

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF:

STEVEN SCHWAT, and

DRUMMOND DEVELOPMENT, LLC AT
1443 CHAPIN STREET, LLC, and

KENTUCKY COURT TOWN HOMES, LLC, and

URBAN INVESTMENT PARTNERS V, LP, and

1443 CHAPIN STREET, LP, and

URBAN INVESTMENT PARTNERS VIII AT
THE BILTMORE, and

UIP SRAF, LP, and

UIP III INVEST, LLC

RESPONDENTS.

* * * * *

CONSENT ORDER

WHEREAS, the Maryland Division of Securities (the “Division”), pursuant to the authority granted by Section 11-701 of the Maryland Securities Act, Title 11, Md. Code Ann. Corps. & Ass’ns (2007 Repl. Vol. and 2010 Supp.) (the “Act”) undertook an investigation with regard to possible violations of the Act by Steven Schwat (“Schwat”), acting as general partner or managing member of certain business entities, Drummond Development at 1443 Chapin Street; Kentucky Court Town Homes, LLC; Urban Investment Partners V, LP; 1443 Chapin Street; Urban Investment Partners VIII at the Biltmore, LP; UIP SRAF, LP and UIP III Invest, LLC (together the “Respondents”), in connection with the offer and sale of securities; and

WHEREAS, based on the information presented by the Division, the Maryland Securities Commissioner (the “Commissioner”) concluded that Respondents engaged in acts or practices constituting violations of the Act; and

WHEREAS, the Commissioner has agreed to issue this Consent Order whereby the Respondents consent to the Findings of Fact and Conclusions of Law, and consent to the imposition of the sanctions imposed and the terms of this Consent Order; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Consent Order; and

WHEREAS, without the holding of a hearing in this matter, and upon consent of the parties hereto.

IT IS HEREBY AGREED AND ORDERED:

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding and over Respondents pursuant to Section 11-701 of the Act.
2. Respondents voluntarily waive any right to a hearing and appeal under the Act and the rules and regulations promulgated thereunder with respect to this Consent Order.
3. In the event that judicial intervention in this matter is sought by any party, Respondents consent to the jurisdiction of the Circuit Court for Baltimore City over any such proceedings and as to each Respondent.

II. PARTIES

4. Melanie Senter Lubin is the Securities Commissioner for the State of Maryland.
5. Schwat is a Maryland resident and, at all times relevant to this matter has acted as general partner, as managing member or on behalf of each of the Respondent business entities.
6. Drummond Development at 1443 Chapin Street, LLC (“Drummond”) is a District of Columbia limited liability company with its principal place of operations in the District of Columbia .
7. Kentucky Court Town Homes, LLC (“Kentucky”) is a District of Columbia limited liability company with its principal place of operations in the District of Columbia.
8. Urban Investment Partners V, LP (“UIP V”) is a District of Columbia limited partnership with its principal place of operations in the District of Columbia.
9. 1443 Chapin Street, LP (“1443 Chapin”) is a District of Columbia limited partnership with its principal place of operations in the District of Columbia.

10. Urban Investment Partners VIII at the Biltmore, LP (UIP Biltmore”) is a District of Columbia limited partnership with its principal place of operations in the District of Columbia.

11. UIP SRAF, LP (“SRAF”) is a District of Columbia limited partnership with its principal place of operations in the District of Columbia.

12. UIP III Invest, LLC (“UIP III”) is a District of Columbia limited liability company with its principal place of operations in the District of Columbia.

III. FINDINGS OF FACT

The Commissioner finds the following facts:

13. All Respondent business entities were in the business of developing real estate in the District of Columbia.

14. Respondent Schwat is in the business of developing real estate, generally, in the District of Columbia.

15. In a private placement offering, Respondent Schwat sold Kentucky promissory notes to six Maryland investors on March 24, 2003.

16. In a private placement offering, Respondent Schwat sold UIP V limited partnership interests to six Maryland investors on March 4, 2005.

17. In a private placement offering, Respondent Schwat sold 1443 Chapin limited partnership interests to seven Maryland investors on December 23, 2005.

18. In a private placement offering, Respondent Schwat sold UIP Biltmore limited partnership interests to eleven Maryland investors on March 30, 2007.

19. In a private placement offering, Respondent Schwat sold SRAF limited partnership interests to two Maryland investors on October 15, 2007.

20. In a private placement offering, Respondent Schwat sold UIP III membership interests to three Maryland investors on February 5, 2010.

21. Notwithstanding the fact that Respondent Schwat secured the services of counsel and relied on the advice of counsel, Respondents failed to file applications for registration or claims of exemption or preemption notices for each of the six offerings.

22. Respondents, as part of the resolution of this proceeding, subsequently submitted to the Division late filings in connection with each of the six offerings.

IV. CONCLUSIONS OF LAW

The Commissioner concludes that:

23. The interests in all Respondent business entities offered and sold by Respondents constituted “securities” within the definition at Section 11-101(r) of the Act.
24. Section 11-501 of the Act provides that a person may not offer or sell a security in Maryland unless the security is registered, exempt from registration, or is a federal covered security as defined by the Act.
25. Respondents violated Section 11-501 of the Act by conducting an offering of Respondent business entities’ securities without registering the offerings in Maryland or establishing an exemption from registration under the Act.

