

# EXHIBIT 1

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

NILI 2011, LLC,

EETBL, LLC

&

INVESTMENT REALTY SERVICES, LLC  
D/B/A SBYC GARNER, LLC

Plaintiffs,

CITY OF WARREN,

Defendant.

**CLASS ACTION**

Case No. 15-13392  
Hon. Gershwin A. Drain  
Mag. Judge R. Steven Whalen

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THE LAW OFFICES OF  
AARON D. COX, PLLC  
By: AARON D. COX (P69346)  
Co-Counsel for Plaintiffs  
23380 Goddard Rd.  
Taylor, MI 48180  
(734) 287-3664

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GARAN, LUCOW, MILLER, P.C.  
By: JOHN GILLOOLY (P41948)  
Attorney for Defendant  
1155 Brewery Park Blvd., Ste 200  
Detroit, MI 48207  
(313) 446-5501

MARK K. WASVARY, P.C.  
By: MARK K. WASVARY (P51575)  
Co-Counsel for Plaintiffs  
2401 W. Big Beaver Rd., Suite 100  
Troy, MI 48084  
(248) 6495667

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**SETTLEMENT AGREEMENT**

This Settlement Agreement ("Agreement") is entered into on the date of

execution between NILI 2011, LLC, EETBL, LLC and INVESTMENT REALTY SERVICES, LLC, d/b/a SBYC GARNER, LLC (hereinafter collectively referred to as “Plaintiffs”) on behalf of themselves and a class of similarly-situated persons and entities (identified and defined below as the “Settlement Class”) and CITY OF WARREN (“Defendant”). Plaintiffs, the Settlement Class, and Defendant are collectively referred to as the “Parties.”

**WHEREAS**, on behalf of themselves and a putative class of similarly-situated persons and entities, Plaintiffs filed a civil action against Defendant that is pending in the United States District Court for the Eastern Division of Michigan, entitled *NILI 2011, LLC et.al. v City of Warren*, Case No. 15-cv-13392 (the “Lawsuit”); and

**WHEREAS**, Plaintiffs have filed class action allegations that Defendant violated state and federal law due to its improper administration of the City’s Property Maintenance Ordinance including, but not limited to the Fourth and Fourteenth Amendment, and violations of due process under the International Property Maintenance Code (“IPMC”); and

**WHEREAS**, the Court certified two classes in the Lawsuit on May 23, 2017; and

**WHEREAS**, without admitting or conceding fault or liability or the validity of Plaintiffs claims, point of law or point of fact, or that Plaintiffs or any proposed Class Member are entitled to any relief as a result of Defendant’s conduct, Defendant has

agreed to settle all disputes regarding infraction tickets, due process claims or monies that may have been paid stemming from Defendant's enforcement of its Property Maintenance Ordinance, including but not limited to all claims of the Settlement Class which were made or could have been made in the Lawsuit; and

**WHEREAS**, without admitting or conceding fault or liability, Defendant has agreed to settle the claims against it by making up to a total of \$750,000.00 available to fund this settlement, and waiver of residential rental re-inspection fees for four years; and

**WHEREAS**, Class Counsel (identified below), after evaluating the merits have concluded that the terms and conditions of the Agreement provided herein are fair, reasonable, and adequate, and in the best interests of the Settlement Class as a means of resolving all disputes between and among the Parties; and

**WHEREAS**, the putative Settlement Class includes approximately 8,000 persons and entities who or which were subject to residential rental inspections under the IPMC as adopted by the City of Warren; and

**WHEREAS**, the Parties each acknowledge that they have not admitted liability to any other Party and enter into this Agreement solely to avoid the expense, uncertainty, and inconvenience of litigation; and

**WHEREFORE**, the Parties stipulate and agree that the claims of the Settlement Class should be and are hereby compromised and settled, subject to the Court's

approval, upon the following terms and conditions:

1. Recitals. The above described recitals are incorporated herein and made a part hereof.

2. For Settlement Only. This Agreement is entered into for purposes of resolving all disputes between Defendant and Plaintiffs and the Settlement Class. Assertions, statements, and representations herein are for settlement purposes only. If this Agreement or a modified version thereof that is acceptable to all Parties is not finally approved by the Court, then the Parties expressly agree that this Agreement is null and void and may not be used by any party for any reason.

3. Certification of the Settlement Class. The Parties hereby stipulate, for purposes of settlement only, to certification of the two Classes previously certified by the Court on May 23, 2017, also referred to collectively as the “Settlement Class” defined as follows:

- 1) All persons and entities who paid rental registration and inspection fees to the City of Warren pursuant to the ordinance permitting searches without a warrant;
- 2) All persons and entities that currently own or at one time owned any parcel of real property located within the City of Warren for the purpose of renting or leasing a residential structure or multiple family unit on that property who or which has been issued a civil infraction for failing to obtain a certificate of compliance and subsequently paid them, stemming from an inspection under the IPMC and the City Code, at any time since September 28, 2009 and through the date of final judgment.

Excluded from the Settlement Class are Defendant, including any of its parents,

subsidiaries, affiliates or controlled persons, as well as its officers, directors, agents, servants, and employees, and the immediate family members of such persons.

4. Representation of the Settlement Class. Plaintiffs will be appointed as the “Class Representatives” and attorneys Aaron D. Cox of The Law Offices Aaron D. Cox, PLLC and Mark K. Wasvary of Mark K. Wasvary, P.C. will be appointed as “Class Counsel.”

