

DISTRICT COURT, BOULDER COUNTY, COLORADO 1777 Sixth Street, Boulder, CO 80302	DATE FILED: January 8, 2024 4:26 PM FILING ID: D67FE7FF27EB6 CASE NUMBER: 2024CV30023
STATE OF COLORADO, <i>ex rel.</i> PHILIP J. WEISER, ATTORNEY GENERAL; MICHAEL T. DOUGHERTY, DISTRICT ATTORNEY FOR THE 20 TH JUDICIAL DISTRICT, Plaintiffs, v. POPULUM REAL ESTATE HOLDINGS, LLC d/b/a FOUR STAR REALTY, FOUR STAR REALTY AND PROPERTY MANAGEMENT; TACONIC COMPANIES, LLC Defendants.	<p style="text-align: center;">▲ COURT USE ONLY ▲</p>
	Case No. Div.:
STIPULATED FINAL CONSENT JUDGMENT	

This matter is before the Court on the Stipulation for Entry of a Consent Judgment under C.R.C.P. 58(a), subject to the provisions of C.R.C.P. 54(b), by Plaintiffs, State of Colorado, *ex rel.* Philip J. Weiser, Attorney General (the “Colorado Attorney General” or “Attorney General”) for the State of Colorado and Michael T. Dougherty, District Attorney, 20th Judicial District, (collectively the “State”) and Defendants Populum Real Estate Holdings, LLC, d/b/a Four Star Realty and Property Management (“Four Star”), and Taconic Companies, LLC (“Taconic”). Defendants Four Star and Taconic are hereafter referred to collectively as “Defendants.” All parties are hereafter referred to collectively as the “Parties.”

The Court, fully advised in this matter, FINDS, CONCLUDES, AND ORDERS:

- 1) that it has jurisdiction over the Parties and the subject matter of this suit under the grounds alleged in the Complaint by the State;

- 2) that venue in Boulder County is proper; and
- 3) that the Parties shall be subject to the following provisions:

I. GENERAL PROVISIONS

1. Scope of Consent Judgment – The provisions of this Consent Judgment are entered pursuant to § 24-31-101(1)(i), C.R.S., the Colorado Security Deposit Statute, § 38-12-103, C.R.S., and the Colorado Consumer Protection Act, §§ 6-1-101, et seq. C.R.S. (“CCPA”).

2. Release of Claims – The Attorney General and Office of the District Attorney, 20th Judicial District, acknowledge by their execution hereof that this Consent Judgment constitutes a complete settlement and release of all claims under the CCPA and § 38-12-103, C.R.S., on behalf of the State against the Released Parties, with respect to all claims, causes of action, damages, restitution, fines, costs, and penalties which were asserted or could have been asserted under the CCPA or § 38-12-103, C.R.S. by the State in the Complaint, that arose prior to the Effective Date and relating to or based upon the subject areas investigated (including the adequacy of fee and pricing disclosures, proper application of fees, fulfillment of services outlined in tenant leases and property management contracts, proper handling of utility payments and fees, adequacy of allocation of costs for painting, maintenance, cleaning and repairs between tenants and property owners, and use and return of any security deposit funds) and any of the acts or practices which are the subject of the Complaint filed in this action (“Released Claims”). The State agrees that it shall not proceed with or institute any civil action or proceeding under the CCPA or § 38-12-103, C.R.S. against any Released Parties, including, but not limited to, an action or proceeding seeking restitution, injunctive relief, fines, penalties, attorneys’ fees, or costs, for any conduct or practice prior to the date of entry of this Consent Judgment which relates to the subject matter of the Released Claims. Notwithstanding any term of this Consent Judgment, any and all of the following forms of liability are specifically reserved and excluded from the release contained herein:

- a. Any criminal liability that any person or entity, including Defendants and those working in conjunction with Defendants, has or may have to the State of Colorado;
- b. Any civil or administrative liability that any person or entity, including Defendants and those working in conjunction with Defendants, may have to the State of Colorado under any statute,

regulation, or rule not expressly released here, including but not limited to:

- i. State or federal antitrust violations;
- ii. State or federal securities violations;
- iii. Federal, state, or local tax liability.

