

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Norfolk Division

UNITED STATES OF AMERICA,

Plaintiff,

v.

CHESAPEAKE COVESIDE LANE
APARTMENTS PROPERTY OWNER, LLC,

and

CHASE ARBOR APARTMENTS
PROPERTY OWNER, LLC,

Defendants.

CASE NO.: 2:22-cv-334

CONSENT ORDER

I. INTRODUCTION

1. This Consent Order resolves the allegations contained in the United States' Complaint that Defendants Chesapeake Coveside Lane Apartments Property Owner, LLC, ("Coveside") and Chase Arbor Apartments Property Owner, LLC, ("Chase Arbor") (collectively referred to as "the Properties" or "the Defendants"), violated the Servicemembers Civil Relief Act ("SCRA"), 50 U.S.C. §§ 3901-4043, when they allegedly engaged in a pattern or practice of obtaining default judgments against "SCRA-protected servicemembers"¹ without filing affidavits of military service or by using inaccurate affidavits of military service from at least October 3, 2012, through at least

¹ For purposes of this Consent Order, the term "SCRA-protected servicemember" includes servicemembers in military service as defined in 50 U.S.C. § 3911.

June 15, 2018. The United States and the Properties are referred to herein as the “Parties” and, where context requires, each, a “Party.”

2. The Properties deny all allegations contained in the Complaint, but enter into this Consent Order to avoid the time and expense of litigation. Specifically, the Properties deny that they or their personnel engaged in any act or omitted to engage in any act that gives rise to a violation of the SCRA. Rather, the Properties maintain that they hired legal counsel to ensure their compliance with all laws, including the SCRA, in connection with any default judgments that were entered in their favor. Thus, the Properties maintain that under no circumstances could the allegations made by the United States in connection with this Consent Order give rise to their individual liability. Further, nothing in this Consent Order will constitute or be construed as any admission of liability, wrongdoing, or violation of law.
3. Defendant Coveseide is a limited liability company organized and existing under the laws of Delaware. From April 4, 2012, to the present, Coveseide has owned Hideaway at Greenbrier Luxury Apartment Homes (“Hideaway”), a residential apartment complex located at 150 Coveseide Lane, Chesapeake, Virginia 23320.
4. Defendant Chase Arbor is a limited liability company organized and existing under the laws of Delaware. From June 6, 2013, to the present, Chase Arbor has owned the Chase Arbor Apartments, a residential apartment complex located at 1500 Chase Arbor Common, Virginia Beach, Virginia 23462.
5. The Parties agree that the Court has jurisdiction over the subject matter of this case pursuant to 28 U.S.C. §§ 1331 and 1345, and 50 U.S.C. § 4041.

6. The Parties agree that, to avoid costly and protracted litigation, the claims against the Properties should be resolved without further proceedings or an evidentiary hearing. Therefore, as indicated by the signatures appearing below, the United States and the Properties agree to the entry of this Consent Order.
7. The effective date of this Consent Order shall be the date on which it is approved and entered by the Court.

It is hereby ORDERED, ADJUDGED, and DECREED:

II. INJUNCTIVE RELIEF²

8. The Properties and their subsidiaries, and their officers, employees, agents, representatives, assigns, successors-in-interest to the Defendants,³ and all persons and entities in active concert or participation with the Properties (including attorneys, contractors, and vendors) are hereby enjoined from obtaining any default judgment in favor of the Properties for any Warrant in Debt (Civil Claim for Money), Summons for Unlawful Detainer (Civil Claim for Eviction), or any other action involving eviction or a dispute with a tenant or resident involving amounts due and owing ("Covered Matter") without first filing or requiring their attorney(s) to file with the Court at issue an affidavit prepared in accordance with 50 U.S.C. § 3931 (a) and (b) and the SCRA Policies and Procedures for Default Judgments established in Paragraphs 9 - 12 below.

² Nothing in this Consent Order shall preclude the Properties from offering greater protections to servicemembers than those afforded by the Consent Order or the SCRA.

³ For the purposes of this Order, a "successor-in-interest" means a person or entity that follows in ownership or control of the limited liability companies named as Defendants in this action. It does not include an unrelated third party that may purchase real property owned by the Defendants through a *bona fide* arms-length transaction.

