

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF INDIANA  
INDIANAPOLIS DIVISION**

FAIR HOUSING CENTER OF CENTRAL  
INDIANA, INC., *et al.*,

Plaintiffs,

v.

RAINBOW REALTY GROUP, INC., *et al.*,

Defendants.

Case No. 1:17-cv-1782-JMS-TAB

**THIS NOTICE MAY AFFECT YOUR RIGHTS. PLEASE READ IT CAREFULLY.**

**TO: All customers who entered into a Rent-to-Buy Agreement with Rainbow Realty Group, Inc. or any affiliated entity from January 1, 2009 to September 20, 2019**

THIS IS A COURT-ORDERED NOTICE.  
THIS IS NOT A SOLICITATION FROM A LAWYER.

This notice is to inform you of a proposed Settlement that has been reached in a class action lawsuit brought by customers who entered into Rent-to-Buy Agreements with Rainbow Realty Group, Inc. and/or affiliated entities (collectively, “Rainbow” or “Defendants”) from January 1, 2009 to September 30, 2019 and have not paid off their agreements. The proposed settlement, if granted final approval by the Court, will result in a total Settlement Fund of \$525,000 to pay all Plaintiff Class Members’ claims, \$125,000 to pay the individual claims of the Named Plaintiffs, and \$50,000 for administrative costs. **If you are a Class Member, you are eligible to receive a share of the Settlement Payment.** The proposed settlement also requires Rainbow to adopt certain training and policies.

IF THIS NOTICE IS ADDRESSED TO YOU, YOU HAVE BEEN IDENTIFIED AS A POTENTIAL CLASS MEMBER. As a Class Member, you have the right to know about this Settlement and how this Settlement may generally affect your legal rights. This notice describes the lawsuit, the Settlement, the legal rights of all Class Members, and the applicable deadlines. Your options are explained in this notice and summarized in the following chart:

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT	
<b>PARTICIPATE IN THE SETTLEMENT</b>	To participate in the Settlement, you must submit a Claim Form. Submitting a Claim

	Form is the only way that you can receive a share of the Settlement Fund. A Claim Form is included with this notice. You are not required to retain your own attorney to file a Claim Form, and you will not be required to pay any money for the services of Plaintiffs' Counsel.
<b>OPT OUT OF THE SETTLEMENT</b>	If you opt out of the Settlement, you will not be eligible to receive a share of the Settlement Fund.
<b>OBJECT</b>	You have the right to object to the proposed Settlement. To do so, you must submit a written objection to the Court, as described more fully in this notice. You cannot object to the Settlement unless you are a Class Member and you do not opt out of the Settlement
<b>DO NOTHING</b>	If you are a Class Member and do not submit a Claim Form, you will not be eligible to receive a share of the Settlement Fund. You will, however, remain a Class Member, which means that you will be bound by any judgments or orders entered by the Court in this lawsuit.

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## **BASIC INFORMATION**

### **1. Why did I get this notice?**

Plaintiffs and Defendants are asking the Court to allow or “certify” for settlement a class in a class action lawsuit that affects you. Rainbow’s records show that you entered into a Rent-to-Buy Agreement with Rainbow between January 1, 2009 and September 30, 2019 and have not paid off that agreement. This notice explains that the Plaintiffs and Rainbow have presented a settlement of the lawsuit to the Court, asked the Court to approve it, and received preliminary approval. The Honorable Jane E. Magnus-Stinson of the United States District Court for the Southern District of Indiana is overseeing this class action. The lawsuit is known as *Fair Housing Center of Central Indiana, Inc., et al. v. Rainbow Realty Group, Inc., et al.*, Civil Action No. 1:17-cv-1782.

### **2. What is this lawsuit about?**

This lawsuit is about whether Rainbow failed to follow state and federal fair housing and lending laws, discriminated on the basis of race or national origin, and violated state habitability laws in its administration of its Rent-to-Buy (“RTB”) program.

### **3. What is a class action and who is involved?**

In a class action lawsuit, one or more people called “Class Representatives” sue on behalf of other people who have similar claims. The people together are a “class” or “class members.” The RTB customers who sued on behalf of the class are also called the Plaintiffs. The companies they sued are called the Defendants. One court resolves the issues for everyone in the class—except for those people who choose to opt out of the class. The class action approach avoids the need for numerous people to file similar individual lawsuits, and it allows the court system to resolve these claims in an efficient and economical way.