5. Preliminary Approval. The Parties will jointly move the Court for the entry of an order preliminarily approving this settlement. A proposed “Order Preliminarily Approving Class Action Settlement” (the “Preliminary Approval Order”) is attached as Exhibit A. If the Court does not enter a preliminary approval order substantially in the form of Exhibit A or a modified version thereof which is acceptable to all Parties, then this Agreement shall be null and void.

6. CAFA Notices. Within ten (10) days of filing this Settlement Agreement with the Court, Defendant’s counsel will cause the notice of the settlement required by the Class Action Fairness Act, 28 U.S.C. 1717(b), to be issued to the Attorney General for the United States, as well as the Michigan Attorney General.

7. The Settlement Fund. Defendant agrees to make available a common fund of up to \$750,000.00 (the “Settlement Fund”) to pay valid Class Member claims, to pay an incentive payment to the Class Representatives, to pay attorney’s fees and reasonable litigation expenses, not limited to costs, to Class Counsel, and to pay for

the costs and expenses associated with Claims Administration, as approved by the Court. Any unclaimed portion of the Settlement Fund shall revert to Defendant in accordance with paragraph 15 of this Agreement. Defendant also agrees to waive residential rental re-inspection fees for four years. The Parties stipulate the value of the waiver is \$240,000.00.

8. Notice. The Parties will request that the Court approve a “Notice of Class Action and Proposed Settlement with Attached Claim Form” in the form attached hereto as Exhibit B (the “Notice”), and request approval to send notice to the Settlement Class to the last known mailing address of Class Members as previously provided by Defendant by way of postcard mailing or first class mailing, whichever is more practical. The Claims Administrator will cause an abbreviated version of the Notice to be published in a weekend edition of the Macomb Daily. The Settlement Agreement, Notice and Claim Form will also be available at a website maintained by the Class Counsel.

9. Claim Forms. Settlement Class Members must submit fully completed and executed claim forms to receive their share of the Settlement Fund. Claim Forms will be due within 60 days after the Notice is mailed (the “Claims Due Date”). Class Members may make a claim for \$100.00 each. Valid claims of the Class will be paid at the Class Members’ *pro rata* share of the Settlement Fund minus payments made for attorney’s fees and costs as approved by the Court, the costs of Claims Administration

and the payments made to the Class Representatives.<sup>1</sup> Any member of the Settlement Class who does not submit a Claim Form by the Claims Due Date, as shown by postmark or other identifiable date of transmission, shall receive no monetary payment from the Settlement Fund.

10. Incentive Award, Attorney's Fees, and Out of Pocket Expenses. Subject to the Court's approval, Defendant will pay each named Plaintiff \$10,000.00 from the Settlement Fund for representing the Settlement Class as the Class Representatives. Subject to the Court's approval, Defendant will pay attorney's fees to Class Counsel in an amount equal to 37.5% of the total of the Settlement Fund, plus the value of the four-year waiver of re-inspection fees, before any other deduction (\$371,250.00), plus reasonable out-of-pocket expenses, up to \$15,000.00, all payable from the Settlement Fund. Defendant will not object to or oppose any of these payments. The awards will be set forth in the Final Approval Order and paid exclusively from the Settlement Fund as provided herein.

11. Final Approval. At the conclusion of, or as soon as practicable after, the close of the hearing on the fairness, reasonableness and adequacy of this Agreement, Plaintiffs and Plaintiffs' counsel shall request that the Court enter an order finally approving the settlement and all its terms in the form attached hereto as Exhibit C (the "Final Approval Order"). The fact that the Court may require non-substantive changes

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<sup>1</sup> Class Member will be paid 100% of a valid claim, unless the amount of valid claims exceeds the amount available from the Settlement Fund.

in the Final Approval Order will not invalidate this Agreement or the settlement. If the Court does not enter a final approval order substantially in the form of Exhibit C or a modified version thereof which is acceptable to all Parties, which becomes a final and non-appealable order, then this Agreement shall be null and void.

12. Equitable Relief. If inspections are required by the City of Warren under its Property Maintenance Ordinance and an inspection of the property is refused, the City of Warren shall seek an administrative warrant for such inspection.

As it pertains to the City's Property Maintenance Ordinance and its adoption of the IPMC, the City of Warren shall comply with all proper notice requirements set forth in the IPMC, including, but not limited to notice of the right to appeal a violation to an impartial Board of Appeals.

The City of Warren shall waive all re-inspection fees related to residential rental property under the Property Maintenance Ordinance for a period of four years commencing upon the effective date of the Final Approval Order entered in the Lawsuit. The parties stipulate that the value of this waiver to Class Members is \$240,000.00.

13. Effective Date. This Agreement shall not be effective until the Effective Date. "Effective Date" means the calendar date thirty days after the later of (a) the Court enters the Final Approval Order, substantially in the form of Exhibit C to this Agreement, or in a form agreed to by the Parties, dismissing with prejudice the claims

of all Settlement Class Members (including Plaintiffs) who did not properly exclude themselves pursuant to the Stipulated Order Authorizing Notice of Class Certification (ECF Doc #62) or (b) if any Settlement Class Member objected to the settlement, the date on which the date for filing an appeal has expired or, if there are appeals, the date on which the settlement and judgment has been affirmed in all material respects by the appellate court of last resort to which such appeals have been taken and such affirmances are no longer subject to further appeal or review.