III. COMPLIANCE WITH THE SCRA AND SCRA POLICIES AND PROCEDURES

9. Within ninety (90) calendar days of the entry of this Consent Order, the Properties shall develop SCRA Policies and Procedures for Default Judgments in compliance with Section 3931 of the SCRA. These policies and procedures must include provisions that specify:
- a. The Properties shall not refer any Covered Matter to litigation without first taking the actions necessary to comply with Paragraph 9b. The Properties shall advise any employees, agents, or attorneys conducting and/or involved in the Covered Matter of any information reasonably available to the Property at issue that is relevant to each defendant's active duty status, if any, and if a defendant is verified to be on active duty, shall require their employees, agents, or attorney(s) to disclose the defendant's military status to the Court in an affidavit that complies with Paragraph 8;
 - b. In complying with Paragraph 9a above, the Properties shall directly, or through their agents or attorneys, seek to determine, upon referral of any Covered Matter to litigation, whether each defendant in the action is an SCRA-protected servicemember by:
 - i. Searching the Department of Defense Manpower and Data Center ("DMDC") website for evidence of SCRA eligibility by last name and social security number. If the Properties do not have a social security number for a defendant in a Covered Matter, the Properties' agents or attorneys will seek to determine whether the defendant is an SCRA-protected servicemember by searching the DMDC website by last name

and date of birth. When searching the DMDC by Social Security number or date of birth, if the Properties are aware of any last name variants or aliases (e.g., maiden names, hyphenated or composite surnames, or variant spellings) utilized by the defendant, the Properties shall ensure that their agents or attorneys run a separate DMDC search for each name variant or alias; and

- ii. If the DMDC search results based on the foregoing suggest that the defendant is not in military service, then the Properties' agents or attorneys will seek to determine whether the defendant is an SCRA-protected servicemember by reviewing any military service information (including orders, rental applications, employment information, and/or leave and earnings statements) the Property at issue has received from the defendant(s).
- c. The Properties shall instruct their counsel not to attempt to obtain a default judgment against any defendant in a Covered Matter without first filing with the court an affidavit that complies with Paragraph 8 that includes a copy of the report obtained from the search of the DMDC website. The Properties will further direct their counsel that the affidavit must be signed and prepared only after taking the actions necessary to comply with Paragraph 9b and must be executed no more than two (2) business days prior to the date on which the Properties move the Court for entry of a default judgment. The Properties shall direct their counsel to attach the most recent DMDC Status Report to the affidavit;

d. If the Properties obtain a waiver of a servicemember's right to have an attorney appointed to represent him or her, as provided in 50 U.S.C. § 3931(b)(2), the waiver must be in writing, must refer specifically to the civil action to which the waiver applies, and must be executed after the civil action has been filed. If the Properties initiate the waiver process, a notice and a copy of the proposed waiver must be provided to the servicemember at least thirty (30) calendar days in advance of any anticipated default judgment. To the extent that the Properties exercise this right, the Properties shall use the notice and waiver in the form attached as Exhibit A.

10. No later than ninety (90) calendar days after the entry of this Consent Order, the Properties shall provide a copy of the proposed SCRA Policies and Procedures required under Paragraph 9 to counsel for the United States.⁴ The United States shall respond to the Properties' proposed SCRA Policies and Procedures within thirty (30) calendar days of its receipt. If the United States objects to any part of the Properties' SCRA Policies and Procedures described in Paragraph 9, the Parties shall confer in good faith to resolve their differences. If the Parties cannot resolve their differences after good faith efforts to do so, any Party may bring the dispute to this Court for resolution. The Properties shall begin the process of implementing the SCRA Policies and Procedures within thirty (30) calendar days of approval by the United States or the Court.

11. The Properties will not materially change their SCRA Policies and Procedures described herein during the term of this Consent Order, unless changes are needed to comply with

⁴ All materials required by this Consent Order to be sent to counsel for the United States shall be sent by electronic mail to deirdre.g.brou@usdoj.gov and audrey.yap@usdoj.gov or by commercial overnight delivery addressed to Deirdre G. Brou, U.S. Attorney's Office for the Eastern District of Virginia, 2100 Jamieson Avenue, Alexandria, Virginia 22314.

amendments to the SCRA or caselaw interpreting the SCRA. If the Properties seek to make material changes to their SCRA Policies and Procedures, they will provide the proposed changes to counsel for the United States. If the United States objects to the proposed changes, the specific changes to which the United States objects shall not be implemented until the objections are resolved pursuant to the process described in Paragraph 10.

12. No later than ninety (90) calendar days after the entry of this Consent Order, the Properties shall designate one or more employees who have been specifically trained on the protections of the SCRA and who are responsible for the intake of and response to servicemembers' inquiries regarding the SCRA ("the designated SCRA employees"). The Properties shall ensure that they have a designated telephone number and electronic mail address at which servicemembers may reach a designated SCRA employee, who will address questions or concerns regarding the SCRA. No later than ninety (90) calendar days after the entry of this Consent Order, the Properties shall also include a page on their property websites detailing eligibility for, and relief provided by, the SCRA, and providing the designated telephone number and electronic mail address to obtain SCRA relief or raise questions or concerns regarding such relief. The placement, format, and content of the page shall be subject to the objection of the United States. If the United States objects, the Properties shall not adopt the placement, format, and content until the objection is resolved pursuant to the process described in Paragraph 10.