## **THE CLAIMS IN THIS LAWSUIT**

### **4. What does this lawsuit complain about?**

In the lawsuit, the Plaintiffs say that Defendants engaged in a pattern or practice of intentional discrimination on the basis of race, color, and/or national origin in their administration of the Rent-to-Buy Agreement. The Plaintiffs also say that Defendants’ program had a disparate impact on Black and Latino customers, meaning that even though the program was neutral on its face, it disadvantaged Black and Latino customers in ways that cannot be legally justified. Plaintiffs also say that Defendants failed to follow a federal fair lending law and provide required notices about the terms of the RTB Agreements and deceived customers about the terms of the RTB agreements in violation of a state fair lending law. Finally, Plaintiffs claim that Defendants failed to provide their customers with habitable homes. The Plaintiffs claim that these practices violated the Fair Housing Act (“FHA”), 42 U.S.C. § 3601 *et seq.*, the Truth in Lending Act (“TILA”), 15 U.S.C. § 1601 *et seq.*, the Indiana Home Loan Practices Act (“HLPa”), Indiana Code § 24-9-1-1 *et seq.*, and Indiana Code § 32-31-8-5 and originally claimed that the practices also violated the Equal Credit Opportunity Act (“ECOA”), 15 U.S.C. § 1691 *et seq.*

## **5. How do the Defendants answer?**

Defendants deny that the state and federal fair lending regulations apply to the Rent-to-Buy program on the ground that the Rent-to-Buy agreement is a typical lease, rather than a loan to purchase the home. Defendants also deny that they have engaged in a pattern or practice of intentional racial discrimination and that the program has have a disparate impact on Black and Latino customers. Finally, Defendants deny that the conditions of homes in the Rent-to-Buy program violates Indiana habitability laws.

## **6. What does the lawsuit ask for?**

The Plaintiffs filed this case to seek money that customers paid to Defendants, the finance charges agreed to, the cost of the work customers did on their RTB homes, damages for emotional distress, and other relief for class members. The lawsuit also asked for declaratory relief that Defendants had violated the FHA, ECOA, TILA, Indiana Code § 24-9-1-1 *et seq.*, and Indiana Code § 32-31-8-5, and an injunction prohibiting them from continuing to do so.

## **7. What has the Court decided?**

The Court has already made numerous decisions affecting the claims in this case. First, the Court has decided that only certain claims can be pursued on a class-wide basis. In particular, the Court decided that the Class's claims for money damages that the Defendants discriminated on the basis of race and national origin, one of its federal fair lending claims, and three of the issues Plaintiffs raised under state fair lending laws cannot be decided on a class basis. This means that the Class could not seek relief for these claims in this litigation unless the Court's decisions were reversed by an appeals court.

The Court has also decided that Defendants won on the remaining state law fair lending class claim, the class claim that Defendants violated the Indiana habitability statute, the federal fair lending claims under TILA, most of the claims under ECOA, and Plaintiffs' disparate impact claim under the FHA. Plaintiffs decided it would be in the best interests of the Class to dismiss the small number of claims under ECOA that the Court had not yet addressed.

Were this case to go to trial, the only claims that would be tried would be (a) class claims seeking declaratory and injunctive relief that Defendants intentionally discriminated on the basis of race and national origin under the Fair Housing Act; (b) the Plaintiffs' individual intentional discrimination claims for damages under the FHA; and (c) Plaintiffs' individual claims that Defendants violated state habitability and fair lending laws. Even if Plaintiffs won at trial, Class Members would not receive any damages and any entitlement to class damages would be dependent on an appeals court reversing some of the Court's decisions.

# **WHO IS IN THE CLASS?**

## **8. Am I part of this class?**

If this notice is addressed to you, Rainbow's records indicate that you are part of the class. If you fit within the class definition below and submit a claim form, you will be included as part of the class and receive a payment unless you ask to opt out. If you do not opt out and do not submit a

claim form, you will be a member of the class and bound by the Court's decisions in this case, but will NOT receive a payment. You do not have to have participated in this lawsuit in any way up to this point in order to be a Class Member.

The Court's class definition includes all customers who entered into a Rent-to-Buy Agreement with any Defendant or any individual land trust associated with any Defendant from January 1, 2009 to September 30, 2019. If multiple persons signed a single RTB Agreement, all of those persons collectively are considered a single Class Member. If you fit this class definition, you are a member of the Class, even if you signed a Conditional Sales Contract with a Defendant.

