servicemembers under certain circumstances.

If you choose to sign the attached waiver, the Court may enter a judgment against you without appointing an attorney or guardian ad litem to represent your interests. If you do not sign this waiver, the court may take steps to ensure that a judgment is not entered against you if you are unable to appear.

**Before waiving these important statutory rights, you should consult an attorney regarding how best to exercise your rights or whether it is in your interest to waive these rights under the conditions offered by [LANDLORD].**

#### **For More Information:**

- **CONSULT AN ATTORNEY:** To fully understand your rights under the law, and before waiving your rights, you should consult an attorney.
- **JAG / LEGAL ASSISTANCE:** Servicemembers and their dependents with questions about the SCRA should contact their unit's Judge Advocate, or their installation's Legal Assistance Officer. A military legal assistance office locator for all branches of the Armed Forces is available at <http://legalassistance.law.af.mil/content/locator.php>.
- **MILITARY ONESOURCE:** "Military OneSource" is the U.S. Department of Defense's information resource. Go to <http://www.militaryonesource.com>.

**AGREEMENT AND WAIVER OF RIGHTS UNDER  
SERVICEMEMBERS CIVIL RELIEF ACT**

I \_\_\_\_\_ am a Servicemember OR the duly authorized agent or attorney-in-fact of \_\_\_\_\_, a Servicemember, pursuant to a power of attorney dated \_\_\_\_\_ and I am aware that I have protections available to me under the Servicemembers Civil Relief Act (SCRA). This includes, but is not limited to, legal rights relating to the Civil Action [CASE NUMBER] filed in [COURT] on [DATE] (the "Civil Action"), including protections relating to default judgments with respect to my lease of the property listed below:

[PROPERTY ADDRESS]

By signing this waiver, I acknowledge and agree that:

- I have read and understood the attached **IMPORTANT NOTICE AFFECTING MILITARY SERVICEMEMBERS**.
- I am waiving my right to have an attorney or guardian ad litem appointed to represent me in accordance with 50 U.S.C. §3931.
- In exchange for waiving these SCRA rights with respect to the Civil Action, [LANDLORD] has agreed to waive its right to recover any attorneys' fees or court costs relating to the Civil Action.
- This waiver is made voluntarily, without coercion, duress or compulsion. I understand the terms of this waiver of rights, and acknowledge that I was advised to consult with an attorney regarding this waiver and the protections afforded by the SCRA.

Subject to the above provisions, I hereby waive and give up any right I may have to have an attorney or guardian ad litem appointed to represent me in the Civil Action.

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Dated: \_\_\_\_\_

For [LANDLORD]  
By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**EXHIBIT B**

**EMPLOYEE ACKNOWLEDGMENT**

I acknowledge that on \_\_\_\_\_, 20\_\_, I was provided training regarding SCRA compliance and copies of the SCRA Policies and Procedures which are applicable to my duties. I have read and understand these documents and have had my questions about these documents and the SCRA answered. I understand my legal responsibilities and shall comply with those responsibilities.

\_\_\_\_\_  
[PRINT NAME]

\_\_\_\_\_  
[SIGNATURE]

\_\_\_\_\_  
[JOB TITLE]

**EXHIBIT C-1**

**DECLARATION**

I, [INSERT NAME], do hereby declare and state as follows:

1. On or about [JUDGMENT DATE], I WAS either:
  - i. on a covered period of military service; OR
  - ii. a member of a reserve component (Reserves or National Guard) and had received orders to report for a covered period of military service.

2. Please consider the following additional information in support of this Declaration:

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I confirm that the foregoing is true and correct.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

SIGNATURE: \_\_\_\_\_

PRINT NAME: \_\_\_\_\_

## APPENDIX REGARDING MILITARY SERVICE

As used in this Declaration, a “covered period of military service” is any of the following:

- a) Full-time active duty with the armed forces of the United States (Army, Navy, Air Force, Marine Corps, or Coast Guard);
- b) A period of active service with the National Guard: i) authorized by the President or the Secretary of Defense; ii) longer than thirty (30) consecutive days; iii) under orders issued under Section 502(f) of Title 32 of the United States Code; and iv) for the purpose of responding to a national emergency declared by the President and supported by federal funds;
- c) Active service as a commissioned officer of the Public Health Service or the National Oceanic and Atmospheric Administration; or
- d) A period of time during which I was a servicemember absent from duty on account of sickness, wounds, leave, or other lawful cause.

If you have any additional questions about whether your service constitutes a “covered period of military service” for purposes of this declaration, please contact the Department of Justice at 202-514-4713 and reference the PRG Real Estate Management Case.

**EXHIBIT C-2**

**RELEASE**

In consideration for the parties' agreement to the terms of the Settlement Agreement resolving the United States' allegations in United States v. PRG Real Estate Management, Inc., et al., Civil No. \_\_\_\_\_ (E.D. VA.) and payment to me of \$ [AMOUNT], I, [NAME], hereby release and forever discharge all claims, arising prior to the date of this Release, related to the facts at issue in the litigation referenced above that pertain to alleged violations of [SECTION 3931 or SECTION 3955] of the Servicemembers Civil Relief Act that I may have against PRG Real Estate Management, Inc. and [LANDLORD] and all related entities, parents, predecessors, successors, subsidiaries, and affiliates and all of their past and present directors, officers, agents, managers, supervisors, shareholders, and employees and their heirs, executors, administrators, successors or assigns. I do not release any other claims that I may have against PRG Real Estate Management, Inc. and [Landlord] under any other section of the Servicemembers Civil Relief Act.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

SIGNATURE: \_\_\_\_\_

PRINT NAME: \_\_\_\_\_

**EXHIBIT C-3**

**DECLARATION**

I, [INSERT NAME], do hereby declare and state as follows:

1. On or about [DATE], I terminated my residential lease at [PROPERTY] pursuant to the Servicemembers Civil Relief Act, 50 U.S.C. § 3955.
2. Please consider the following additional information in support of this Declaration:

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I confirm that the foregoing is true and correct.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

SIGNATURE: \_\_\_\_\_

PRINT NAME: \_\_\_\_\_