

**RESOLUTION  
OF THE BOARD OF DIRECTORS OF  
CUNDALL FARMS METROPOLITAN DISTRICT**

**REGARDING POLICIES, PROCEDURES AND PENALTIES FOR THE  
ENFORCEMENT OF THE GOVERNING DOCUMENTS**

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WHEREAS, Cundall Farms Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado; and

WHEREAS, pursuant to the terms and conditions of the “Covenants, Conditions and Restrictions for Trailside,” recorded at Reception No. 2014000080289, Adams County, Colorado, on November 17, 2014 (the “**Covenants**”), the District is permitted to send demand letters and notices, levy and collect fines and interest, impose liens, and negotiate, settle and take any other actions with respect to any violations or alleged violations of the Governing Documents (as defined below); and

WHEREAS, the Board of Directors (the “**Board**”) of the District is authorized to promulgate adopt, enact, modify, amend, repeal, and re-enact rules and regulations concerning and governing the Property (as that term is defined in the Covenants) (the “**Rules and Regulations**”); and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., the Board is authorized to fix and from time to time increase or decrease, fees, rates, tolls, penalties, or charges for services, programs, or facilities furnished by the District; and

WHEREAS, such fees, rates, tolls, penalties, or charges, until paid, shall constitute a perpetual lien on and against the property served; and

WHEREAS, the Board desires to set establishing policies, procedures and penalties for violations of the Covenants, any guidelines, rules and regulations, and other policies and procedures of the District, as the same may be adopted, amended and supplemented from time to time (collectively, the “**Governing Documents**”).

NOW THEREFORE, the Board hereby adopts this Resolution and the following policies and procedures:

1. Intent of District. This Resolution is adopted to ensure the protection of the health, safety and welfare of the residents and property owners of the District, to preserve property values, enhance the quality of life for all District residents, and provide a fair and consistent enforcement process of the Governing Documents.

2. Enforcement Policy. The District may enforce the Governing Documents through administrative proceedings or judicial action, and any non-compliance with the Governing Documents by any owner, renter or guest will be the responsibility of the owner of the respective property subject to this Resolution (“the “**Owner**”). This Resolution is intended to serve as guidance to the Board and the District’s authorized representative(s) (the “**District**”).

**Representative”**), and does not limit or restrict the authority of the Board. The Board may intervene at any time with respect to any authority granted to or action undertaken by the District Representative. In addition, this Resolution shall not supersede the procedures for approval, disapproval, or notice of noncompliance related to improvements as set forth in the Governing Documents.

3. Investigative Procedure. Upon receipt of a written complaint alleging a violation of the Governing Documents, or upon notification by the ARC pursuant to the Covenants, the District Representative will conduct an investigation to determine whether a violation of the Governing Documents has occurred. Upon determining that a violation has occurred, the District Representative and Board shall take the following steps:

- a. Advisory Letter. If the District Representative determines that a violation of the Governing Documents exists, either through the investigative process as set forth above, or through independent inspections or observations of the District Representative, the District Representative will send an “Advisory Letter” to the Owner by first-class United States mail to the address of the Owner on record according to the records of the County Clerk & Recorder (“**Owner’s Address**”), notifying the Owner of: (i) the restriction violated and the nature of the violation, (ii) that the Owner must have the violation corrected with 15 calendar days after mailing, and (iii) that failure to timely cure the violation may result in potential fines or other sanctions. If, in the discretion of the District Representative, the violation requires more than 15 days to cure, the District Representative may extend the cure period or require the Owner to commence such cure within 15 days after the date of the Advisory Letter and diligently prosecute the same to completion. The District Representative may, in its sole discretion, determine that an Advisory Letter is not necessary or appropriate and may instead immediately send a Notice as provided in paragraph 5 below.
- b. Notice of Complaint and Opportunity to Be Heard. If an Owner fails to cure (or provide adequate proof that he or she is diligently seeking to cure, if applicable) a violation within 15 days of the date of the Advisory Letter, or if the District Representative determines, in its sole discretion, an Advisory Letter is not necessary or appropriate, the District Representative shall send a notice of complaint and opportunity to be heard (“**Notice**”) to the Owner notifying the owner of the violation. The Notice shall be sent to the Owner’s Address.
- c. Hearing on Violation. Hearings regarding violations of the Governing Documents shall be conducted by the Board, or a tribunal consisting of District residents or other persons as selected by the Board.
- d. Failure to Attend or Request Hearing. In the event any Owner, or his or her authorized representative, fails to request a hearing within 15 days of the mailing of the Notice, or fails to appear at a requested hearing, he or she will be deemed to have admitted and acknowledged the violation and will be subject to all fines and penalties assessed in connection with the violation.

- e. Decision. After the District has taken the steps as outlined above, upon a finding that an Owner is in violation of the Governing Documents, the District Representative shall send notice of violation (“**Notice of Violation**”) to the Owner’s Address. The District may revoke or suspend the Owner’s privileges, impose fines in accordance with the fine schedule set forth below and take such other actions as it may deem necessary or appropriate to assure compliance with the Governing Documents.
- f. Notice of Ongoing Violation. If after 10 days of mailing the Notice of Violation to the Owner’s Address, the Owner has not cured the violation or made arrangements to cure the violation and communicated such arrangements to the District Representative in writing, the District Representative shall send a notice of ongoing violation (“**Notice of Ongoing Violation**”) to the Owner’s Address demanding that they cure the ongoing violation and that a fine has been imposed on their account. A second Notice of Ongoing Violation shall be sent 10 days thereafter if the violation is not cured or arrangements to cure the violation are not communicated to the District Representative in writing and the fine is paid.
- g. Continuing Violation. In the event that one or more violations continue(s) to exist for more than 30 calendar days uninterrupted, such violation shall be deemed a “**Continuing Violation**” until cured. In the case of a Continuing Violation, the District may in its discretion, in addition to any other remedy, impose a fine of up to \$100 for each day that a Continuing Violation continues.