#### **9. Who are the Class Representatives?**

The Class Representatives are Maria Gaspar, Franklin Paz, Norma Tejeda, Mory Kamano, and Cordell Spencer. The Court decided that these customers who entered into RTB Agreements with Rainbow and have not paid off their RTB Agreements fairly and adequately represent the interests of the class.

### **Summary of Proposed Settlement Agreement**

#### **10. How much money will be paid to class members?**

Under the proposed settlement, the Defendants will pay \$525,000 to settle the class claims, an additional \$175,000 to settle the individual claims of the Named Plaintiffs, including the Class Representatives and the Fair Housing Center of Central Indiana, Inc, and \$50,000 in administrative costs.

The \$525,000 Class Settlement Payment shall be designated for payments to Class Members. The individual allocation to each Class Member will be calculated by the Claims Administrator, who has had no prior role in this litigation. They will rely on information provided by Defendants to calculate the allocation. The Claims Administrator will calculate the individual allocation to Class Members as follows:

- a. Each Class Representative shall receive \$5,000 in recognition of the Class Representatives' significant efforts in bringing and prosecuting this action for the five years it has been pending, including involvement in litigation strategy, provision of information to Class Counsel, responding to Defendants' discovery requests, appearing and testifying at depositions noticed by Defendants, and advancing the interests of the class.
- b. Each Declarant, or person who submitted a declaration in this case, who submits a Claim Form shall receive \$2,500 in recognition of their substantial contribution to key filings in this case.
- c. The balance of the \$525,000 shall be distributed to Class Members who properly submit Claim Forms (including Class Representatives and Declarants) as reimbursement for the damages they incurred that may be compensable pursuant to the claims alleged in the Third Amended Complaint. A Class Member's

allocation will be based, as specified in more detail below, on (a) the length of time between when the RTB Agreement was signed and the date the home was vacated or a conditional sales contract was signed; (b) the monthly payment; and (c) the date when the customer entered into the RTB Agreement. The Distribution Amount for each Class Member who properly submits a Claim Form will be calculated by multiplying each Individual Distribution Factor by the Distribution Basis. Each Class member's Individual Distribution Factor will be calculated by one of the following methods:

(1) For all Class Members who signed their RTB Agreement between January 1, 2009 and May 30, 2012 – (a) The number of months rounded to the nearest month between the date RTB Agreement was signed and the date the home was vacated or the date a conditional sales contract was signed, (b) multiplied by the monthly payment amount, and (c) all divided by 1000.  $([\# \text{ of months on RTB Agreement}] [\text{monthly payment}]) / 1000$

(2) For all Class Members who signed their RTB Agreement between May 31, 2012 and May 30, 2014 – (a) The number of months rounded to the nearest month between the date RTB Agreement was signed and the date the home was vacated or the date a conditional sales contract was signed, (b) multiplied by the monthly payment amount, (c) all divided by 1000; and add (a) the monthly payment, (b) multiplied by the number of months of the term of the agreement, (c) less the purchase price, (d) divided by 6000.  $([\# \text{ of months on RTB Agreement}] (\text{monthly payment}) / 1000 + (([\text{monthly payment}] \times [\# \text{ of months of RTB agreement}]) - [\text{purchase price}]) / 6000$

(3) For all Class Members who signed their RTB Agreement after May 30, 2014 – (a) The number of months rounded to the nearest month between the date RTB Agreement was signed and the date the home was vacated or the date a conditional sales contract was signed, (b) multiplied by the monthly payment amount, (c) all divided by 1000; add (a) the monthly payment, (b) multiplied by the number of months of the term of the agreement, (c) less the purchase price, (d) divided by 6000; and (a) all multiplied by 1.25.  $(([\# \text{ of months on RTB Agreement}] (\text{monthly payment}) / 1000 + (([\text{monthly payment}] \times [\# \text{ of months of RTB agreement}]) - [\text{purchase price}]) / 6000) \times 1.25$

- d. The Class Administrator shall determine, based on the applicable above-stated formulation, the Individual Distribution Factor for each Class Member who submitted a valid claim. The Distribution Basis shall be calculated by subtracting the sum of \$5,000 for each Class Representative and the amount designated to be paid to Declarants from \$525,000 and dividing the result by the sum of all Individual Distribution Factors.