3. Liability – All parties are entering into this Consent Judgment for the purpose of compromising and resolving all of the disputed claims and to avoid the expense of further litigation and without adjudication of any issue of fact or law or finding of liability of any kind, to settle and resolve all matters in dispute arising from the conduct alleged in the Complaint. Nothing contained in this Consent Judgment shall be construed or deemed an admission by Defendants of any wrongdoing or any violation of state or federal law or regulation. Defendants expressly deny any liability or wrongdoing and are entering into this Consent Judgment to avoid further inconvenience and costs of potential litigation.

4. Preservation of Law Enforcement Action – Nothing herein precludes the State from enforcing the provisions of this Consent Judgment, or from pursuing any law enforcement action with respect to the acts or practices of Defendants not covered by the Complaint and this Consent Judgment or any acts or practices of Defendants conducted after the entry of this Consent Judgment.

5. Compliance With and Application of State Law – Nothing herein relieves Defendants of their duty to comply with applicable laws of the State of Colorado nor constitutes authorization by the State for Defendants to engage in acts and practices prohibited by such laws. This Consent Judgment shall be governed by the laws of the State of Colorado.

6. Non-Approval of Conduct – Nothing herein constitutes approval by the State of Defendants' past or future business practices. Defendants' shall not make any representation contrary to this paragraph.

7. Third Party Rights and Claims – Unless otherwise noted, nothing herein shall be construed as a waiver of any private rights of consumers or Tenants to seek return of any security deposit amounts wrongfully withheld. Notwithstanding the foregoing, this Consent Judgment shall not be construed or used as a waiver or limitation of any defense otherwise available to Defendants in any other action, of Defendants' right to defend itself from, or make arguments in, any private individual or class action claims or suits, or any other governmental or regulatory

investigations or suits, relating to the subject matter or terms of this Consent Judgment. For example, through this Consent Judgment the Defendants have paid restitution for certain move out fees that may have been inadequately disclosed prior to the Effective Date, and this Consent Judgment is not intended to prevent Defendants from raising defenses to avoid double payment and other inequitable results. This Consent Judgment is for the benefit of the parties only and does not create or confer rights or remedies upon any other person, including rights as a third-party beneficiary. This Consent Judgment does not create a private right of action on the part of any person or entity, whether to enforce this Consent Judgment or otherwise, other than the parties hereto and their successors in interest.

8. Use of Settlement as Defense – Nothing herein shall be interpreted to prevent the State from taking enforcement action to address conduct occurring after the entry of this Consent Judgment that the State believes to be in violation of the law. The fact that such conduct was not expressly prohibited by the terms of this Consent Judgment shall not be a defense to any such enforcement action.

9. Use of Settlement in Business Activity – Under no circumstances shall this Consent Judgment, the name of the Attorney General, the name of the District Attorney, or the names of any of the State’s employees or representatives be used by Defendant or any of their employees, representatives, or agents as an endorsement of any conduct, past or present, by Defendants.

10. Retention of Jurisdiction – This Court shall retain jurisdiction over this matter for the purpose of enabling any party to this Consent Judgment to apply to the Court at any time for any further orders which may be necessary or appropriate for the construction, modification or execution of this Consent Judgment, and for the enforcement of compliance herewith and the punishment of violations hereof.

11. Contempt – The parties understand and agree that a finding of any violation of any term or provision of this Consent Judgment may give rise to all contempt remedies available to the Court, including those provided under C.R.S § 6-1-112(1)(b).

12. Execution in Counterparts – This Consent Judgment may be executed in counterparts.

13. Severability – If any provision(s) of this Consent Judgment is held to be invalid, illegal, unenforceable or in conflict with the law of any jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

14. Attorney General's Successors in Interest – The terms and provisions of this Consent Judgment may be enforced by the current Colorado Attorney General, and by any of the Attorney General's authorized agents or representatives, as well as by any of the Attorney General's successors in interest, agents, or representatives.