14. Claims Administrator. Class-Settlement.com shall be the Claims Administrator who will mail the class notice, receive the claim forms, assist Class Members in completing and submitting forms, and provide a list of accepted and rejected claims to counsel for the parties. The decision of the Claims Administrator regarding the validity of claims shall be final and binding.

15. Claims Processing and Payment. Within thirty days of entry of the Final Approval Order, Defendant shall deliver funds to the Claims Administrator to pay the claims. Checks issued to the Settlement Class members will be void 181 days after issuance and shall state that fact on their face. Any Settlement Class Member who does not negotiate the settlement payment check issued to the Settlement Class Member within 181 days of the date of the settlement check, agrees to forfeit and waive any right for compensation under the settlement. Within thirty (30) days after expiration of the 181-day period, all unclaimed money in the Settlement Fund shall revert to

Defendant.

16. Payment of Incentive Award, Fees, and Expenses. On the Effective Date, the Claims Administrator shall pay from the Settlement Fund the attorney's fees, expenses, and incentive award approved by the Court in the Final Approval Order. Payment of the incentive award, attorney's fees, and expenses shall be made by wire transfer to the "Law Offices of Aaron D. Cox, PLLC Client Trust Account"

17. Releases. Subject to and effective upon entry of the Final Approval Order, all Settlement Class Members who are not validly excluded from the Settlement Class as determined by the Court, for and in consideration of the terms and undertakings herein, the sufficiency and fairness of which are acknowledged, release and forever discharge Defendant and its directors, officers, shareholders, employees, agents, insurers, re-insurers, affiliates, departments, and other associated entities and their successors and heirs (the "Releasees") from liability for any and all claims, demands, debts, liabilities, actions, causes of action of every kind and nature, obligations, damages, losses, and costs, which Plaintiffs and the Settlement Class Members have, had or may have against the Releasees, whether known or unknown, actual or potential, suspected or unsuspected, direct or indirect, contingent or fixed, or which have been, could have been, or in the future might be asserted against Releasees, that arise out of any infraction tickets, due process claims or monies paid stemming from Defendant's administration of its Property Maintenance Ordinance, during the Class Period (the

“Released Claims”). This Agreement and the Settlement Class will not release claims regarding any claims outside the Class Period.

18. Class Enjoined. On the Effective Date, all members of the Settlement Class who did not exclude themselves as required by the Notice (and any person or entity claiming by or through him, her, or it, as heir, administrator, devisee, predecessor, successor, attorney, representative of any kind, shareholder, partner, director or owner of any kind, affiliate, subrogee, assignee, or insurer) will be forever barred and permanently enjoined from directly, indirectly, representatively or in any other capacity, filing, commencing, prosecuting, continuing, litigating, intervening in, participating in as Class Members or otherwise, or receiving any benefits or other relief from any other lawsuit, any other arbitration, or any other administrative, regulatory, or other proceeding against Defendant about the Released Claims; and all persons and entities shall be forever barred and permanently enjoined from filing, commencing, or prosecuting any other lawsuit as a class action against Defendant (including by seeking to amend a pending complaint to include class allegations or by seeking class certification in a pending action in any jurisdiction) on behalf of Settlement Class Members who have not timely excluded themselves from the Settlement Class if such other lawsuit is based on or arises from the Released Claims.

19. Cooperation. Plaintiffs and Defendant agree to cooperate fully with one another to effect the consummation of this Agreement and to achieve the settlement

provided for herein. Defendant agrees to cooperate in verifying that a Class Member making a claim had a registered residential dwelling during the class period.

20. Agreement Contingent Upon Entry of Final Approval Order. This Agreement is contingent upon the Court's entry of an order substantially in the form of Exhibit C or in some other form which is acceptable to all the Parties, containing a judgment giving final approval to the terms of this Agreement, which becomes a final and non-appealable order. If the Court refuses to grant final approval of the terms of the settlement set forth herein, or if the Court's Final Approval Order is reversed or substantially modified on appeal in a manner which is not acceptable to all Parties, then this Agreement shall be null and void and no stipulation, representation, or assertion of fact made in this Agreement may be used against any Party. No Party to this Agreement, absent any substantive change by the Court, shall appeal the approval of this Settlement Agreement by the Court.

21. Notices. Objections to the Agreement or settlement, and notices to Plaintiffs and the Settlement Class shall be sent to:

Mark K. Wasvary  
Mark K. Wasvary, P.C.  
2401 W. Big Beaver Rd., Suite 100  
Troy, MI 48084

John J. Gillooly  
Garan, Lucow, Miller, P.C.  
1155 Brewery Park Blvd., Suite 200  
Detroit, MI 48207

22. Court Submission. Class Counsel and Defendant's counsel will submit this Agreement and the exhibits hereto, along with such other supporting papers as may be appropriate, to the Court for preliminary approval. If the Court declines to grant preliminary approval to the settlement and to order notice of hearing for final approval with respect to the proposed Settlement Class, or if the Court declines to grant final approval to the foregoing after such notice and hearing, this Agreement will terminate as soon as the Court enters an order unconditionally and finally adjudicating that this Agreement and settlement will not be approved.

23. Integration Clause. This Agreement contains the full, complete, and integrated statement of each and every term and provision agreed to by and among the Parties and supersedes any prior writings or agreements (written or oral) between or among the Parties, which prior agreements may no longer be relied upon for any purpose. This Agreement shall not be orally modified in any respect and can be modified only by the written agreement of the Parties supported by adequate consideration as confirmed in writing.

