

RESOLUTION
of the Board of Directors of
CAMPUS EAST COMMUNITY ASSOCIATION, INC.

(Adoption of Due Process Procedures for Enforcement of Covenants
and Nonpayment of Assessments, Collection of Delinquent Accounts)

WHEREAS, Campus East Associates, Inc., a Virginia Corporation ("Declarant"), caused to be created and recorded a Declaration recorded January 7, 1983 to create the subdivision of Campus East ("Association") by the Campus East Community Association Declaration of Covenants, Conditions and Restrictions (the "Declaration"). Such Declaration is recorded among the deed records of the City of Virginia Beach, commencing in Deed Book 2234 at Page 0760 in the Clerk's Office of the Circuit Court for the City of Virginia Beach and the same has been or may be amended from time to time; and

WHEREAS, the Declarant did cause incorporation of Campus East Community Association, as a nonstock corporation, and thereafter adopted Bylaws of the nonstock corporation dated October 1, 1982 ("Bylaws"); and

WHEREAS, the Association is managed and operated pursuant to the Declaration and the Bylaws; and

WHEREAS, all Owners in the Association are Members of the Association pursuant to the Declaration, and as such all Owners are subject to all of the covenants, conditions and restrictions in the Declaration; and

WHEREAS, the Association's Board of Directors is empowered by Article IV and Article IX of the Declaration and by Article VII of the Bylaws to enforce the covenants contained in the Declaration and to enforce any Board Resolutions, Architectural Guidelines and Rules and Regulations adopted pursuant to the Declaration and Bylaws; and

WHEREAS, it is the intent of the Board to expressly adopt the provisions of Section 55-513 of Virginia's Property Owners' Association Act and to establish Rules and Regulations adopted pursuant to the Declaration as required by Section 55-513 for the Board and such Committees as may be designated by the Board in the future where

they must take action relative to questions of covenant enforcement; and

WHEREAS, for the benefit and protection of the Association and of the individual members, the Board of Directors deems it desirable to establish procedures to assure due process ("due process procedures") in cases where there is a question of compliance by an Association Member ("Owner"), the Owner's family, guests, invitees, licensees and/or tenant(s) and the tenant's(s') family, guests, invitees and licensees, with the provisions of the Declaration, the Articles of Incorporation, Bylaws, adopted Board Resolutions, Architectural Guidelines and Rules and Regulations and/or any amendments and/or supplements thereto (all such documents collectively referred to herein as the "Governing Documents"), thereby attempting to minimize the necessity of seeking action in or through a court of law; and

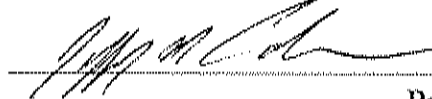
WHEREAS, the Board of Directors will provide notice of this policy to all current owners by mailing a copy of this Resolution to current owners and to all future owners by including the Resolution in resale disclosure packages prepared pursuant to Section 55-512 of the Property Owners' Association Act.

WHEREAS this Resolution shall supersede and replace all prior Resolutions and Rules enacted by the Association, including but not limited to Resolution 2012-1;

NOW THEREFORE, the Board of Directors of Campus East Community Association, Inc. (the "Board") does hereby adopt the attached Rules and Regulations governing Due Process Hearings and Policies for Collection of Delinquent Assessments.

IN WITNESS WHEREOF the undersigned President hereby certifies that this resolution was passed by majority vote of the Board of Directors on the "Effective Date" set forth below.

CAMPUS EAST COMMUNITY ASSOCIATION



_____, President

(Effective Date)

RULES AND REGULATIONS OF CAMPUS EAST COMMUNITY ASSOCIATION,
INC. REGARDING DUE PROCESS PROCEDURES FOR ENFORCEMENT OF
COVENANTS AND NONPAYMENT OF ASSESSMENTS AND COLLECTION OF
DELINQUENT ACCOUNTS

1. ADOPTION OF SECTION 55-513 OF VIRGINIA'S PROPERTY OWNERS' ASSOCIATION ACT. The Association's Board hereby adopts the provisions of Section 55-513 of Virginia's Property Owners' Association Act, which states the Board shall have the power to:

A. Suspend a member's right to use facilities or services, including utility services, provided directly through the association for nonpayment of assessments which are more than 60 days past due, to the extent that access to the Lot through the Common Areas is not precluded and provided that such suspension shall not endanger the health, safety, or property of any owner, tenant, or occupant; and

B. Assess charges against any Member for any violation of the Declaration, Bylaws or Rules and Regulations for which the member or his family Members, tenants, guests, or other invitees are responsible.