15. District Attorney's Successors in Interest – The terms and provisions of this Consent Judgment may be enforced by the current District Attorney for the 20th Judicial District, and by any of the District Attorney's authorized agents or representatives, as well as by any of the District Attorney's successors in interest, agents, or representatives.

16. Defendant's Successors in Interest – The terms of this Consent Judgment apply to Defendants, their successors, assigns, and past and present directors, officers, employees, representatives, agents, principals, affiliates, parents, subsidiaries, operating companies, predecessors, divisions or other internal organizational units of any kind or any other entities or persons acting in concert or participation with the Defendants. In no event shall assignment of any right, power, or authority under this Consent Judgment avoid compliance with this Consent Judgment.

17. Admissibility – This Consent Judgment is made without trial or adjudication of any issues of fact or law or finding of liability of any kind. No part of this Consent Judgment, including its statements and commitments, shall constitute evidence of any liability, fault, or wrongdoing by Defendants. Notwithstanding the foregoing, the State may file an action to enforce the terms of this Consent Judgment and/or use the Consent Judgment for the purposes set forth in § 6-1-110(2), C.R.S.

18. Headings – Any headings or subheadings used in this Consent Judgment are only for reference and do not affect the substantive provisions or interpretation of this Consent Judgment.

19. No Waiver – The failure of any party to exercise any rights under this Consent Judgment shall not be deemed a waiver of any right or future rights.

20. Entire Agreement – This Consent Judgment represents the entire agreement between the parties, and there are no representations, agreements, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this Consent Judgment that are not in this Consent Judgment. In any action undertaken by the parties, no prior versions of this Consent Judgment and no prior versions of any of its terms that were not entered by the Court in this Consent Judgment may be introduced for any purpose whatsoever.

21. Attorneys' Fees and Costs – Except as otherwise provided herein, each party shall bear its own attorney's fees and costs in connection with the investigation and enforcement of this Consent Judgment.

22. Amendment – The Court may modify this Consent Judgment pursuant to the agreement of the Parties or for good cause shown. After making a good faith effort to obtain the concurrence of the other party for the requested relief, which concurrence shall not be unreasonably withheld, the party seeking modification may petition the Court for modification of the terms and conditions of this Consent Judgment.

23. Notice – Whenever Defendants shall provide notice or any other documents to the State under this Consent Judgment, that requirement shall be satisfied by sending notice to:

Brady Grassmeyer
Consumer Fraud Unit
Colorado Department of Law
1300 Broadway, 10th Floor
Denver, CO 80203
brady.grassmeyer@coag.gov
Attorney for the State

Any notice or other documents sent to Defendants by the State under this Consent Judgment shall be sent to:

Andrew Shoemaker
Shoemaker Ghiselli + Schwartz LLC
1811 Pearl Street
Boulder, CO 80302
ashoemaker@sgslitigation.com
Attorney for Defendants

II. Definitions

24. Unless otherwise stated herein, all terms herein that are defined in the CCPA or in § 38-12-102, C.R.S. shall be given the definition provided therein.

25. Unless context otherwise requires, these terms shall have these meanings:

- a. “Clearly and Conspicuously” means a statement that, regardless of the medium in which it is made, is readily understandable and presented in such size, color, contrast, and location compared to the other information with which it is presented, that it is readily apparent, readable and understandable. The statement may also not contradict or be inconsistent with any other information with which it is presented. In any communication using an interactive electronic medium, such as the Internet, the statement must be unavoidable.
- b. “Effective Date” means the date the Court approves this Judgment and enters it as an Order of the Court.
- c. “Defendants” means Populum Realty Estate Holdings, LLC d/b/a Four Star Realty, Four Star Realty and Property Management and Taconic Companies, LLC, collectively.
- d. “Mandatory Fee” means fees that are charged to every Tenant regardless of that Tenant’s actions or conduct including, but not limited to, application fees, leasing fees, holding fees, billing fees, lease administration fees, utility administration fees, grounds fees, maintenance fees, service fees, convenience fees, and coordination fees, regardless of whether flat fees are used as a basis for estimating the cost of services provided. Mandatory Fees do not include fees that a Tenant incurs based on their actions including, but not limited to, fees for breaking a lease, losing of key, or violating the property’s rules. The determination of whether a fee is a Mandatory Fee does not depend on when or how frequently such payment obligations are or likely will be incurred or paid.
- e. “Parties” means the State and Defendants, collectively.
- f. “Released Parties” means Defendants, their owner(s), their successors, assigns, and past and present directors, officers, employees, representatives, agents, principals, property owners represented by Defendants, affiliates, parents, subsidiaries, operating companies, predecessors, divisions or other internal organizational units of any kind or any other entities or persons acting in concert or participation with the Defendants.
- g. “Tenant” shall have the same meaning as defined in C.R.S. § 38-12-502(9).