IV. TRAINING

13. Within ninety (90) calendar days after the United States approves the Properties' training program(s) pursuant to Paragraph 15, the Properties shall provide SCRA compliance training to any employees who: (a) are involved with landlord tenant disputes, or eviction or collections activities at the Properties; or (b) are involved with any Covered Matter referred to litigation, including preparing and signing affidavits, supervising or reviewing the work of outside attorneys, and/or assigning Covered Matters out for litigation (hereinafter "Covered Employees"). The Properties shall provide to each Covered Employee: (a) training on the terms of the SCRA specific to the employee's position; (b) training on the terms of the Properties' SCRA Policies and Procedures (both those required pursuant to Paragraph 9, and all others adopted by the Properties) specific to the employee's responsibilities associated with that employee's position; (c) training on the terms of this Consent Order specific to the employee's responsibilities associated with that employee's position and his or her responsibilities and obligations under the SCRA; and (d) the designated telephone number and electronic mail address at which servicemembers may reach a designated SCRA employee described in Paragraph 12. The Properties shall also follow these training procedures for each employee who subsequently becomes a Covered Employee within ninety (90) calendar days of his or her assuming duties as a Covered Employee.
14. During the term of this Consent Order, the Properties shall provide annual SCRA training, with the same content as described in Paragraph 13, to Covered Employees with respect to their responsibilities and obligations under the SCRA, the SCRA Policies and Procedures, and the terms of this Consent Order.

15. Within ninety (90) calendar days of the United States' approval of the SCRA Policies and Procedures pursuant to Paragraph 10, the Properties shall provide to the United States the curriculum, instructions, and any written material included in the training contemplated by Paragraphs 13 and 14. The United States shall have thirty (30) calendar days from receipt of these documents to raise any objections to the Properties' training materials, and, if it raises any, the Parties shall confer in good faith to resolve their differences. If the Parties cannot resolve their differences after good faith efforts to do so, any Party may bring the dispute to this Court for resolution.
16. The Properties will provide a copy of their SCRA training materials to any attorney retained to handle Covered Matters and will confer in good faith with their attorneys to ensure there is agreement regarding SCRA requirements and that the attorney works effectively with the Covered Employees in that regard.
17. The Covered Employees may undergo the training required by Paragraphs 13 and 14 via live training, computer-based training, web-based training, or interactive digital media. If the training is conducted in any format other than live training, the Properties shall ensure that Covered Employees have the opportunity to have their questions answered by a company contact that the Properties identify as having SCRA expertise within five (5) business days of the training. The Properties shall bear any expenses associated with the training program required by Paragraphs 13 and 14.
18. The Properties shall secure a signed statement in the form attached as Exhibit B⁵ or other acknowledgement from each Covered Employee at the training required by Paragraphs 13 and 14 acknowledging that he or she has received, read, and understands the SCRA

⁵ The electronic signature of a Covered Employee or other acknowledgement shall be deemed satisfactory for purposes of verifying completion of the training required under this Order.

Policies and Procedures specific to the employee's responsibilities associated with property management and/or litigation, has had the opportunity to have his or her questions about these documents answered, and agrees to abide by them. For the duration of this Consent Order, copies of those signed statements shall be provided to the United States upon request. The Properties shall also certify annually, in writing, during the term of this Consent Order, to counsel for the United States that the Covered Employees successfully completed the training required by Paragraphs 13 and 14.

V. COMPENSATION

19. The Properties will deposit in an interest-bearing escrow account the sum of ONE HUNDRED SIXTY-TWO THOUSAND NINE HUNDRED SEVENTY-ONE DOLLARS (\$162,971) ("Settlement Fund") for the purpose of compensating persons whom the United States alleges may have been harmed by the Properties' alleged violations of the SCRA (hereinafter "Potentially Aggrieved Servicemembers"). Title to this Settlement Fund account will be in the name of "Chesapeake Coveside Lane Apartments Property Owner, LLC, and Chase Arbor Apartments Property Owner, LLC, for the Potentially Aggrieved Servicemembers pursuant to Order of the Court in Civil Action No. 2:22-cv-334". The Properties will provide written verification of the deposit to the United States within fifteen (15) calendar days of the entry of this Consent Order. Any interest that accrues shall become part of the Settlement Fund and shall be used and disposed of as set forth herein. Any taxes, costs, or other fees related to the escrow account shall be paid by the Properties.
20. Within one hundred and eighty (180) calendar days of the entry of this Order, the United States shall make a preliminary determination of which persons, if any, are allegedly

aggrieved and an appropriate amount of compensation that should be paid to each such person. The United States will inform the Properties in writing of its determination.

