

In October 2004, the Court certified the following plaintiff class:

All present and former public housing residents who have moved or will move out of CHA public housing using a Housing Choice Voucher (also known as a Section 8 Certificate or a Section 8 Voucher) and who moved or will move into segregated neighborhoods using a Housing Choice Voucher after October 1, 1999, and have been, continue to be, or will be adversely affected by Defendants' and the agents' segregative and discriminatory actions, policies, and practices, as alleged in Plaintiffs' first amended complaint.

In March 2005, the parties agreed to settle this Action to avoid the costs, burdens and uncertainty of further litigation. If the Settlement is approved by the Court, the Action will be voluntarily dismissed by Plaintiffs and will not proceed to a trial on the merits.

II. SETTLEMENT NEGOTIATIONS AND THE PROPOSED SETTLEMENT

During the course of the litigation, the parties engaged in settlement discussions where, among other things, CHA provided Plaintiffs' with information regarding (i) CHA's current programs and future plans to assist CHA residents relocating from CHA housing units under the Plan for Transformation to exercise their own choices to relocate to economically and racially integrated communities using Housing Choice Vouchers (Section 8), and (ii) CHAC, Inc.'s Housing Opportunity Program ("HOP") to assist residents who currently have Housing Choice Vouchers – including those class members who relocated from public housing from 1995 to 2003 – to exercise their own choices to relocate to economically and racially integrated communities, including certain modifications to the existing HOP.

Based on the discussions and exchange of information described above, the parties prepared a Side Letter setting forth their common understanding of the programs available to class members, including planned modifications to become effective upon approval of the Settlement. As a basis for the Settlement, the parties reached a general agreement, based on existing information and in the current environment, that the programs described in the Side Letter, if implemented, constitute "best and reasonable efforts" to assist class members to exercise their own choices to relocate to economically and racially integrated communities.

These programs offer class members the following benefits:

Group #1: Public housing residents moving out of public housing with a Housing Choice Voucher on or after January 1, 2004 (pursuant to 2004 contracts with relocation and social service providers)

- o Individual Service Plans developed with case workers
- o Small group or one-on-one presentations encouraging moves to racially integrated and low poverty areas
- o A Community Search Tour that includes visits to racially integrated or low poverty areas

- Identification of five housing units in racially integrated or low poverty areas
- Escorted visits to racially integrated and low poverty housing units
- Case management services for a period of twelve months after moving

Group #2: Former public housing residents who moved with a Housing Choice Voucher (Section 8) from October 2, 1999 to December 31, 2003

- Several notices of eligibility to participate in an enhanced version of HOP ("Enhanced HOP")
- Opportunity to enroll in Enhanced HOP for 18 months to two years
- Enhanced HOP will be provided to enrolled class members for as long as they wish to participate for a period not to exceed one year
- Enhanced HOP adds a focus encouraging class members to move to racially integrated areas
- Among other initiatives, enrolled class members will learn about the benefits of moving to racially integrated neighborhoods, including the viewing of a video, and neighborhood tours of racially integrated neighborhoods
- Enrolled class members will receive referrals to at least three units in racially integrated neighborhoods and transportation to those units upon request
- Enhanced HOP includes all the other benefits available through the existing HOP, such as security deposit loan assistance and landlord outreach
- In addition to Enhanced HOP, class members in Group #2 also have access to social services provided through the new Service Connector Program. These services include an Individual Service Plan developed with a case manager, and counseling and referrals to address barriers to housing such as lease compliance, payment of rent and household expenses, home maintenance and housekeeping, credit, budgeting, financial standing, employment, education, child care, family planning, domestic violence, substance abuse, mental and physical health, and issues with law enforcement, including criminal activity

Group #3: Former public housing residents who moved with a Housing Choice Voucher (Section 8) from January 1, 1995 to October 1, 1999 and made a subsequent move with a Housing Choice Voucher after October 1, 1999:

- Enhanced HOP as described above, including the multiple notices, 18 month to two year enrollment period, one year participation, focus on moving to racially integrated neighborhoods, referrals to at least three units in racially integrated neighborhoods, transportation to referred units upon request, and other benefits available through CHAC's current HOP, such as security deposit loan assistance and landlord outreach
- In place of the Service Connector Program, additional case managers from CHAC will provide case-managed counseling and services to address barriers to housing.