III. Injunctive Terms

26. Defendants have fully cooperated with and acted in good faith during the State's investigation. During the investigation, the Defendants proactively reviewed and revised their business practices and voluntarily implemented various remedial measures in advance of this Consent Judgment. The State acknowledges Defendants' responsible corporate citizenship in its responding to the investigation and in reaching this resolution.

27. Effective immediately, this Court PERMANENTLY ENJOINS Defendants and any other person under Defendants' control or at their direction who receives actual notice of this Order, as follows:

- a. Pre-Application Disclosure of All Payment Obligations – In any advertisement or offer to rent on the Defendants' website, Defendants shall Clearly and Conspicuously provide an itemized list of the type and actual amount of all payment obligations the prospective tenant will, or likely will, incur in applying for a tenancy and as a Tenant at that property, including the amounts of base rent and any required fees or expenses, regardless of when or how frequently such payment obligations are or likely will be incurred or paid. Additionally, as permitted and available on third party online listing services utilized by Defendants (such as Zillow and Apartments.com), Defendants shall provide such itemized disclosures as these services permit as such services implement the changes anticipated in the online services industry. *See* Press Release, Biden-Harris Administration Takes on Junk Fees in Rental Housing to Lower Costs for Renters (July 19, 2023) available at <https://www.whitehouse.gov/briefing-room/statements-releases/2023/07/19/fact-sheet-biden-harris-administration-takes-on-junk-fees-in-rental-housing-to-lower-costs-for-renters/>. For the purposes of this paragraph, required fees or expenses include but are not limited to application fees, leasing fees, holding fees, billing fees, lease administration fees, utility administration fees, grounds fees, maintenance fees, service fees, convenience fees, and coordination fees, regardless of whether flat fees are used as a basis for estimating the cost of services provided;
- b. Disclosure in Rental Agreements of All Payment Obligations – Defendants shall not charge to a Tenant any fee, however denominated, unless the actual amount and type of the payment

obligation is Clearly and Conspicuously disclosed in the rental agreement. Defendants shall also put in every Tenant's rental agreement:

- i. an itemized list, on the first page of the rental agreement, that includes the actual amount of all payment obligations the Tenant has incurred or will necessarily incur including the amount of base rent and any Mandatory Fees; and
 - ii. a summary, chart, or exhibit that lists all fees that a Tenant could incur during the tenancy.
- c. Reconciliation of Fees for Services Billed by Third Parties – Except as provided in paragraph 27(d) of this Consent Judgment, Defendants' rental agreements shall comply with the requirements of 38-12-801(3)(a)(VI), C.R.S., subject to the application of its effective date as set forth in HB 23-1095, ch. 372, p. 2229, § 2(2). Such requirements include all services for which a third party bills Defendants or Defendants' clients included within § 38-12-801(3)(a)(VI), and regardless of whether Defendants charge to Tenants a flat fee as a basis for estimating the cost of services provided. For rental agreements and charges subject to § 38-12-801(3)(a)(VI), C.R.S., when the amount charged to Tenants for services billed by a third party exceeds the maximum amount allowed § 38-12-801(3)(a)(VI), C.R.S., then Defendants shall credit back to or refund the Tenant the excess amounts charged 60 days after the termination of a lease or surrender and acceptance of the premises, whichever occurs last. This paragraph applies to service fees billed by a third party regardless of whether Defendants, Defendants' agents, or Defendants' clients make payments directly to the third party. If a third party bills Defendants for services in a manner that prevents Defendants from determining the actual amount of services used by a specific Tenant or Tenants in a unit, then nothing in this provision prohibits Defendants from allocating in an equitable manner among multiple Tenants or units in a single building the actual costs for services billed by a third party, if the allocation methodology is Clearly and Conspicuously disclosed in the rental agreement and if the total amount charged to such Tenants does not exceed the maximum amount allowed pursuant to § 38-12-801(3)(a)(VI), C.R.S. for the services provided.