4. Fine Schedule. The following fine schedule is adopted for any and all violations of the Governing Documents.

First Notice of Violation:	\$ 25.00 per offense
First Notice of Ongoing Violation:	\$ 50.00 per offense
Second Notice of Ongoing Violation:	\$ 100.00 per offense

5. Violations or Offenses that Constitute a Present Danger. If a violation concerns a serious or immediate risk to the health, safety, or welfare of person or property, the District Representative shall seek to obtain prompt action by the Owner to correct the violation and avoid any reoccurrence, and the procedural requirements under this Resolution may be waived by the Board and a hearing scheduled as soon as possible. The Board may impose sanctions as necessary to abate any threat to health, safety or welfare of any person or property.

6. Waiver of Fines and Other Amounts. The District may determine enforcement actions on a case by case basis, and take other actions as it may deem necessary or appropriate to assure compliance with the Governing Documents. The District Representative may, in its sole discretion, waive all or any portion of any fines and other amounts levied under this Resolution. Additionally, the Board may condition waiver of any fine or other amount(s), upon the Owner coming into and staying in compliance with the Governing Documents.

7. Other Enforcement Means. The provisions of this Resolution shall be in addition to all other enforcement means which are available to the District through the Governing Documents, or by law. Application of this Resolution does not preclude the District from using any other enforcement means, including, but not limited to the recording of liens, foreclosure, and any other legal or equitable remedies available to the District.

8. Application of Escrow Amounts. Any amounts held by the District in escrow pursuant to a resolution establishing an escrow policy for landscape violations as may be adopted and amended from time to time, (the “**Escrow Resolution**”) may, in the discretion of the District, be applied toward fines and other penalties imposed hereunder as a result of forfeiture that may occur under the Escrow Resolution.

9. Legal Action. Any violation of the Governing Documents may, in the discretion of the Board, be turned over to legal counsel to take appropriate legal action either in lieu of, or in addition to, the imposition of any fines or other penalties under this Resolution, and Owners shall be responsible for all attorneys’ fees and costs incurred in enforcing this Resolution and in collecting amounts due and owing the District.

10. Foreclosure of Lien. All amounts imposed pursuant to this Resolution shall, until paid, constitute a statutory, perpetual lien on and against the property served, and any such lien may be foreclosed in the manner provided by the laws of the State of Colorado for the foreclosure of mechanic’s liens, pursuant to § 32-1-1001(1)(j), C.R.S., such lien being a charge imposed for the provision of services and facilities to the property. Said lien may be foreclosed at such time as the District in its sole discretion may determine. The lien shall be perpetual in nature (as defined by the laws of the State of Colorado) on the property and shall run with the land.

11. Deviations. The District may deviate from the procedures set forth herein if, in its sole discretion, such deviation is reasonable under the circumstances.

12. Amendment. The policies, procedures and fine schedule set forth in this Resolution may be supplemented and/or amended from time to time by the District, in its sole and absolute discretion.

13. Payment. Payment for all fines shall be by check or equivalent form acceptable to the District, made payable to “Cundall Farms Metropolitan District” and sent to the following address, on or before the due date: Cundall Farms Metropolitan District, c/o Stillwater Community Management, 5690 Webster Street, Arvada, CO 80002. The District may change the payment address from time and time and such change shall not require an amendment to this Resolution.

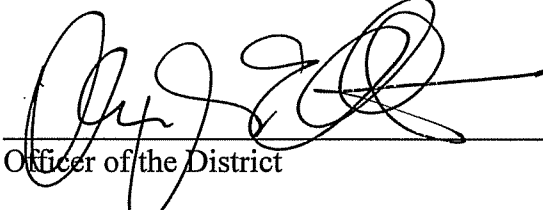
14. Severability. If any portion of this Resolution is declared by any court of competent jurisdiction to be void or unenforceable, such decision shall not affect the validity of any remaining portion of this resolution, which shall remain in full force and effect. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Resolution a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

15. Effective Date. This Resolution shall become effective immediately, and shall supersede in its entirety any prior resolution.

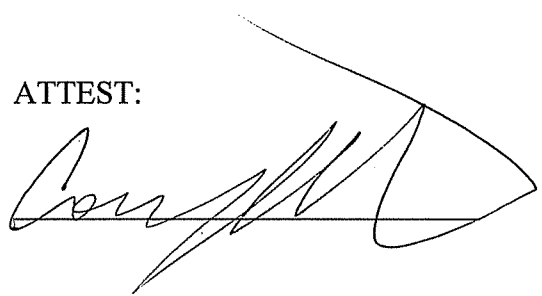
*Signature page follows.*

APPROVED AND ADOPTED THIS THE 26<sup>th</sup> DAY OF NOVEMBER, 2014.

**CUNDALL FARMS METROPOLITAN DISTRICT**, a quasi-municipal corporation and political subdivision of the State of Colorado

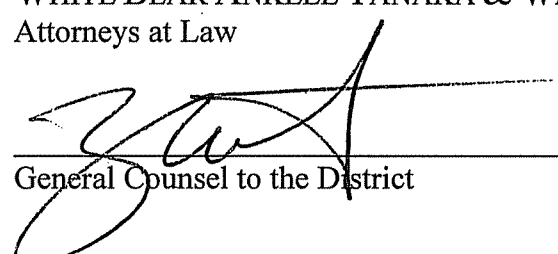
  
\_\_\_\_\_  
Officer of the District

ATTEST:

  
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APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

  
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General Counsel to the District