2. SUSPENSION OF VOTING RIGHTS, COMMON AREA FACILITIES USE RIGHTS AND UTILITY SERVICES.

A. Voting Rights. Pursuant to Section 2.1(d) of the Declaration and Section 7.1(b) of the Bylaws the Board shall suspend the voting rights of an Owner for any period during which any assessment against the Owner's Lot remains unpaid. An Owner's voting rights shall be suspended automatically for such delinquency. A due process hearing prior to such suspension is not required by law or by this Resolution and shall not be available prior to such voting rights suspension.

B. Common Area Facilities Use. Pursuant to Section 1.a of this Resolution, the Board may suspend an Owner's right to use the Association's recreational facilities for nonpayment of any assessment against the Owner's Lot which is more than 60 days past due. An Owner's rights to use the recreational facilities shall be suspended only after the Owner is afforded the due process procedures set forth in this Resolution.

3. DUE PROCESS PROCEDURES FOR FAILURE TO PAY ASSESSMENTS.

A. When an Owner may be asked to attend a Due Process Hearing. In the event any Owner's assessment account is more than 60 days past due, the Board may, in its sole discretion, notify the Lot Owner a due process hearing will be noticed and conducted in accordance with Paragraph 5 below.

B. Possible Delinquent Account Due Process Hearing Result. As a result of the due process hearing, the Board may suspend a Lot Owner's right to use the Association's recreational facilities.

4. DUE PROCESS PROCEDURES, GOVERNING DOCUMENTS.

A. Violation, First Notice. When a violation of the Declaration, Bylaws, Rules and Regulations or Resolutions, is either observed by or reported to the Board of Directors or the Association's Manager, the Owner will be issued a written warning to notice the Owner of the covenant violation. This covenant violation notice will state the specific nature of the violation, the action required to abate or cure the violation, a reasonable time to cure the violation and the Board's authority to impose sanctions for failure to abate or correct the violation. Continuing conduct violations, for example timely removal of trash cans from the street, will be evaluated on an annualized basis such that the violation will only be deemed fully corrected upon continuing compliance for a period of twelve (12) months from the date of the first noticed violation.

B. Repeat of Cured Continuing or Single Occurrence Violation. In the event the Owner cures or abates the violation within the initial time frame stated in the covenant violation letter, the Owner is hereby notified the Board of Directors may, in its sole discretion, consider any repeat of the same violation within the next twelve (12) months a continuing violation of the noticed covenant violation and may schedule a due process hearing in accordance with Paragraph 5 below without further written covenant violation notices.

C. When an Owner will be asked to attend a Due Process Hearing. If the covenant violation is not cured within the time frame set forth in the covenant violation letter, or if the violation is of a non-continuing, single occurrence, nature and

the Board determines a due process hearing is necessary, a notice of due process hearing will be issued. The due process notice, hearing and results correspondence will comply with the provisions of this Resolution.

D. Possible Covenant Violation Due Process Hearing Result. If the Board finds the Owner to be in violation as a result of the due process hearing, charges may be assessed in an amount not to exceed fifty (\$50.00) dollars for a single offense or ten (\$10.00) dollars per day for a violation of a continuing nature until the violation is cured or, if the violation is not cured, for a period not to exceed ninety (90) days. Such charge(s) shall be treated as a lien against said Owner's Lot and shall have the same force and effect as if the charge was a part of the Assessments attributable to such Owner.

The Board of Directors may, in its sole discretion, consider any repeat of the same violation within twelve (12) months of the date of the due process hearing results letter a continuing violation of the violation for which the due process hearing was held and may impose charges for such covenant violation provided such notice of and potential imposition of charges is set forth in the due process hearing result letter required by this Resolution.

5. DUE PROCESS NOTICE, HEARING AND RESULTS CORRESPONDENCE.

A. Due Process Hearing Notice.

1. The due process hearing notice will set forth the time, date and location of the due process hearing.
2. The due process notice shall provide the address of record, including any facsimile or email address if applicable, at which the Association may be contacted regarding the due process proceedings.
3. The Due Process notice shall state the alleged violation(s) and actions that may be taken by the Association related to such violation.
4. The due process notice shall advise the Owner that they may have an attorney present to represent the Owner at the due process hearing but are not required to have an attorney.
5. Notice of the due process hearing shall, at least fourteen (14) days in advance thereof: be hand delivered or mailed by certified United States mail, return receipt requested, to such Owner at the address of record with the Association for notices

of meetings of the Association.

6. Any request to change a scheduled due process hearing date must be submitted in writing to the Association's address of record no later than twenty-four (24) hours prior to the due process hearing date. Approval of the Owner's request to postpone the due process hearing shall be mailed by U.S. Mail only to the Owner's address of record with the Association. The postponement approval shall state the time, date and place of the rescheduled due process hearing.

B. Due Process Hearing. The due process hearing shall be conducted by at least a quorum of the Association's Board of Directors or by a Board appointed Tribunal.