- d. Reconciliation of Utilities Services for Leases that Begin Before August 7, 2024 – Notwithstanding paragraph 27(c), if a Tenant’s lease begins on or before August 7, 2024 and the lease requires the Tenant to pay an estimated utility payment (commonly referred to as a Ratio Utility Billing System or RUBS fee), Four Star must reconcile the estimated utility payment with the actual costs for the utility services after the termination of a lease or surrender and acceptance of the premises, whichever occurs last. If the estimated amount the Tenant paid is more than the actual cost, Four Star shall refund the difference to the Tenant while reconciling the Tenant’s security deposit within 60 days after the termination of a lease or surrender and acceptance of the premises, whichever occurs last.
- e. Markups of Vendor Invoices – Defendants currently do not mark up a percentage of the invoice amounts charged by its third-party vendors at the expense of Tenants; however, for purposes of this Consent Judgment, Defendants consent not to do so in the future. Any services provided and/or billed by Taconic to Four Star or to any of Four Star’s clients are third-party services and are covered by this paragraph.
- f. Security Deposit Withholding Standards and Training – Defendants shall ensure that any person authorized to advise Defendants, advise Defendants’ clients on Defendants’ behalf, or make determinations on Defendants’ behalf, regarding whether to withhold any amount from a Tenant’s security deposit or otherwise charge a Tenant for any costs, including costs of materials or labor, for maintenance, repairs, cleaning, painting, replacements, or improvements is trained on applicable state and local laws and regulations and on the injunctive terms of this Consent Judgment. Defendants shall ensure that all such persons are trained on these laws and this Consent Judgment at least once per year. For five years from the Effective Date, Defendants shall annually provide the State with any written training or educational materials or similar written guidance provided to such persons.
- g. Records of Inspections – Defendants shall maintain all records and photographs from any property inspection performed by Defendants or by any person under Defendants’ control or at their direction or that is provided to Defendants by a Tenant or any other person. Defendants shall maintain such records and photographs for at

least three years after the end of the tenancy during which the inspection occurred (or, if an inspection occurs in between tenancies, for at least two years following the end of the tenancy that begins after the inspection occurs) or for at least three years following any property inspection, whichever is longer. Defendants must deliver copies of all records and photographs identified in this paragraph to a current or former Tenant at the Tenant's request.

- h. Documentation of Conditions Relating to Security Deposit Withholding – Whenever Defendants, or any person acting under Defendants' control or at their direction, perform any maintenance, repairs, cleaning, painting, replacements, or improvements after a Tenant has relinquished possession of a property and Defendants have reason to believe that any portion of the cost of such work may be withheld from the Tenant's security deposit or otherwise charged to the Tenant, Defendants shall maintain all records of the work performed and photographs showing the conditions prior to the next tenant's move in. Defendants shall maintain such records and photographs for at least three years following the date when the maintenance, repairs, cleaning, painting, replacements, or improvements occurs or when such costs are withheld from the Tenant's security deposit or otherwise charged to the tenant, whichever is longer. Defendants must deliver copies of all records and photographs identified in this paragraph to a current or former Tenant at the Tenant's request.
- i. Invoices Related to Security Deposit Withholding – If Defendants withhold any money from a Tenant's security deposit, then at the same time as Defendants provide the Tenant a written statement listing the exact reasons for the retention of any portion of the security deposit, Defendants shall also provide to the Tenant copies of any invoices for any maintenance, repairs, cleaning, painting, replacements, or improvements related to the reasons why Defendants withheld money from the Tenant's security deposit. The invoices must be sufficiently specific so that a reasonable Tenant could independently discern the cost of the labor and materials with the description of the work performed.
- j. General Security Deposit Provisions – Pursuant to C.R.S. 38-12-103, and other than as set forth in Section III.27.k of this Consent Judgment, Defendants shall not withhold any money from a Tenant's security deposit unless the Tenant failed to comply with