21. The Properties shall have thirty (30) calendar days from the receipt of the determination to provide to the United States any documents or information they believe may refute the claims that led to the preliminary determination of a person as allegedly aggrieved. Nothing in this paragraph requires the Properties to review the determination or make objections. If the Properties do not object to any preliminary determination within thirty (30) calendar days of receipt of the determination, then the United States' preliminary determination of Potentially Aggrieved Servicemembers and amounts to be paid shall become the United States' final determination.
22. If the Properties object to the United States' determination of any person designated as aggrieved, the Parties will endeavor in good faith to resolve any differences regarding the determination of the allegedly aggrieved person. Within thirty (30) calendar days of receiving the Properties' objections, the United States will make a final determination of Potentially Aggrieved Servicemembers and shall provide the Properties with a final list of Potentially Aggrieved Servicemembers and the amounts to be paid to them from the Settlement Fund.
23. Within thirty (30) business days of receiving the final list of Potentially Aggrieved Servicemembers, the Properties shall notify the Potentially Aggrieved Servicemembers of the settlement and provide copies of the Release at Exhibit C. The Properties shall include instructions to send the signed release to counsel for the Properties and provide a postage prepaid envelope addressed to counsel for the Properties. The Properties shall be required to investigate and research the current mailing address of all Potentially

Aggrieved Servicemembers prior to the initial mailing by: (1) receiving from the United States any address information it has for any Potentially Aggrieved Servicemember as of the date this Order is entered; (2) running mailing addresses against the United States Postal Service's National Change of Address database; and/or (3) skip tracing using commercially available databases (to the extent deemed necessary by and upon request by the United States). Pursuant to 5 U.S.C. § 552a(b)(11), the United States is authorized to release information about Potentially Aggrieved Servicemembers to Defendants for purposes of effectuating the relief in this Consent Order. The Properties, shall, where necessary, attempt to redeliver, one time (or more than once upon request by the United States), any Release or Notice that is returned as undeliverable. Nothing in this Agreement shall prevent the United States from making any additional efforts it deems appropriate to locate and provide notice to the Potentially Aggrieved Servicemembers.

24. Within fifteen (15) business days of receiving each executed Release from an allegedly aggrieved person, the Properties shall pay the amounts specified by the United States by mailing a check payable to the name of the allegedly aggrieved person. The Properties, shall, where necessary, attempt to redeliver, one time (or more than once upon request by the United States), any check that is returned as undeliverable.
25. If the Properties are notified by the United States or a Potentially Aggrieved Servicemember that an aggrieved person is unable to cash the settlement check because the check becomes void or stale by operation of time, the Properties will have fifteen (15) business days to issue a replacement check to the Potentially Aggrieved Servicemember.
26. In no event shall the aggregate of all such checks paid under Paragraph 20 - 23 exceed the sum of the Settlement Fund.

27. The Properties, for a period of one (1) year following the entry of this Consent Order, shall, every ninety (90) days, provide the United States with an accounting of all releases received, checks issued and cashed (including copies of issued checks and cashed checks), and any notifications or checks without responses or that were returned as undeliverable. For the remaining two (2) years of the Consent Order, the Properties shall, every six (6) months, provide the United States with an accounting of all releases received, checks issued and cashed (including copies of issued checks and cashed checks), and any notifications or checks without responses or that were returned as undeliverable. The Properties shall skip trace and attempt to redeliver any payment that is returned as undeliverable. If all Potentially Aggrieved Servicemembers identified pursuant to Paragraph 20 - 22 deposit or cash the checks required to be issued under Paragraphs 23 and 25-26, the Properties may report the completion of the requirements of Paragraphs 24 - 26, and, with the United States' consent, cease making these reports thereafter.
28. The Properties will not be entitled to a set-off, or any other reduction, of the amount of compensation payments required by this Consent Order because of any amounts owed by any Potentially Aggrieved Servicemember to the Properties that is directly related to the landlord-tenant relationship. The Properties also will not refuse to make a payment based on a release of legal claims, waiver or settlement agreement previously signed by any such recipient.
29. No individual may obtain review by the Court or the parties of the identifications made and payments disbursed pursuant to Paragraphs 20 - 22.