24. Headings. Headings contained in this Agreement are for convenience of reference only and are not intended to alter or vary the construction and meaning of this Agreement.

25. Binding and Benefitting Others. This Agreement shall be binding upon and inure to the benefit of the Parties, and to their respective agents, employees,

representatives, trustees, officers, directors, shareholders, divisions, parent corporations, subsidiaries, affiliates, heirs, assigns, and successors in interest.

26. Warranties. The Parties each further represent, warrant, and agree that, in executing this Agreement, they do so with full knowledge of any and all rights that they may have with respect to the claims released in this Agreement and that they have received independent legal counsel from their attorneys with regard to the facts involved and the controversy herein compromised and with regard to their rights arising out of such facts. Each of the individuals executing this Agreement warrants that he or she has the authority to enter into this Agreement and to legally bind the party(ies) for which he or she is signing.

27. Governing Law. The contractual terms of this Agreement shall be interpreted and enforced in accordance with the substantive law of the State of Michigan, without regard to its conflict of laws or choice of law provisions.

28. Mutual Interpretation. The Parties agree and stipulate that the settlement was negotiated on an “arm’s-length” basis between parties of equal bargaining power. This Agreement is not one of adhesion, is mutually created and no ambiguity shall be construed in favor of or against any of the Parties. The Settlement Class acknowledges, but does not concede to or agree with, statements by Defendant regarding the merits of the claims or class certification and Defendant acknowledges, but does not concede to or agree with, the Settlement Class’s statements regarding the merits of the claims or

class certification.

29. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument. Signatures transmitted by facsimile or e-mail are acceptable for the execution of this Agreement and shall be treated as if original signatures.

30. Severability. In the event any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions if the Parties and their counsel mutually elect by written stipulation to be filed with the Court within twenty (20) days to proceed as if such invalid, illegal, or unenforceable provisions had never been included in this Agreement.

31. Continuing Jurisdiction. Without affecting the finality of the final judgment, the parties will ask the Court to retain continuing jurisdiction over the Litigation and the Parties, including all members of the Settlement Class, the administration and enforcement of this Agreement and the settlement, and the benefits to the Settlement Class hereunder, regarding the implementation, enforcement, construction, and interpretation of this Agreement, the order preliminarily approving the settlement, and the Final Approval Order and final judgment. Any dispute or controversies arising with respect to the interpretation, enforcement, or implementation

of the Agreement shall be presented by motion to the Court.

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed on the date set forth underneath their respective signatures.

**CITY OF WARREN**

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

Its:

By: John J. Gillooly (Per content) Dated: 5-14-18  
John J. Gillooly (P41948)  
Attorney for Defendant

**NILI 2011, LLC**

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

Its:

**EETBL, LLC**

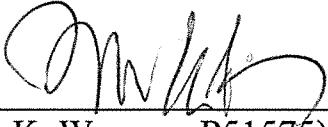
By: \_\_\_\_\_ Dated: \_\_\_\_\_

Its:

**INVESTMENT REALTY SERVICES, LLC,  
d/b/a SBYC GARNER, LLC**

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

Its:

By:   
Mark K. Wasvary P51575)  
Attorneys for Plaintiffs

Dated: 5-9-18

enforcement, or implementation of the Agreement shall be presented by motion to the Court.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date set forth underneath their respective signatures.

**CITY OF WARREN**

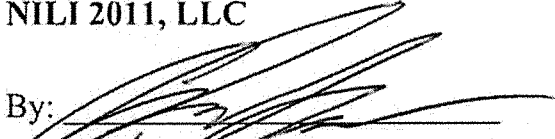
By: \_\_\_\_\_  
Its: \_\_\_\_\_

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

By: \_\_\_\_\_  
John J. Gillooly (P41948)  
Attorney for Defendant

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

**NILI 2011, LLC**

By:   
Its: *Chris Garner - Manager*

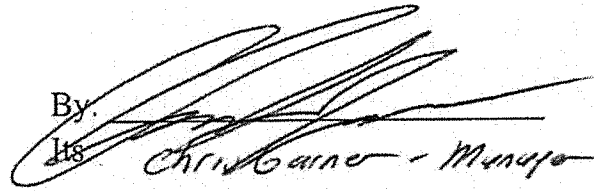
Dated: 5/10/18

**EETBL, LLC**

By:   
Its: *Chris Garner - Manager*

Dated: 5-10-18

**INVESTMENT REALTY SERVICES, LLC,  
d/b/a SBYC GARNER, LLC**

By:   
Its Christine Garner - Manager

Dated: 5/10/18

By: \_\_\_\_\_  
Mark K. Wasvary P51575)  
Attorneys for Plaintiffs

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

## EXHIBIT A

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

NILI 2011, LLC,

EETBL, LLC

&

INVESTMENT REALTY SERVICES, LLC  
D/B/A SBYC GARNER, LLC

Plaintiffs,

CITY OF WARREN,

Defendant.