Failure of an Owner to attend the scheduled due process hearing shall not waive the Board's right to continue to hold the due process hearing unless a postponement has been requested and granted in accordance with Rule 5.a above. Should the Owner fail to request a postponement and/or fail to attend the due process hearing, the Board shall, even though the Owner is absent, have the authority:

- (1) To suspend a Lot Owner's right to use the Association's recreational facilities; and/or
- (2) Impose charges against the Owner.

All due process hearing results shall apply to the Owner, the Owner's family, guests, invitees, licensees and/or tenant(s) and the tenant's(s') family, guests, invitees and licensees

C. Due Process Hearing Result Correspondence. The due process hearing result shall be mailed by certified mail, return receipt requested, to the Owner at the address of record with the Association and, if different, by regular mail to the Lot's address within seven (7) days of the due process hearing.

D. Costs of Enforcement. Any Owner found to be in violation shall be responsible for all attorneys' fees, administrative costs, including any postage fees and court costs that may result in the enforcement pursuant to this Resolution. Such fees and costs shall have the same force and effect as if the charge was an assessment attributable to such Owner.

6. EFFECTIVE DATES. The adoption of Section 55-513 of the Property Owners' Association Act shall mean §55-513 the Code of Virginia, 1950, as in effect on the date of this Resolution, and as amended from time to time thereafter. Except as otherwise expressly permitted herein, if any sections of the Virginia Code referred to in this Resolution are hereafter repealed or recodified, each such reference shall be deemed to apply to the sections of the Virginia Code that is the successor to the previous section referred to herein or, if there is no successor section, such reference shall be interpreted as if the section had not been repealed.

7. OTHER REMEDIES.

These Rules and Regulations shall not be interpreted to prevent the Association from exercising any other remedies authorized or available under the Governing Documents, the Property Owners association Act, or applicable law.

8. RULES APPLICABLE TO ALL ACCOUNTS

A. Due Dates. The annual assessment shall be due on February 1st of each year. A special assessment shall be due on the date established in the Notice of Special Assessment. Charges imposed pursuant to a due process hearing, a dues process assessment, shall be due on the date provided in the Hearing Results Letter. ("Due Date").

B. Lot Owner's Mailing Address. All documents, correspondence, and notices relating to assessments or charges shall be mailed to the address which appears on the books of the Association or to such other address as is designated in writing by an Owner to the Association.

C. Invoices and Other Notices. Non-receipt of an invoice shall in no way relieve the Lot Owner of the obligation to pay the amount due by the due date.

9. REMEDIES FOR NONPAYMENT OF ASSESSMENT

A. Late Fee. If payment of any assessment, or of any installment thereof, or charges due, including, without limitation, special assessments and charges for violations of the Declaration, Bylaws or Rules and Regulations, are not received within 30 days of the due date, the account shall be deemed late and a late fee in the amount of Thirty-five Dollars (\$35.00) shall be added to the amount due and shall be a part of the

continuing lien for assessments, as provided for in the governing documents and the POAA, until all sums due and owing shall have been paid in full.

B. Returned Checks. If a check tendered in payment of any amount due to the Association is returned, a returned check charge of fifty (\$50), or the maximum amount permitted by law, shall be added to account balance. This amount shall be in addition to any other amounts such as interest and late charges.

C. Acceleration. If a Lot Owner fails to pay an assessment installment within thirty (30) days after its due date, or if the Board refers the Lot Owner's account to legal counsel for collection, then the Board, by this Resolution, hereby authorizes the Association's Managing Agent or legal counsel, as the case may be, to automatically accelerate the remaining balance due and payable in full without further notice being required, and without the need to obtain specific case-by-case direction from the Board in that regard.

D. Two or More Returned Checks. If the Association receives from any Lot Owner, in any accounting year, two (2) or more checks returned for insufficient funds for payment of assessments or other charges, the Board may require all future payments to be made by certified check, cashier's check, or money order for the remainder of the fiscal year.

E. Assessment of Costs and Attorney's Fees. All costs incurred by the Association as a result of any delinquency in the payment of any assessment or violation of the Articles of Incorporation, Declaration, Bylaws, Rules and Regulations or Resolutions of the Association shall be specially assessed or charged against the Owner as provided in the Declaration and the POAA. Such costs include, without limitation, attorney's fees, legal or administrative expenses (regardless of whether suits or liens are filed) resulting from a Lot Owner's failure to pay charges or assessments when due or from any other default referred to in this Resolution.

F. Crediting of Payments. Payments received from a Lot Owner shall be credited in the following order unless otherwise required by law:

1. Charges for attorney's fees and court costs;
2. All returned check charges or interest accrued, as applicable;
3. Special Assessments, or any installments thereof, and late fees for each Lot;
4. All other charges incurred by the Association as a result of any violation by a Lot Owner or the Lot Owner's family members, tenants, guests or other invitees; and
5. The Annual Assessment, or any installments thereof, and late fees for each Lot, applied first to the oldest amount due.