an enforceable obligation under the rental agreement through action or inaction, Defendants suffered actual damages because of such action or inaction, and the amount withheld from the security deposit equals the actual amount of damages suffered by Defendants for which the Tenant's action or inaction is the cause. Defendants shall not include in any future rental agreement, and shall not enforce under any existing rental agreement, any provision that purports to authorize Defendants to withhold any amount from a Tenant's security deposit without regard for the Tenant's actions or inactions during the tenancy.

- k. Accounting for Normal Wear and Tear – Defendants shall not withhold any amount from a Tenant's security deposit or otherwise charge a Tenant for any costs for maintenance, repairs, cleaning, painting, replacements, or improvements related to "normal wear and tear." "Normal wear and tear" shall have the same meaning as defined under Colorado statute at the time the assessment of maintenance, repairs, cleaning, painting, replacements, or improvements is made. Additionally, Defendants shall not deduct from a Tenant's security deposit or otherwise charge to a Tenant any amount for costs or expenses, including for materials or labor, under the following circumstances:
- i. For maintenance, repairs, cleaning, painting, replacements, or improvements attributable to any conditions that existed at the property on the date the Tenant took possession of the property. Furthermore, Defendants shall not include in any future rental agreement, and shall not enforce under any existing rental agreement, any provision that purports to authorize Defendants to deduct from a Tenant's security deposit or otherwise charge to a Tenant the cost of any maintenance, repairs, cleaning, painting, replacements, or improvements attributable to conditions that existed on the date the Tenant took possession of the property;
 - ii. For maintenance, repairs, cleaning, painting, replacements, or improvements, unless the entire amount of costs charged to the Tenant was necessarily incurred because of conditions that are not attributable to "normal wear and tear" and for which the Tenant's failure to

comply with an enforceable lease obligation is a but-for cause;

- iii. Any costs associated with checking or assessing the condition of a property to determine whether any maintenance, repairs, cleaning, painting, replacements, or improvements may be necessary or desired;
 - iv. Any costs associated with capital improvements, renovations, remodels at a property, or with replacing existing fixtures, appurtenances, or fittings with fixtures, appurtenances, or fittings of upgraded quality;
 - v. Any costs for maintenance, repairs, cleaning, painting, replacements, or improvements unless the Defendants or Defendants' agents have been provided all available inspection records for that property, including but not limited to any inspection records documenting the condition of the property at, or immediately prior to, the time the Tenant took possession of the property, as well as any records of communications with the Tenant regarding conditions that arose during the Tenant's tenancy.
1. Spot Painting – Defendants shall not deduct from a Tenant's security deposit or otherwise charge to a Tenant any costs for painting if the Tenant has reasonably maintained the condition and cleanliness of the walls and other painted surfaces at the property throughout the tenancy, allowing for normal wear and tear. For the purposes of this paragraph, normal wear and tear to a wall or other painted surface includes but is not limited to minor scuffs or minor chips, or superficial holes to painted walls and trimming associated with normal use of furniture and foot traffic. If a Tenant's actions or inactions causes actual damages exceeding normal wear and tear to a painted surface at the property, then Defendants will use commercially reasonable efforts to minimize the painting costs incurred by a Tenant when that Tenant relinquishes possession of a property. For the purposes of this paragraph, commercially reasonable efforts include charging Tenants only for the costs associated with painting a small area on a wall instead of the entire wall and not charging Tenants for painting expenses if, and only if, other means (including spot cleaning) would achieve a reasonably

similar result at a lower cost. Defendants may charge Tenants for the painting costs associated with painting an entire wall only when doing so would cost the Tenant less than an alternative to bring the painting back to original condition. For example, unique paint colors may pose challenges for the adequacy of spot painting. In no event shall Defendants charge Tenants the cost to paint multiple walls, ceilings, baseboards, or doors unless the Tenant caused damage beyond damage associated with normal wear and tear on each of the areas painted. Nothing in this paragraph is intended to prevent Defendants from using professional third-party vendors or to require Defendants to compare pricing between such vendors.