**CLASS ACTION**

Case No. 15-13392  
Hon. Gershwin A. Drain  
Mag. Judge R. Steven Whalen

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THE LAW OFFICES OF  
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By: AARON D. COX (P69346)  
Co-Counsel for Plaintiffs  
23380 Goddard Rd.  
Taylor, MI 48180  
(734) 287-3664

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GARAN, LUCOW, MILLER, P.C.  
By: JOHN J. GILLOOLY (P41948)  
Attorney for Defendant  
1155 Brewery Park Blvd., Ste 200  
Detroit, MI 48207  
(313) 446-5501

MARK K. WASVARY, P.C.  
By: MARK K. WASVARY (P51575)  
Co-Counsel for Plaintiffs  
2401 W. Big Beaver Rd., Suite 100  
Troy, MI 48084  
(248) 6495667

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**ORDER PRELIMINARILY APPROVING CLASS ACTION SETTLEMENT**

This matter coming before the Court on the parties' Agreed Motion for Preliminary Approval of Class Action Settlement and Notice to the Class" (the "Joint

Motion”), after review and consideration of the Settlement Agreement, and after hearing statements of the parties’ attorneys in open court on \_\_\_\_\_, 2018, and having been fully advised in the premises, IT IS HEREBY ORDERED as follows:

1. Pursuant to Rule 23 (e) of the Federal Rules of Civil Procedure, the settlement of this action, as embodied in the terms of the Settlement Agreement attached to the Joint Motion, is hereby preliminarily approved as a fair, reasonable, and adequate settlement of this case in the best interests of the Settlement Class in light of the factual, legal, practical, and procedural considerations raised by this case. The Settlement Agreement is incorporated by reference into this Order (with capitalized terms as set forth in the Settlement Agreement).

2. Pursuant to Rule 23 (b) (3) of the Federal Rules of Civil Procedure, by stipulation of the parties, and for the purpose of settlement, the Court hereby certifies the following two Classes, also collectively referred to as “Settlement Class”:

1) All persons and entities who paid rental registration and inspection fees to the City of Warren pursuant to the ordinance permitting searches without a warrant;

2) All persons and entities that currently own or at one time owned any parcel of real property located within the City of Warren for the purpose of renting or leasing a residential structure or multiple family unit on that property who or which has been issued a civil infraction for failing to obtain a certificate of compliance and subsequently paid them, stemming from an inspection under the IPMC and the City Code, at any time since September 28, 2009 and through the date of final judgment.

Excluded from the Settlement Class are Defendant, including any and all of its departments, subsidiaries, affiliates or controlled persons of Defendant, as well as the officers, directors, agents, servants, and employees of Defendant and the immediate family members of such persons.

3. The Court finds that certification for purposes of settlement is appropriate because (a) the class is so numerous that joinder of all members is impractical; (b) there are questions of law and fact common to the Class and they predominate over any questions affecting only individual Class Members; (c) Plaintiffs' claims are typical of the claims of the Class; (d) Plaintiff and its attorneys will fairly and adequately protect the interests of the Class; and (e) a class action is the superior means of resolving this controversy.

4. The Court appoints Plaintiffs, NILI 2011, LLC, EETBL, LLC, Investment Realty Services, LLC, d/b/a SBYC Garner, LLC, as the representatives of the Settlement Class pursuant to Rule 23 (a) and appoints their attorneys Aaron D. Cox and Mark K. Wasvary as Class Counsel pursuant to Rule 23 (g).

5. The Court finds that the Settlement Agreement's plan for Class Notice is the best notice practicable under the circumstances and satisfies the requirements of due process and Rule 23 (e) (1) of the Federal Rules of Civil Procedure. That plan is approved and adopted. This Court further finds that the Class Notice (attached to the Settlement Agreement as Exhibit B), and the Claim Form included as part of the

Class Notice, comply with Rules 23 (e)(1) and 23(c)(2)(B) of the Federal Rules of Civil Procedure.

6. By this Order, the Court hereby orders that the Class Notice shall be mailed to the last known address of Class Members as previously provided by Defendant via postcard or first class mail, whichever is more practical. The Claims Administrator shall cause an abbreviated version of the Notice to be published in a weekend edition of the Macomb Daily. The Settlement Agreement, Class Notice and Claim Form shall also be made available on the Class Counsel's website. The Court finds and orders that no other notice is necessary.

7. The following Class Members validly requested to opt out and are hereby excluded from the lawsuit and will not be bound by the terms of the Settlement:

- a) Raymond Korhonen and M. Korhonen
- b) Cheryl Stevens
- c) Cynthia Boggia
- d) Yvonne Gibson
- e) David Anderson
- f) Deborah Brod
- g) Harry Santiago
- h) Samuel Chiu
- i) Now R Never Real Estate, LLC c/o Leonard Lehman
- j) Carol Loduca

8. The Court hereby sets deadlines and dates for the acts and events set forth in the Settlement Agreement and directs the Parties to incorporate the deadlines and dates in the Class Notice:

(a) The Class Notice must be mailed within 28 days of the entry of this Order.

(b) An abbreviated version of the Class Notice must be published within 28 days of the entry of this Order.

(c) Class members must submit a Proof of Claim to the Claims Administrator within 60 days of the mailing of the Class Notice;

(d) Objections and motions to intervene shall be filed in this Court and postmarked and served on Class Counsel and Defendant's counsel within 60 days of the mailing of the Class Notice, or be forever barred;

(e) Class Counsel must file a motion for final approval of class action settlement on or before \_\_\_\_\_, 2018. That motion must address any objections that were filed, and it must set forth: (1) the total number of Members who responded; (2) the total number of claims made; (3) the amount available to pay each valid Class Member claim based on a pro-rated formula (e.g., if the claims exceed the amount available in order to pay \$100.00 per valid claim, each Class Member will receive an equal percentage of the money available to pay valid claims).