30. Any money not distributed from the Settlement Fund, including accrued interest, within three (3) years of the entry of this Consent Order will be distributed to the United States Treasury in the form of an electronic funds transfer pursuant to written instructions to be provided by the United States.
31. The Properties shall employ commercially reasonable efforts to comply with the requirements set forth in Paragraphs 20 - 30.

VII. CREDIT REPAIR AND OTHER RELIEF

32. Within three (3) calendar days of the entry of this Consent Order, the United States shall provide the Properties with an initial list (the "Initial List") of Potentially Aggrieved Servicemembers that it developed during the investigation of this matter.
33. The Properties shall have thirty (30) calendar days from the receipt of the Initial List to provide to the United States any documents or information they believe may refute the claims that led to the preliminary determination of a person as allegedly aggrieved. Nothing in this paragraph requires the Properties to review the determination or make objections. If the Properties do not object to any preliminary determination within thirty (30) calendar days, then the United States' determination shall become the United States' final determination.
34. If the Properties object to individuals on the Initial List, the Parties will endeavor in good faith to resolve any differences. Within thirty (30) calendar days of receiving the Properties' objections, the United States will make a final determination of Potentially Aggrieved Servicemembers and shall provide the Properties with an updated version of the Initial List.
35. Within ninety (90) calendar days of the Properties' receipt of the Initial List or updated Initial List, whichever is later, the Properties shall:

- a. move to set aside each default judgment identified by the United States on the grounds that the defendant, at the time of entry of the judgment, was in military service and promptly notify the United States if any Court declines to set aside any judgments; and
 - a. request that all three (3) major credit bureaus and any other credit bureaus to which the Properties report delete any trade lines associated with the default judgments obtained against the Potentially Aggrieved Servicemembers.
36. Within one hundred eighty (180) calendar days of the entry of this Consent Order, the United States will provide a supplemental list (the "Supplemental List") of Potentially Aggrieved Servicemembers to the Properties.
37. The Properties shall have thirty (30) calendar days from the receipt of the Supplemental List to provide to the United States any documents or information they believe may refute the claims that led to the preliminary determination of a person as allegedly aggrieved. Nothing in this paragraph requires the Properties to review the determination or make objections. If the Properties do not object to any preliminary determination within thirty (30) calendar days, then the United States' determination shall become the United States' final determination.
38. If the Properties object to individuals on the Supplemental List, the Parties will endeavor in good faith to resolve any differences. Within thirty (30) calendar days of receiving the Properties' objections, the United States will make a final determination of Potentially Aggrieved Servicemembers and shall provide the Properties with an updated version of the Supplemental List.

39. Within ninety (90) calendar days of the Properties' receipt of the Supplemental List or updated Supplemental List, whichever is later, the Properties shall take the actions specified in Paragraph 35.
40. During the term of this Consent Order, in the event a Party becomes aware of an additional Potentially Aggrieved Servicemember after the United States has provided the Initial List and Supplemental List of Potentially Aggrieved Servicemembers to the Properties pursuant to Paragraphs 32 - 34 and 36 - 38, the Party shall, within fourteen (14) calendar days of identifying or learning of the additional Potentially Aggrieved Servicemember(s), notify the other Parties of the additional Potentially Aggrieved Servicemember(s).
41. Within fourteen (14) calendar days of receiving notice of an additional Potentially Aggrieved Servicemember, the United States shall request from the court at issue the records of the judgment against the Potentially Aggrieved Servicemember. Within fourteen (14) calendar days of receipt of the court records, the United States shall determine whether the additional Servicemember is a Potentially Aggrieved Servicemember and notify the Properties of its determination.
42. The Properties shall have thirty (30) calendar days from the receipt of the United States' determination that the additional Servicemember is a Potentially Aggrieved Servicemember to provide to the United States any documents or information they believe may refute the claims that led to the preliminary determination of a person as allegedly aggrieved. Nothing in this paragraph requires the Properties to review the determination or make objections. If the Properties do not object to any preliminary

determination within thirty (30) calendar days, then the United States' preliminary determination shall become the United States' final determination.

43. If the Properties object to the United States' determination that the additional Servicemember(s) is a Potentially Aggrieved Servicemember(s), the Parties will endeavor in good faith to resolve any differences. Within thirty (30) calendar days of receiving the Properties' objections, the United States will make a final determination of Potentially Aggrieved Servicemembers and shall provide the Properties with its determination.
44. Within ninety (90) calendar days of the Properties' receipt of determination that the additional Servicemember is a Potentially Aggrieved Servicemember, the Properties shall take the actions specified in Paragraph 35.
45. The Properties shall not pursue any amounts due and owing under any default judgment identified in Paragraphs 32 - 44 and must reimburse the servicemember for the amount of any recovery occurring after the entry of this Order and resulting from the pursuit by anyone to whom, or entity to which, the Properties' debt has been assigned, whether directly or indirectly, by Coveside or Chase Arbor.
46. Every six months, for a period of three (3) years following the entry of this Consent Order, the Properties shall provide the United States with an accounting of all credit entries repaired and judgments set aside during that period. If the Properties repair all credit entries and have all of the default judgments set aside for the Potentially Aggrieved Servicemembers, the Properties have the option to report the completion of that requirement and, with the United States' consent, cease making these reports thereafter.
47. The Properties shall employ commercially reasonable efforts to comply with the requirements set forth in Paragraphs 32 - 46.