- e. The proposed allocation provides that the Settlement Payments will be entirely exhausted by distributions to Class Members who properly submit claims forms. There are no remaining funds following those distributions.
2. The additional \$175,000 will be designated for payments for the Named Plaintiffs' individual claims. Each of the Class Representatives will receive a payment of \$25,000. These payments are compensatory damages for their individual claims for damages under state law and the Fair Housing Act, which, unlike class members' claims, were poised to go to trial, \$50,000 shall be designated for payment to the Fair Housing Center of Central Indiana, Inc., another plaintiff, as compensation for its diversion of resources and frustration of mission as a result of Defendants' alleged actions.

### **11. How much money will be paid to Class Counsel?**

Plaintiffs' counsel will not receive any payment as a result of this Settlement.

### **12. How will the rest of the money be used?**

\$50,000 will be used to pay administrative costs related to the Settlement. This includes funds to pay for the Claims Administrator, who will mail and process claim forms, process payments to Class Members, calculate allocations to Class Members, and notify Class Members about this Settlement.

### **13. What changes to Defendants' policies does this settlement require?**

In addition to the monetary payment, the settlement requires Defendants to train certain personnel about the fair housing laws, lending discrimination, and predatory lending annually for a period of three years and to adopt a Fair Housing Policy. Defendants have also agreed to comply with the provisions of the FHA, ECOA, TILA, the Indiana Home Loan Practices Act ("HLP"), Indiana Code § 24-9-1-1 *et seq.*, and Indiana Code § 32-31-8-5.

## **Your Rights and Options**

### **14. What do I do to receive a payment from the Settlement?**

**If you wish to receive a payment from this settlement, you should properly complete the Claim Form included with this notice using the pre-addressed, stamped envelope on or before July 11, 2023.** If you do nothing, you will not receive a share of the Settlement Payment. You will be bound by the Court's decision and will have released all claims against Rainbow related to the allegations raised in this lawsuit. If you do not have the pre-addressed, stamped envelope, you should mail your signed and completed claim form to: FHCCI v. RRG Claims Administrator, c/o Settlement Services, Inc., PO Box 10269, Tallahassee, FL, 32302-2269 on or before **July 11, 2023**.



You are not required to retain your own attorney to remain in this lawsuit or to request or file a Claim Form or questionnaire. You will not be required to pay any money for the services of Class Counsel or their representatives and assistants.

If you remain in the lawsuit, and if the Court grants final approval of the proposed Settlement, then you will be bound by all of the terms of the Settlement. This means that you will not be able to bring a separate lawsuit or other legal proceeding against Defendants related to the allegations and claims described above that are included in this lawsuit. Nor will you be able to challenge the Settlement Agreement after it has been finally approved by the Court. You will be legally bound by all of the orders the Court issues and the judgments the judge and jury make in this class action. To receive a share of the Settlement Payment, you will additionally have to submit a claim form.

### **15. Why would I ask to opt out?**

You might choose to opt out of the settlement if you believe that Defendants did not violate the law. For example, you might opt out if you believe Rainbow provided you with a habitable home, did not violate fair lending laws, or did not discriminate against Black and Latino communities in the way it operated its Rent-to-Buy program.

You might also choose to opt out if you wish to bring or have already brought a separate lawsuit related to the facts and claims alleged in this lawsuit. If you decide to opt out and pursue your own claim, you will have to hire and arrange for payment of your own lawyer, or represent yourself, and you will have to prove your own claims. If you are considering opting out from this lawsuit so that you can pursue a claim against Defendants for the same claims alleged in this lawsuit, you should consult your lawyer immediately to determine if opting out is in your best interest.

### **16. How do I ask the Court to opt out of the Settlement?**

To opt out of the settlement, you must send a written, signed letter by First Class U.S. Mail stating that you want to opt out from *Fair Housing Center of Central Indiana, Inc. et al. v. Rainbow Realty Group, Inc., et al.* The letter must state the following: “I opt out of the *Fair Housing Center of Central Indiana v. Rainbow Realty, Inc.* Settlement.”

The letter must include your name, current address, email address(es), and telephone number. Be sure to include the case name and case number (*Fair Housing Center of Central Indiana, Inc. et al. v. Rainbow Realty Group, Inc., et al.*, No. 1:17-cv-1782) and sign the letter. You must mail your Opt Out Statement on or before **July 11, 2023** to: FHCCI v. RRG Claims Administrator, PO Box 10269, c/o Settlement Services, Inc, Tallahassee, FL 32301-2269. If you do not request exclusion or if your letter of exclusion is not postmarked on or before **July 11, 2023**, you will be included in the class. Late requests to be excluded from the class will not be effective.