V. CONSENT TO SANCTIONS

26. Without expressly admitting or denying the foregoing conclusions of law, Respondents expressly agree and consent, and it is ordered that:
- a. Respondent Schwat shall pay to the Division a civil monetary penalty pursuant to Section 11-702 of the Act, in the amount of \$15,000, payable by certified check to the order of the Maryland Division of Securities, which penalty has been submitted to and received by the Commissioner.
- b. For a period of five years from the execution of this Consent Order, Respondent Schwat, prior to engaging in the offer or sale of any security in Maryland, shall obtain from experienced securities counsel documented advice regarding compliance with the Act for any offering in which Respondent Schwat or any person or entity controlled by or under common control with Respondent Schwat acts directly or indirectly on his own behalf or on behalf of any issuer in connection with the offer or sale of the securities.
- c. Each Respondent admits the jurisdiction of the Division as to the party and subject matter and hereby consents to the substance and entry of this Consent Order.

VI. CONSEQUENCES OF VIOLATION OF CONSENT ORDER

27. If any Respondent fails to comply with any term of this Consent Order, the Commissioner may declare this Consent Order to be null and void. The Commissioner may then proceed with full administrative and/or judicial proceedings to enforce this Consent Order against such Respondent, or to sanction Respondent for violating an order of the Commissioner, and may take any other action authorized under the Act or any other applicable law. In any such proceeding in which, after an opportunity for a hearing, the Commissioner or the court finds that any Respondent has violated this Consent Order, the facts and the violations of the Act set forth and

incorporated in this Consent Order shall be deemed admitted and may be introduced into evidence against that Respondent.

VII. MODIFICATION OF TERMS OF THIS CONSENT ORDER

28. The terms of this Consent Order may only be modified by a subsequent order issued by the Commissioner.

VIII. JURISDICTION RETAINED

29. Jurisdiction shall be retained by the Commissioner for the purpose of enabling any party to this Consent Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Consent Order.

The provisions of this Consent Order shall become binding when this Consent Order has been executed by each Respondent and is issued by the Commissioner.

DATE OF THIS ORDER

December 8, 2010

SO ORDERED:

**Commissioner's Signature is on
File with Original Documents.**

Melanie Senter Lubin
Securities Commissioner

STEVEN F. SCHWAT

By: _____

On this ____ day of _____, 2010, personally appeared _____
signer of this foregoing Consent Order, who did duly acknowledge to me that he was authorized
to execute the same on behalf of _____, and acknowledged the same to be his free act
and deed.

Notary Public
My Commissioner Expires _____

DRUMMOND DEVELOPMENT, LLC AT 1443 CHAPIN
STREET, LLC

By: _____

On this ____ day of _____, 2010, personally appeared _____
signer of this foregoing Consent Order, who did duly acknowledge to me that he was authorized
to execute the same on behalf of _____, and acknowledged the same to be his free act
and deed.

Notary Public
My Commissioner Expires _____

KENTUCKY COURT TOWN HOMES, LLC

By: _____

On this ____ day of _____, 2010, personally appeared _____
signer of this foregoing Consent Order, who did duly acknowledge to me that he was authorized
to execute the same on behalf of _____, and acknowledged the same to be his free act
and deed.

Notary Public
My Commissioner Expires _____

URBAN INVESTMENT PARTNERS V, LP

By: _____

On this ____ day of _____, 2010, personally appeared _____
signer of this foregoing Consent Order, who did duly acknowledge to me that he was authorized
to execute the same on behalf of _____, and acknowledged the same to be his free act
and deed.

Notary Public
My Commissioner Expires _____

1443 CHAPIN STREET, LP

By: _____

On this ____ day of _____, 2010, personally appeared _____
signer of this foregoing Consent Order, who did duly acknowledge to me that he was authorized
to execute the same on behalf of _____, and acknowledged the same to be his free act
and deed.

Notary Public
My Commissioner Expires _____

URBAN INVESTMENT PARTNERS VIII AT THE BILTMORE

By: _____

On this ____ day of _____, 2010, personally appeared _____
signer of this foregoing Consent Order, who did duly acknowledge to me that he was authorized
to execute the same on behalf of _____, and acknowledged the same to be his free act
and deed.

Notary Public
My Commissioner Expires _____

UIP SRAF, LP

By: _____

On this ____ day of _____, 2010, personally appeared _____
signer of this foregoing Consent Order, who did duly acknowledge to me that he was authorized
to execute the same on behalf of _____, and acknowledged the same to be his free act
and deed.

Notary Public
My Commissioner Expires _____

UIP III INVEST, LLC

By: _____

On this ____ day of _____, 2010, personally appeared _____
signer of this foregoing Consent Order, who did duly acknowledge to me that he was authorized
to execute the same on behalf of _____, and acknowledged the same to be his free act
and deed.

Notary Public
My Commissioner Expires _____