VIII. PAYMENT TO THE UNITED STATES

48. Within thirty (30) calendar days of the entry of this Order, the Properties shall pay a total of Sixty-Two Thousand Twenty-Nine Dollars (\$62,029) to the United States Treasury pursuant to 50 U.S.C. § 4041(b)(3) and 28 C.F.R. § 85.5. The payment shall be in the form of an electronic funds transfer pursuant to written instructions to be provided by the United States.

IX. ADDITIONAL REPORTING, RECORDS PRODUCTION, AND RECORD-KEEPING REQUIREMENTS

49. For the duration of this Consent Order, the Properties shall retain all records relating to their obligations hereunder and all records relating to compliance activities as set forth herein. The United States shall have the right to review and copy any such records, including electronic data, upon reasonable request during the term of this Consent Order.
50. Every six (6) months during the term of this Consent Order, the Properties shall notify counsel for the United States in writing of receipt of any SCRA complaint or complaint that reasonably implicates the SCRA. The Properties shall provide a copy of any written SCRA-related complaints with the notifications. The Properties will incorporate into their SCRA Policies and Procedures a requirement that all customer service personnel, upon receiving any oral SCRA complaint, shall notify individuals designated and trained to receive SCRA complaints pursuant to Paragraph 12. In the case of both written and oral SCRA complaints, the notification to the United States shall include the full details of the complaint, including the complainant's name, address, electronic mail address, and telephone number, and the full details of all actions the Properties took to resolve the complaint. The Properties shall also promptly provide the United States all information it may request concerning any such complaint. If the United States raises any objections to

the Properties' actions, the Parties shall meet and confer to consider appropriate steps to address the concerns raised by the United States' review. If the Parties are unable to come to an agreement regarding such objections or concerns, any Party may bring the dispute to this Court for resolution.

X. SCOPE OF CONSENT ORDER

51. The provisions of this Consent Order shall apply to Chesapeake Coveside Lane Apartments Property Owner, LLC; Chase Arbor Apartments Property Owner, LLC; and any subsidiaries, predecessors, acquired companies, or successor entities. They shall also apply to the officers, employees, agents, representatives, assigns, successors-in-interest, and all persons and entities in active concert or participation with Chesapeake Coveside Lane Apartments Property Owner, LLC or Chase Arbor Apartments Property Owner, LLC. The provisions of this Consent Order do not apply to an unrelated third party purchaser of the real property owned by the Defendants through a *bona fide* arms-length transaction, so long as such purchaser is not a parent, affiliate, or entity under common ownership or management of the Properties.
52. In the event that either Chesapeake Coveside Lane Apartments Property Owner, LLC or Chase Arbor Apartments Property Owner, LLC is acquired by or merges with another entity, Chesapeake Coveside Lane Apartments Property Owner, LLC or Chase Arbor Apartments Property Owner, LLC shall, as a condition of such acquisition or merger, obtain the written agreement of the acquiring or surviving entity to be bound by any obligations remaining under this Consent Order for the remaining term of this Consent Order. In the event the real property owned by the Defendants is sold to an unrelated third party purchaser through a *bona fide* arms-length transaction, the purchaser will not be bound by any obligations under this Consent Order.

53. In exchange for the consideration set forth herein, this Consent Order releases the United States' claims for violations of Section 3931 of the SCRA by Chesapeake Coveside Lane Apartments Property Owner, LLC and Chase Arbor Apartments Property Owner, LLC between October 3, 2012, and the date on which this Consent Order is entered by the Court (the "Released Claims"). This Consent Order further releases the Chesapeake Coveside Lane Apartments Property Owner, LLC and Chase Arbor Apartments Property Owner, LLC's respective property managers and asset managers for the Released Claims. This Consent Order does not release any other claims or any claims that may be held or are currently under investigation by the Department of Justice or any other federal agency against Chesapeake Coveside Lane Apartments Property Owner, LLC, and Chase Arbor Apartments Property Owner, LLC, provided however, that the United States represents and warrants that it is not currently aware of facts giving rise to additional SCRA claims against the Chesapeake Coveside Lane Apartments Property Owner, LLC and Chase Arbor Apartments Property Owner, LLC, other than those addressed in Paragraphs 1 and 20.
54. Nothing in this Consent Order will excuse compliance by Chesapeake Coveside Lane Apartments Property Owner, LLC or Chase Arbor Apartments Property Owner, LLC with any currently or subsequently effective provision of law or order of a regulator with authority over the Properties that imposes additional obligations on them.