(g) Defendant shall file proof of compliance with the notice requirements of the Class Action Fairness Act of 2005, 28 U.S.C. § 1715(b), no later than 21 days after entry of this Order; and,

(h) The Parties shall incorporate the dates of this Order into the Class Notice.

(i) The Fairness Hearing, set forth in the Class Notice, is hereby scheduled for \_\_\_\_\_, 2018, at 9:00 a.m.

BY ORDER OF THE COURT

\_\_\_\_\_  
Honorable Gershwin A. Drain

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

## EXHIBIT B

**This is a notice of a lawsuit settlement.  
You may benefit from this. Please read it carefully.**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF MICHIGAN**

NILI 2011, LLC,	)	
	)	
EETBL, LLC	)	
	)	
&	)	Case No. 15-13392
	)	Hon. Gershwin A. Drain
INVESTMENT REALTY SERVICES, LLC	)	
d/b/a SBYC GARNER, LLC	)	
	)	
Plaintiffs,	)	CLASS ACTION
	)	
v	)	
	)	
CITY OF WARREN,	)	
	)	
Defendant.	)	

**NOTICE OF CLASS ACTION AND PROPOSED SETTLEMENT**  
**WITH ATTACHED CLAIM FORM**

**TO:** 1) All persons and entities who paid rental registration and inspection fees to the City of Warren pursuant to the ordinance permitting searches without a warrant;

2) All persons and entities that currently own or at one time owned any parcel of real property located within the City of Warren for the purpose of renting or leasing a residential structure or multiple family unit on that property who or which has been issued a civil infraction for failing to obtain a certificate of compliance and subsequently paid them, stemming from an inspection under the IPMC and the City Code, at any time since September 28, 2009 and through the date of final judgment.

The Court ordered us to provide this notice by posting and publication.

**A. WHAT IS THIS LAWSUIT ABOUT?**

Plaintiffs, NILI 2011, LLC, EETBL, LLC, Investment Realty Services, LLC, d/b/a SBYC Garner, LLC ("Plaintiffs") filed a class action lawsuit against the City of Warren ("Defendant"), alleging that Defendant violated certain due process rights related to the administration of its Property Maintenance Ordinance and its adoption of the International Property Maintenance Code. This lawsuit is about whether Defendant violated Constitutional Rights due to allegedly conducting warrantless searches of residential rental properties and for violations of due process for allegedly failing to provide a proper

notice and a meaningful opportunity to be heard prior to the issuance of infractions and fines. Defendant denied Plaintiffs' allegations and raised defenses to Plaintiffs' claims. In an effort to avoid the time and expense of further litigation, the parties have agreed to settle all claims regarding registered residential rental properties from September 28, 2009 through the present. This notice informs you of your rights as a member of the Settlement Class as defined above.

**B. WHAT IS THE PROPOSED SETTLEMENT?**

Defendant has created a Settlement Fund (the "Settlement Fund") to pay valid Class Member claims, class action settlement administration costs, attorney's fees, costs, and expenses, and an incentive award to Plaintiffs. Class Members submitting a valid and timely claim will be reimbursed a *pro rata* share of the Settlement Fund after amounts are deducted from the Settlement Fund for costs, fees, and incentive award. The maximum amount any Class Member may receive after making a valid claim is \$100.00. Defendant has also agreed to waive residential rental re-inspection fees for a period of four years. The parties have stipulated that the value of this waiver to the Class is \$240,000.00. A complete copy of the Settlement Agreement is available online at [www.aaroncoxlaw.com](http://www.aaroncoxlaw.com).

The Court has preliminarily approved the proposed settlement, and certified the Settlement Class, defined above, subject to a final approval hearing that will occur on \_\_\_\_\_, at 9:00 a.m., in Room \_\_\_\_ in the United States District Court for the Eastern District of Michigan, Theodore Levin U.S. Courthouse, 231 W. Lafayette Blvd., Detroit, MI 48226.

**C. WHAT ARE YOUR THREE OPTIONS?**

1. **Submit a Proof of Claim (attached) to receive a check:** You must submit a Claim Form postmarked, or via facsimile within sixty (60) days after this Notice is sent, (on or before \_\_\_\_\_, 2018) to be eligible to receive a settlement check.

2. **Do nothing:** You will be bound by the judgment and, if the Court approves the settlement, you will release your claims. You will not receive a settlement check if you do not submit a Claim Form.

3. **Object to the settlement:** If you wish to object to the settlement, you must file a written objection with the Civil Clerk's Office, United States District Court for the Eastern District of Michigan, Theodore Levin U.S. Courthouse, 231 W. Lafayette Blvd., Detroit, MI 48226. Your objection must be postmarked by \_\_\_\_\_ 2018 and must refer to the name and number of this case (*NILI, 2011, LLC et.al. v. City of Warren*, Case No. 15-cv-13392). You must also serve copies of your objection on Class Counsel and Defendant's attorney (at the addresses below), postmarked by the same date. Your objection must include your name, street address, all attorneys who assisted you in the preparation and filing of your objection, a list of all other class action cases in which you or your counsel have filed objections to settlements, and a statement of the reasons why you believe the Court should find that the proposed settlement is not in the best interests of the Settlement Class. It is not sufficient to simply state that you object; you must state the reasons why you believe the settlement should not be approved. Additionally, if you want the Court to consider your objection, then you must also appear at the final approval hearing in Room \_\_\_\_ in the United States District Court for the Eastern District of Michigan, Theodore Levin U.S. Courthouse, 231 W. Lafayette Blvd., Detroit, MI 48226, on \_\_\_\_\_, 2018, at 9:00 a.m. YOU ARE NOT REQUIRED TO ATTEND THIS HEARING UNLESS YOU OBJECT TO THE SETTLEMENT.