- m. Rekeying – Defendants shall not withhold any amount of money from a Tenant’s security deposit to rekey, install new locks, or reprogram an electronic lock at a property unless the Tenant’s affirmative conduct renders the property’s locks damaged beyond normal wear and tear or otherwise renders the locks unsafe. For the avoidance of doubt, a Tenant does not render the lock damaged, unusable, or unsafe when they return, at the end of a tenancy, any keys or fobs issued to them. Defendants may give Tenants the option to have the property rekeyed at the Tenant’s expense so long as the Defendants Clearly and Conspicuously disclose the cost of rekeying before the Tenant incurs the expense. If the Tenant elects to pay for rekeying, the costs may not exceed:
 - i. the actual cost incurred by the Defendants for rekeying non-electronic locks; or
 - ii. \$25 per property for electronic locks.

Nothing in this paragraph prevents Defendants from charging property owners a fee for rekeying.

- n. Cleaning and Carpet Cleaning – Notwithstanding any provision of a rental agreement to the contrary, as a condition precedent to Defendants assessing any cleaning or carpet cleaning charges against a Tenant’s security deposit, Defendants, or their designated representative, must have determined that the cleaning or carpet cleaning was actually necessary to return the property into the appropriate condition before the cleaning or carpet cleaning that gave rise to the assessment took place.

- o. Delivery of Records – Delivery of all records and/or photographs required to be produced to current or former Tenants pursuant to this Consent Judgment may be satisfied by uploading the items to the Resident’s online portal or by email delivery.

IV. Monetary Provisions

28. In exchange for the release provided in this Consent Judgment, Defendants shall pay \$1,000,000 to the Attorney General. The Attorney General intends to use \$980,000 of that amount for the purpose of providing restitution to Tenants to remediate, in part, the harms to Tenants caused by the conduct that gave rise to the Released Claims. That portion of the settlement is not a fine or other penalty paid for the violation of any law. Instead, such amounts shall constitute compensatory restitution and amounts paid to come into compliance with the law within the meaning of 26 U.S.C. § 162(f)(2)(A) and the Treasury Regulations promulgated thereunder. After Defendants make the payments, they shall have no right, title, interest, or other legal claim in the funds paid to the Attorney General.

29. Any and all refund amounts that remain outstanding, whether because they were returned as undeliverable, unclaimed, uncashed, undeposited or otherwise become the property of the Attorney General. Such refund amounts and \$20,000 remaining payment shall be used in the Attorney General’s sole discretion for the payment of consumer restitution, reimbursement of attorneys’ fees and costs, for consumer or creditor educational purposes, for further consumer credit or consumer protection enforcement, or public welfare purposes.

30. At the appropriate time as required under IRS regulations, the State shall complete and timely file a Form 1098-F with the Internal Revenue Service (“IRS”) that identifies not less than \$980,000 of the settlement amount to be paid to the State as compensatory restitution and remediation within the meaning of 26 U.S.C. § 162(f)(2)(A) and the Treasury Regulations promulgated thereunder. The State shall also timely furnish Copy B of such Form 1098-F (or an acceptable substitute) to Defendants. Defendants shall cooperate with the State and provide all pertinent information needed for the State to timely complete an IRS Form 1098-F, including relevant Tax Identification Numbers

31. The payments referenced in paragraph 28 must be made on the following schedule: \$333,333 within 60 days of the Effective Date; \$333,333 no later than 210 days of the Effective Date; \$333,334 no later than 360 days after the Effective Date. If paid within this schedule, no interest shall be charged to Defendants on these amounts.

32. If Defendants fail to make the payments described in paragraph 31 when due and fall more than 90 days behind on their payment obligation, the Attorney General shall be entitled to immediate entry of judgment against the Defendants for the full amount owed, plus interest at the rate of eight (8) percent annum, as set forth in § 5-12-102, C.R.S. The Attorney General shall provide notice to Defendants, and the attorneys listed in this Consent Judgment prior to filing a Motion for Entry of Judgment.