XI. LITIGATION HOLD

55. The Parties agree that, as of the entry of this Consent Order, litigation is not anticipated concerning the matters described in the United States' Complaint. To the extent that any Party previously implemented a litigation hold to preserve documents, electronically

stored information (ESI), or things related to the matters described above, the Party is no longer required to maintain such litigation hold. Nothing in this paragraph relieves any Party of any other obligations imposed by this Consent Order, including the recordkeeping and retention requirements contained in Paragraphs 49 - 50.

XII. MODIFICATIONS, ATTORNEYS' FEES AND COSTS, AND REMEDIES FOR NON-COMPLIANCE

56. Any term of this Consent Order, including time limits, may be modified only with the written consent of all Parties.
57. Each Party shall bear its own legal and other costs incurred in connection with this litigation, including the preparation and performance of this Order, except as set forth in Paragraph 58.
58. The Parties shall endeavor in good faith to resolve informally any differences regarding the interpretation of and compliance with this Consent Order prior to bringing such matters to the Court for resolution. However, in the event the United States contends that there has been a failure by the Properties, whether willful or otherwise, to perform in a timely manner any act required by this Consent Order or otherwise comply with any provision thereof, the United States may move the Court to impose any remedy authorized by law or equity, including, but not limited to, an order requiring the performance of such act or deeming such act to have been performed, and an award of any damages, costs, and/or attorneys' fees that the United States may have incurred as a result of the Properties' violation or failure to perform.
59. Notwithstanding the foregoing, before seeking any remedy for any breach of this Consent Order, the United States shall give the Properties written notice of the existence and

nature of the breach, and the Properties shall have the opportunity to cure such breach within thirty (30) calendar days following such notice.

XIII. RETENTION OF JURISDICTION AND OTHER TERMS

60. The United States may review compliance with this Consent Order at any time during the term of the Consent Order. The Properties agree to cooperate with the United States in any review of compliance with this Consent Order. Upon reasonable notice, the Properties shall permit counsel for the United States to inspect and copy all non-privileged records pertinent to this Consent Order, during ordinary business hours and at the cost and expense of the Properties.
61. The undersigned represent and warrant that they are fully authorized to execute this Consent Order on behalf of the entities indicated below.
62. The Court shall retain jurisdiction and venue over all disputes between and among the Parties arising out of the Order, including but not limited to interpretation and enforcement of the terms of the Order.
63. This Consent Order shall be in effect for a period of three (3) years from its date of entry, after which time the Complaint shall be dismissed with prejudice. Either Party may move the Court to extend the duration of this Order in the interests of justice; provided, however, that the Parties will meet and confer in a good faith effort to resolve any perceived need to extend the duration of this Order before the moving Party seeks such relief.

SO ORDERED, THIS ____ DAY OF _____, _____

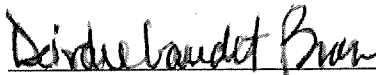
UNITED STATES DISTRICT COURT JUDGE

The undersigned hereby apply for and consent to the entry of the Order:

For the United States of America:

JESSICA D. ABER
United States Attorney
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 5 August 2022
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For Defendants, Chesapeake Coveside Lane Apartments Property Owner, LLC and
Chase Arbor Apartments Property Owner, LLC:

A handwritten signature in black ink, appearing to read 'James K. Baumann', is written over a horizontal line.

James K. Baumann

On behalf of

Chesapeake Coveside Lane Apartments Property
Owner, LLC and Chase Arbor Apartments Property
Owner, LLC

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EXHIBIT A

IMPORTANT NOTICE AFFECTING MILITARY SERVICEMEMBERS RIGHTS AND PROTECTIONS UNDER THE SERVICEMEMBERS CIVIL RELIEF ACT

Attached to this notice you will find a waiver of rights and protections that may be applicable to you pursuant to the Servicemembers Civil Relief Act, 50 U.S.C. § 3901, *et seq.* (the “SCRA”). The SCRA provides military personnel and their dependents with a wide range of legal and financial protections. Among other benefits and protections, the SCRA:

- Requires that the court appoint an attorney to represent a servicemember who is a defendant in a civil action or proceeding, if the servicemember does not make an appearance;
- Prohibits the eviction of a servicemember or the servicemember’s dependents without a court order;
- Allows a court to adjust or stay the enforcement of an obligation if a servicemember’s ability to pay the agreed rent is materially affected by military service; and
- Postpones court actions against servicemembers under certain circumstances.