Class Counsel

Mark K. Wasvary  
Mark K. Wasvary, P.C.  
2401 W. Big Beaver Rd., Suite 100  
Troy, MI 48084

Defendant's Counsel

John J. Gillooly  
Garan, Lucow, Miller, P.C.  
1155 Brewery Park Blvd., Suite 200  
Detroit, MI 48207

A class member may enter an appearance through an attorney, if the member so desires.

**D. COURT APPROVAL PROCESS**

The Court will hold a final fairness hearing to decide whether to approve the settlement on \_\_\_\_\_, 2018, at 9:00 a.m., in Room \_\_\_\_\_ in the United States District Court for the Eastern District of Michigan, Theodore Levin U.S. Courthouse, 231 W. Lafayette Blvd., Detroit, MI 48226. At that hearing, the Court will hear any timely and properly-filed objections and arguments about the settlement. You are **not** required to attend this hearing unless you object to the settlement. The hearing may be continued to a future date without further notice.

**E. WHO REPRESENTS THE SETTLEMENT CLASS IN THIS LITIGATION?**

Plaintiffs, NILI 2011, LLC, EETBL, LLC, and Investment Realty Services, LLC, d/b/a SBYC Garner, LLC are the class representatives. Plaintiffs' attorneys have been appointed as Class Counsel. They are: Aaron D. Cox of Law Offices of Aaron D. Cox, PLLC and Mark K. Wasvary of Mark K. Wasvary, P.C. These attorneys have litigated this matter on a contingency basis. As part of the settlement, Class Counsel will request that the Court award each Plaintiff an incentive award of \$10,000.00 for serving as the class representative and ask the Court to award Class Counsel attorney's fees equal to 37.5% of the settlement fund, plus the value of Defendant's waiver of residential rental re-inspection fees for four years for their legal services (\$371,250.00), plus expenses also from the settlement fund. You will not have to pay any money to Class Counsel.

**F. INQUIRIES:**

If you have specific questions, you can write to Class Counsel at the address listed above. Include the case number, your name, your telephone number, and your current street address on any correspondence. You may also call attorney Aaron D. Cox, one of the lawyers for the Class, at 734-287-3664.

Please do not contact the Clerk of the Court, the Judge, the Judge's staff, or City of Warren officials because they cannot answer your questions or give you advice about this settlement.

**BY ORDER OF THE COURT  
HONORABLE GERSHWIN A. DRAIN**

**PROOF OF CLAIM**  
**NILI 2011, LLC, EETBL, LLC and Investment Realty Services, LLC,**  
**d/b/a SBYC Garner, LLC v City of Warren, Case No. 15-cv-13392**

*You Must Complete All **THREE** Steps to Claim a Share of the Settlement Fund:*

1. **You Must Provide Your Contact Information.**

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/State/Zip Code: \_\_\_\_\_

2. **You Must Verify That You Have Registered Residential Rental Property in the City of Warren:**

I hereby verify that I have or had registered residential rental property in the City of Warren between the dates of September 28, 2009 and the present.

The name under which the property is registered: \_\_\_\_\_  
(Person or Business Entity)

\_\_\_\_\_  
(Address of Rental Property)

\_\_\_\_\_  
(Sign your name here)

3. **You Must Return this Claim Form by \_\_\_\_\_, 2018:**

(a) Mail this Claim Form to: [CLAIMS ADMINISTRATOR]

**OR**

(b) Submit this Claim Form via facsimile [Claim's Administrator Fax #]

## EXHIBIT C

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

NILI 2011, LLC,

EETBL, LLC

&

INVESTMENT REALTY SERVICES, LLC  
D/B/A SBYC GARNER, LLC

Plaintiffs,

CITY OF WARREN,

Defendant.

**CLASS ACTION**

Case No. 15-13392  
Hon. Gershwin A. Drain  
Mag. Judge R. Steven Whalen

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THE LAW OFFICES OF  
AARON D. COX, PLLC  
By: AARON D. COX (P69346)  
Co-Counsel for Plaintiffs  
23380 Goddard Rd.  
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GARAN, LUCOW, MILLER, P.C.  
By: JOHN J. GILLOOLY (P41948)  
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MARK K. WASVARY, P.C.  
By: MARK K. WASVARY (P51575)  
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(248) 649-5667

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**FINAL APPROVAL ORDER AND JUDGMENT**

The matter coming before the Court on the request for final approval of the class action settlement by Plaintiffs, NILI 2011, LLC, EETBL, LLC, Investment Realty Services, LLC, d/b/a SBYC Garner, LLC (“Plaintiffs”), and the City of Warren (“Defendant”), due notice given, the parties appearing through counsel, and the Court fully advised in the premises, **IT IS HEREBY ORDERED AND ADJUDGED:**

1. This Court has jurisdiction over the parties, the members of the Settlement Class, and the claims asserted in this lawsuit.

2. Pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, the settlement of this action, as embodied in the terms of the Settlement Agreement, is hereby finally approved as a fair, reasonable and adequate settlement of this case in the best interests of the Settlement Class in light of the factual, legal, practical and procedural considerations raised by this case.