33. Within sixty (60) days of the Effective Date, Defendants shall provide the State with a list of all Tenants that moved out of a Four Star managed property from January 1, 2020 to December 1, 2023, including the Tenant's name, their address while they lived at the property Defendants managed, their last known physical address, email address, and phone number.

34. Defendants shall send all payments required under this Consent Judgment by check, made payable to the Colorado Department of Law with a reference to "Four Star Realty." The payment shall be delivered via either FedEx, UPS, or USPS. Regardless of the delivery service used, Defendants shall ensure the delivery is tracked and shall retain the delivery tracking number. The mailer containing the payment shall be addressed to:

Brady Grassmeyer
Consumer Fraud Unit
Colorado Department of Law
1300 Broadway, 10th Floor
Denver, Colorado 80203

V. Representations and Warranties

35. Except as expressly provided in this Consent Judgment, nothing in this Consent Judgment shall be construed as relieving Defendants of their obligation to comply with all state and federal laws, regulations or rules, or granting permission to engage in any acts or practices prohibited by such law, regulation or rule.

36. Defendants acknowledge that they have thoroughly reviewed this Consent Judgment, that they understand and agree to its terms, and that they agree that it shall be entered as an Order of this Court.

VI. Enforcement of Consent Judgment

37. This Consent Judgment shall operate as an injunction issued under the § 6-1-110(1), C.R.S. which shall be enforceable through any procedure allowed by law.

38. Any violation of this Consent Judgment is subject to applicable penalties under Colorado law. In any action brought by the State to enforce this Consent Judgment, Defendants consent to personal and subject matter jurisdiction in the Boulder County District Court. Defendants further consent to domestication of any judgment related to violations of this Consent Judgment in any court within the United States of America.

39. This Consent Judgment is governed by the laws of the State of Colorado.

40. To the extent that this Consent Judgment obligates Defendants to change any leases, policy(ies) or procedure(s) and to the extent not already accomplished, Defendants shall implement lease changes and policy(ies) or procedure(s) as soon as reasonably practicable, but no later than 120 days after the Effective Date of this Consent Judgment. Defendants shall have no obligation to amend or revise leases signed prior to the lease changes carried out pursuant to this paragraph.

41. If the State has reason to believe that Defendants have engaged in a practice that violates a provision of this Consent Judgment after the Effective Date, then the State shall notify the Defendants in writing and specify the issue of violation.

42. No later than 30 days after receipt of a notice under this Section of the Consent Judgment, Defendants shall provide a good faith written response to the State, which may include (a) a statement why Defendants believe they are in compliance with the Consent Judgment; or (b) a statement explaining how the alleged breach or violation occurred, and how and when it will be addressed or corrected, as necessary. The State may agree to provide Defendants with more than thirty (30) days to respond.

43. After receiving Defendants' written response outlined in paragraph 42, the State may request to inspect documents in the possession, custody, or control of Defendants that relate to the provision of the Consent Judgment at issue in the written response. Defendants shall provide all relevant, non-privileged, non-work product records that the State requests.

44. The State may assert any claim that Defendants have violated this Consent Judgment in this action to enforce compliance with this Consent Judgment or may

seek any other relief afforded by law for violations of the Judgment, but only after providing Defendants an opportunity to respond as outlined in this section.

45. Nothing in this section limits any rights the State may have to serve a civil investigative demand or take any other investigatory action. Nothing in this section shall limit any applicable defenses Defendants may have to respond to any subpoena or investigatory action.

46. The notification requirements of this section shall not apply if the State, in its sole discretion, believes that the health or safety of the public requires immediate action without notice.

47. If the State is required to file a motion to enforce any provision of this Consent Judgment against Defendants and is successful, Defendants agree to pay all court costs and reasonable attorneys' fees, to the extent permitted by law.

SO ORDERED THIS ___ DAY OF _____, 2024.

District Court Judge

Approved as to form:

Philip J. Weiser
Colorado Attorney General



Brady J. Grassmeyer, #47479
Senior Assistant Attorney General



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