The Settlement Agreement and Order provides:

1. For a period of three years (the "Settlement Term"), CHA agrees to make best and reasonable efforts to provide programs to assist class members to exercise their own choices to relocate to economically and racially integrated communities. CHA retains the authority, in its sole discretion, to make any changes to existing or future programs.

2. CHA agrees to provide Plaintiffs' counsel access to information regarding CHA's relocation programs; CHAC, Inc.'s HOP and Enhanced HOP programs; and CDHS's Service Connector program during the Settlement Term.

3. The Action is voluntarily and conditionally dismissed without prejudice and, unless reinstated, will ripen into a final judgment of dismissal with prejudice at the end of the Settlement Term without further action by the Court.

4. If Plaintiffs believe that CHA is in breach of the Settlement within the Settlement Term, Plaintiffs may apply to the Court for permission to reinstate the Action.

5. The Settlement is binding on all parties, including all members of the class, and the Court retains jurisdiction of the Action for purposes of reinstatement as described above.

6. CHA will reimburse Plaintiffs' counsel for attorneys' fees and costs in the amount of \$200,000.

III. NOTICE OF HEARING ON PROPOSED SETTLEMENT

A final settlement hearing will be held on _____, 2005, at _____, before the Honorable Ruben Castillo, at the United States District Court for the Northern District of Illinois, Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois (the "Final Settlement Hearing"). The purpose of the Final Settlement Hearing will be to determine whether the Settlement should be approved as fair, reasonable, and adequate, and to address any other matters that come before the Court. The Court may adjourn or continue the Final Settlement Hearing, or approve the Settlement with or without modification, without further notice.

IV. YOUR RIGHT TO OBJECT TO THE SETTLEMENT

Any class member who wishes to object to any of the terms of the Settlement may submit a written notice of objection, sent by first-class mail, postmarked on or before _____, 2005, to the following:

Clerk of Court Re: Wallace v. CHA, No. 03 C 491
U.S. District Court for the Northern District of Ill., Eastern Div.
219 S. Dearborn Street, Room 2074
Chicago, Illinois 60604

Only class members who have submitted written notices of objection in this manner will be entitled to be heard at the Final Settlement Hearing. If you have filed a notice of objection, you may appear at the hearing in person to tell the Court why you object to the proposed settlement, although any notice of objection you submit will be considered by the Court in determining the fairness of the Settlement whether or not you attend the Final Settlement Hearing. **You do NOT have to file objections or come to the hearing if you agree with the terms of the Settlement. Unless otherwise ordered by the Court, any class members who do not make their objections known in the manner provided above shall be deemed to have waived all objections to the fairness, reasonableness and adequacy of the Settlement.**

V. ADDITIONAL INFORMATION

If you would like additional information about this Notice or the Settlement, you may contact the Plaintiffs' attorneys by writing or calling:

Clyde E. Murphy
Sharon K. Legenza
Gail H. Kim
Chicago Lawyers' Committee for
Civil Rights Under Law, Inc.
100 N. LaSalle St., Suite 600
Chicago, IL 60602
(312) 630-9744

William P. Wilen
Katherine E. Walz
Rajesh D. Nayak
Sargent Shriver National Center
on Poverty Law, Inc.
50 East Washington, Suite 500
Chicago, IL 60602
(312) 263-3830 ext. 251, 232, 243

You may also consult any attorney of your choice. This Notice is a summary and does not describe all of the details of the Action or the Settlement. The Settlement and other court papers are available for inspection during business hours at the office of the Clerk of Court, Everett McKinley Dirksen Building, 219 S. Dearborn Street, 20th floor, Chicago, Illinois 60604.

Please do not call the Judge or Clerk of Court. They will not be able to give you any advice about the case.

DATED: _____, 2005
BY ORDER OF THE UNITED STATES
DISTRICT COURT FOR THE NORTHERN
DISTRICT OF ILLINOIS