3. Two Settlement Class defined as follows (hereafter collectively referred to as the “Settlement Class”):

1) All persons and entities who paid rental registration and inspection fees to the City of Warren pursuant to the ordinance permitting searches without a warrant;

2) All persons and entities that currently own or at one time owned any parcel of real property located within the City of Warren for the purpose of renting or leasing a residential structure or multiple family unit on that property who or which has been issued a civil infraction for failing to obtain a certificate of compliance and subsequently paid them, stemming from an inspection under the IPMC and the City Code, at any time since September 28, 2009 and through the date of final judgment.

Excluded from the Settlement Class are Defendant, including any and all of its parents, subsidiaries, affiliates or controlled persons of Defendant, as well as the officers, directors, agents, servants, and employees of Defendant and the immediate family members of such persons.

4. The Court finds that the Settlement Agreement has been entered into in good faith following arm's-length negotiations.

5. Upon the Declaration of \_\_\_\_\_, the Court finds that the notice provided to the Settlement Class Members was the best notice practicable under the circumstances and it satisfied the requirements of due process and Federal Rule 23(e)(1).

6. Upon the Affidavit of \_\_\_\_\_, the Court finds that notice has been given to the appropriate State and Federal officials in accordance with the Class Action Fairness Act, 28 U.S.C. § 1715.

7. \_\_\_\_\_ objections were received. All objections are overruled.

8. After due consideration of, among other things, the uncertainty about the likelihood of: (a) the Class's ultimate success on the merits; (b) the range of the Class's possible recovery given Defendant's ability to pay; (c) the complexity, expense and duration of the litigation; (d) the substance and amount of opposition to the settlement; (e) the state of proceedings at which the settlement was achieved; (f)

all written submissions, declarations and arguments of counsel; and (g) after notice and hearing, this Court finds that the settlement is fair, adequate and reasonable. This Court also finds that the financial settlement terms fall within the range of settlement terms that would be considered fair, adequate and reasonable. Accordingly, this Settlement Agreement should be and is APPROVED and shall govern all issues regarding the settlement and all rights of the Parties, including the Class Members. Each Class Member (including any person or entity claiming by or through him, her or it, but except those persons identified above who have previously excluded themselves from the Settlement Class) shall be bound by the Settlement Agreement, including being subject to the Releases set forth in the Settlement Agreement.

9. Defendant has created a settlement fund (the “Settlement Fund”) of \$750,000.00 to pay valid class member claims, class action settlement administration costs, attorney’s fees, costs, and expenses, and an incentive award to Plaintiffs as determined and awarded by this Court. Unclaimed monies in the Settlement Fund shall revert back to Defendant.

10. As agreed in and subject to the Settlement Agreement, each member of the Settlement Class who or which submits a timely and valid Claim Form will be mailed a check for their *pro rata* share of the Settlement Fund. The Claims Administrator will cause those checks to be mailed after receiving the Settlement Funds. Checks issued to the claiming Settlement Class members will be void 181 days after issuance.

11. As agreed between the parties, the Court approves Class Counsel's attorneys' fees in the total amount of \$371,250.00 plus out-of-pocket expenses in the amount of \_\_\_\_\_. Those amounts shall be paid from the Settlement Fund when the Final Approval Order becomes final as those terms are defined in the Settlement Agreement.

12. As agreed between the parties, the Court approves a \$10,000.00 incentive award each to NILI 2011, LLC, EETBL, LLC, and Investment Realty Services, LLC, d/b/a SBYC Garner, LLC for serving as the Class Representatives. In accordance with the Settlement Agreement, that amount shall be paid from the Settlement Fund when the Final Approval Order becomes final as those terms are defined in the Settlement Agreement.

13. The Court expressly adopts and incorporates herein all of the terms of the Settlement Agreement. The Parties to the Settlement Agreement shall carry out their respective obligations under that Agreement.

14. This action, including all claims against Defendant asserted in this lawsuit, or which could have been asserted in this lawsuit, by or on behalf of Plaintiffs and all Settlement Class members against Defendant are hereby dismissed with prejudice and without taxable costs to any Party.

15. All claims or causes of action of any kind by any Settlement Class member or anyone claiming by or through him, her or it brought in this Court or any other forum (other than those by persons who have opted out of this action) are

barred pursuant to the Releases set forth in the Settlement Agreement. All persons and entities are enjoined from asserting any claims that are being settled or released herein, either directly or indirectly, against Defendant, in this Court or any other court or forum.

16. If (a) the Settlement Agreement is terminated pursuant to its terms, or (b) the Settlement Agreement or Final Approval Order and Judgment do not for any reason become effective, or (c) the Settlement Agreement or Final Approval Order and Judgment are reversed, vacated or modified in any material or substantive respect, then any and all orders entered pursuant to the Settlement Agreement shall be deemed vacated. If the settlement does not become final in accordance with the terms of the Settlement Agreement, this Final Approval Order and Judgment shall be void and be deemed vacated.

17. The Court retains jurisdiction for 180 days over this action, Plaintiff and all members of the Settlement Class and Defendant, to determine all matters relating in any way to this Final Order and Judgment, the Preliminary Approval Order, or the Settlement Agreement, including but not limited to, their administration, implementation, interpretation or enforcement. The Court further retains jurisdiction to enforce this Order and the Settlement Agreement.

19. The Court finds that there is no just reason to delay the enforcement of this Final Approval Order and Judgment.

BY ORDER OF THE COURT

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

\_\_\_\_\_  
Honorable Gershwin A. Drain