## Hearing on Proposed Settlement Agreement

### 17. What has to happen before the Settlement becomes final?

The Court, which has made a preliminary finding that the proposed Settlement is fair and just, has scheduled a hearing (the “Fairness Hearing”) to determine whether it will grant final approval of the Settlement. The Court will hold this hearing at 10:00 a.m. on May 11, 2023 at the United States District Court for Southern District of Indiana located at the Birch Bayh Federal Building, 46 E. Ohio St., Indianapolis, Indiana, in Courtroom #202.

It is not necessary for you to appear at the hearing or to file anything with the Court before the hearing. If you fit within the Court’s definition of the class, then your interests will be adequately represented at the hearing by the named Plaintiffs and Plaintiffs’ Counsel.

However, subject to the following requirements, you may submit written comments on the proposed Settlement, and you may speak to the Court, either personally or through your own attorney, at the hearing on May 11, 2023 at 10:00 a.m.

### 18. Can I object to the Settlement?

If you wish to object to the proposed Settlement, you must send a letter that includes the following:

- Your name, address, and telephone number;
- The name and number of the case (*Fair Housing Center of Central Indiana, Inc. et al. v. Rainbow Realty Group, Inc., et al.*, No. 1:17-cv-1782)
- The basis for your objection(s);
- Whether you wish to be heard in Court at the Fairness Hearing;
- A list of any witnesses you may call to testify at the Fairness Hearing;
- Copies of any document you intend to present to the Court at the Fairness Hearing and all other documents in support of your objections;
- Your signature

You may not object to the proposed Settlement if you opt out of the Class.

Your objection, along with any supporting material you wish to submit, must be mailed and postmarked no later than **April 26, 2023**, to FHCCI v. RRG Claims Administrator, c/o Settlement Services, Inc, PO Box 10269, Tallahassee, FL 32301-2269.

### 19. Can I speak at the Fairness Hearing?

If you wish to request permission to speak at the hearing, you must file with the Court a “Notice of Intent to Appear.” Your notice must include the following:

- Your name, address, and telephone number;
- The name of the case (*Moore, et al. v. Johnson*, No. 00-953);

- The name, address, and telephone number of any attorney(s) who will be appearing on your behalf at the Fairness Hearing; and
- Your signature.

You must mail your Notice of Intent to Appear to the FHCCI v. RRG Claims Administrator, c/o Settlement Services, Inc at PO Box 10269, Tallahassee, FL 32301-2269. Your Notice of Intent to Appear must be **received** no later than **May 10, 2023**.

Your appearance at the hearing, as well as that of your attorney, will be at your own expense.

## **CLASS COUNSEL**

### **20. Do I have a lawyer in this case?**

The Court decided that attorneys from the law firm Relman Colfax PLLC are qualified to represent you and all Class Members and appointed them to be “Class Counsel.” Contact information for Class Counsel is as follows:

Relman Colfax PLLC  
Attn: Rainbow Team  
1225 Nineteenth St., NW  
Suite 600  
Washington, DC 20036  
Tel. (202) 728-1888  
Fax. (202) 728-0848  
<http://relmanlaw.com>

### **21. Should I get my own lawyer?**

You do not need to hire your own lawyer because Class Counsel are working on your behalf. But, if you want your own lawyer, you will have to make your own arrangements for the payment of that lawyer. For example, you can ask him or her to appear at the Fairness Hearing for you if you want someone other than Class Counsel to speak for you.

## **QUESTIONS**

### **22. What if I have questions?**

This notice summarizes the proposed Settlement. The Settlement Agreement and the Parties’ Joint Motion for Certification of Settlement Class and Preliminary Approval of Settlement Agreement contain more details about the Settlement, the distribution of the Settlement Payment, and the changes to the Defendants’ policies. You can access these documents on the website for the Fair Housing Center of Central Indiana, [www.fhcci.org](http://www.fhcci.org).

Any inquiries by Class Members concerning this notice or the class action should be directed to the Claims Administrator at (833) 616-0443. You can also direct questions, by phone or in writing, to Zoila Hinson or Gabriel Diaz, who can be reached at (202) 728-1888,

zhinson@relmanlaw.com, gdiaz@relmanlaw.com, or at Relman Colfax PLLC, 1225 Nineteenth St., NW, Suite 600, Washington, DC 20036.