UNITED STATES OF AMERICA
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

In the Matter of:
First King Properties LLC, and
117 South Fourth Street Realty Corp.
Respondents.

HUD OGC: 18-003-CMF

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into between First King Properties
LLC and 117 South Fourth Street Realty Corp. (collectively "Respondents") and the United
States Department of Housing and Urban Development ("HUD").

RECITALS

WHEREAS, Respondents are the owners of a 500-unit multifamily property located at
175 and 195 First Street, Newark, New Jersey (the "Project") that receives project-based
assistance from HUD under Section 8 of the United States Housing Act of 1937, 42 U.S.C. §
1437f, and pursuant to housing assistance payments contract NJ39E000018 (the "HAP
Contract");

WHEREAS, on August 22, 2017, HUD’s New York Departmental Enforcement Center
issued a letter raising allegations about use of project funds, together with subsequent
correspondence ("DEC Letter");

WHEREAS, on October 24, 2017, HUD issued a Pre Penalty Notice (the "Conditions Pre
Penalty Notice") to Respondents seeking civil money penalties and alleging that Respondents
materially breached their IIAP contract by failing to provide decent, safe, and sanitary housing;
WHEREAS, on April 27, 2018, HUD issued a Pre Penalty Notice (the “Lead Pre Penalty Notice”) to Respondents seeking civil money penalties and alleging that Respondents violated the lead disclosure rule, 24 C.F.R. 35 subpart A, and materially breached their HAP contract by failing to comply with the lead safe housing rule 24 C.F.R. 35 subparts B, H, and R;

WHEREAS, both HUD and Respondents (the “Parties”) mutually desire to avoid further expense and litigation and to reach a satisfactory resolution of this matter; and

WHEREAS, this Agreement shall not constitute an admission of liability or fault on the part of any Party.

NOW, THEREFORE, HUD and Respondents agree as follows:

1. This Settlement Agreement shall become effective upon its execution by HUD (the “Effective Date”). The foregoing recitals are incorporated by reference. The DEC Letter, Conditions Pre Penalty Notice, and Lead Pre Penalty Notice, and the allegations, facts, matters and claims raised in those Notices shall be hereafter collectively referred to as the “Matter.”

2. Respondents shall pay civil money penalties to HUD in the amount of Eight Hundred Thousand Dollars ($800,000) to resolve this Matter.

3. The amount identified in Paragraph 2 of this Agreement is due and payable to HUD by Respondents within three (3) days of Respondents’ sale of the Project, in the form of a certified or cashier’s check payable to the U.S. Department of Housing and Urban Development. Respondents shall remit the payment along with an executed copy of this Agreement to the attention of Jennifer Grim, HUD Office of General Counsel, at the following address:
4. HUD hereby waives, releases and remits any and all claims for civil money penalties or other administrative penalties or remedies against Respondents under 42 U.S.C. § 1437z-a, 31 USC Sections 3801-3812, 42 U.S.C. § 4852d, 24 C.F.R. § 30.68, 24 C.F.R. § 30.65, 24 C.F.R. Part 35, and the HAP Contract with respect to the allegations raised in the Matter, provided that Respondents timely make the payment provided for in Paragraph 2 above.

5. This Agreement does not waive any rights or responsibilities of HUD or any other Federal agency to investigate or initiate other actions pursuant to its lawful authority except as explicitly waived herein.

6. Respondents waive, release, and remit all claims, directly or indirectly, against HUD or HUD employees with respect to this Matter.

7. This Agreement is contingent on Respondents’ sale and settlement of the Project. If Respondents do not make the payment as provided for in Paragraph 2 above by October 1, 2018, this Agreement will be null and void.

8. This Agreement is voluntary and entered into by Respondents and HUD after due consideration of the terms contained herein. The Parties will not seek the termination or reconsideration of this Agreement, directly or indirectly, after the Effective Date identified in Paragraph 1 of this Agreement other than as may be set forth herein.

9. This Agreement is binding on the Parties’ successors, transferees and assigns.
10. This Agreement constitutes the complete agreement between the Parties, and supersedes and replaces all prior negotiations and agreements, whether written or oral, regarding the resolution of this matter.

11. This Agreement may not be altered, amended, or modified, except in writing that is duly executed by authorized representatives of all Parties.

12. Each of the Parties is to bear its own costs and legal fees.

[Remainder of this page is intentionally blank]
WHEREFORE, the Parties hereto have duly executed this Agreement.

FIRST KING PROPERTIES LLC

Date: ____________________________________________

By: [Signature]

Name: _______ ____________________________

Title: _______ ____________________________

117 SOUTH FOURTH STREET REALTY CORP.

Date: ____________________________________________

By: [Signature]

Name: _______ ____________________________

Title: _______ ____________________________

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Date: 8-14-18

By: [Signature]

James M. Beaudette, Deputy Director of the Departmental Enforcement Center

Date: 8/21/2018

By: [Signature]

Matthew E. Ammon, Director, Office of Lead Hazard Control and Healthy Homes
Pay Order of HUD to the Secretary of HUD.

Eight Hundred Thousand and 00/100 Dollars ($800,000.00)

Bellow Title Agency, LLC

August 23, 2018
Title No: 40001

Memo 40001 / Garden Square Apartments