If you choose to sign the attached waiver, the Court may enter a judgment against you without appointing an attorney or *guardian ad litem* to represent your interests. If you do not sign this waiver, the court may take steps to ensure that a judgment is not entered against you if you are unable to appear.

Before waiving these important statutory rights, you should consult an attorney regarding how best to exercise your rights or whether it is in your interest to waive these rights under the conditions offered by [LANDLORD].

For More Information:

- **CONSULT AN ATTORNEY:** To fully understand your rights under the law, and before waiving your rights, you should consult an attorney.
- **JAG / LEGAL ASSISTANCE:** Servicemembers and their dependents with questions about the SCRA should contact their unit’s Judge Advocate, or their installation’s Legal Assistance Officer. A military legal assistance office locator for all branches of the Armed Forces is available at <http://legalassistance.law.af.mil>.
- **MILITARY ONESOURCE:** “Military OneSource” is the U.S. Department of Defense’s information resource. Go to <http://www.militaryonesource.com>.

**AGREEMENT AND WAIVER OF RIGHTS UNDER
SERVICEMEMBERS CIVIL RELIEF ACT**

I, _____, am a Servicemember OR the duly authorized agent or attorney-in-fact of _____, a Servicemember, pursuant to a power of attorney dated _____, and I am aware that I have protections available to me under the Servicemembers Civil Relief Act (SCRA). This includes, but is not limited to, legal rights relating to the Civil Action [CASE NUMBER] filed in [COURT] on [DATE] (the "Civil Action"), including protections relating to default judgments with respect to my lease of the property listed below:

[PROPERTY ADDRESS]

By signing this waiver, I acknowledge and agree that:

- I have read and understood the attached **IMPORTANT NOTICE AFFECTING MILITARY SERVICEMEMBERS**.
- I am waiving my right to have an attorney or *guardian ad litem* appointed to represent me in accordance with 50 U.S.C. § 3931.
- In exchange for waiving this SCRA right with respect to the Civil Action, [LANDLORD] has agreed to waive its right to recover any attorneys' fees or court costs relating to the Civil Action.
- This waiver is made voluntarily, without coercion, duress or compulsion. I understand the terms of this waiver of rights, and acknowledge that I was advised to consult with an attorney regarding this waiver and the protections afforded by the SCRA.

Subject to the above provisions, I hereby waive and give up any right I may have to have an attorney or *guardian ad litem* appointed to represent me in the Civil Action.

Dated: _____

By: _____
Signature

Print Name

Dated: _____

For [LANDLORD]
By: _____
Signature

Print Name

EXHIBIT B

EMPLOYEE ACKNOWLEDGMENT

I acknowledge that on _____, 20__, I was provided training regarding SCRA compliance and copies of the SCRA Policies and Procedures which are applicable to my duties. I have read and understand these documents and have had my questions about these documents and the SCRA answered. I understand my legal responsibilities and shall comply with those responsibilities.

[PRINT NAME]

[SIGNATURE]

[JOB TITLE]

[DATE]

EXHIBIT C

RELEASE

In consideration for the parties' agreement to the terms of the Consent Order resolving the United States' allegations in United States v. Chesapeake Coveside Lane Apartments Property Owner, LLC and Chase Arbor Apartments Property Owner, LLC, Civil No. _____ (E.D. Va.) and payment to me of \$ [AMOUNT], I, [NAME], hereby release and forever discharge all claims, arising prior to the date of this Release, related to the facts at issue in the litigation referenced above that pertain to alleged violations of SECTION 3931 of the Servicemembers Civil Relief Act that I may have against [Chesapeake Coveside Lane Apartments Property Owner, LLC] [Chase Arbor Apartments Property Owner, LLC], and all related entities, parents, predecessors, successors, and subsidiaries and all of their past and present directors, officers, agents, managers, supervisors, shareholders, and employees and their heirs, executors, administrators, successors or assigns. I do not release any other claims that I may have against Chesapeake Coveside Lane Apartments Property Owner, LLC and Chase Arbor Apartments Property Owner, LLC under any other section of the Servicemembers Civil Relief Act.

In order to receive payment of \$ [AMOUNT], I understand that I must send an executed copy of this release via mail to [Address] or via e-mail to [Email]. Please direct any inquiries related to whether your release has been received and the status of payment to: [Email and Phone].

Executed this _____ day of _____, 20__.

SIGNATURE: _____

PRINT NAME: _____