

**RESOLUTION OF THE BOARD OF DIRECTORS OF SIERRA RIDGE  
METROPOLITAN DISTRICTS NOS. 1 AND 2 CONCERNING  
COVENANT ENFORCEMENT POLICY**

WHEREAS, Sierra Ridge Metropolitan Districts Nos. 1 and 2, Douglas County, Colorado, are metropolitan district as defined in Section 32-1-103(10), C.R.S., and quasi-municipal corporations and political subdivisions of the State of Colorado (collectively the "District"); and

WHEREAS, the District was organized to provide, and is providing, public services and facilities within and without its boundaries; and

WHEREAS, the District, pursuant to Section 32-1-1001(d), C.R.S., as amended, may enter into contracts and agreements affecting affairs of the District; and

WHEREAS, the District, pursuant to Section 32-1-1001(n), C.R.S., as amended, has the general power to exercise all rights and powers necessary, incidental to or implied from the specific powers granted to the District; and

WHEREAS, pursuant to Section 32-1-1004(8), C.R.S., as amended, the board of a metropolitan district has the power to furnish covenant enforcement and design review services on behalf of a master District or similar body within the district if the governing body of the applicable master District or similar body and the metropolitan district have entered into a contract to define the duties and responsibilities of each of the contracting parties, including the covenants that may be enforced by the district, and the covenant enforcement services of the district do not exceed the enforcement powers granted by the declaration, rules and regulations, or any similar document containing the covenants to be enforced; and

WHEREAS, pursuant to Section 32-1-1001(j), C.R.S. as amended, the board of a metropolitan district has the authority to implement and impose a system of fees, charges and penalties and such charges shall constitute a perpetual lien against the property served and which lien may be foreclosed in the same manner as the foreclosure of mechanics' liens

WHEREAS, pursuant to the governing documents of the District, certain fees and charges have been authorized and imposed within the District and the District Board of Directors has determined that it is necessary to adopt certain policies and procedures in regard to collection thereof.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sierra Ridge Metropolitan Districts Nos. 1 and 2 that the "Covenant Enforcement Policy" (the "Policy") is adopted as follows.

1. Power. The Board of Directors or its representative shall have the power and duty to hear and make decisions relating to violations and written complaints and to impose fines or other sanctions, pursuant to this Policy. The Board or its representative may determine enforcement action on a case by case basis, and take other actions as it may deem necessary and appropriate to assure compliance with the Declaration of Covenants, Conditions and Restrictions of Sierra Ridge ("Declaration"), the District's Service Plan and Bylaws (collectively the "Documents") promulgated thereunder, and to create a safe and harmonious living environment.

These enforcement provisions may be in addition to other specific provisions outlined in the Documents, and the District is not required to follow these enforcement provisions before pursuing such other remedies. The District may choose a legal remedy or seek assistance from other enforcement authorities, such as police, fire, or animal control, as it deems appropriate. Violations of the Rules and Regulations are governed by the Rules, Regulations & Guidelines of Sierra Ridge Metropolitan District No. 1 & 2, as amended.

2. Complaint. A proceeding to determine if the Documents have been violated and any enforcement measures and remedies that may apply shall be initiated by the filing of a written complaint with or by the District's Board or its representative. The complaint shall state the specific provision(s) of the Documents alleged to have been violated and as many specifics as are available as to time, date, location and persons involved in the violation. Complaints may be generated by inspection, investigation or observation by the District or its representative.

3. Notice of Complaint and Warning Letter. Upon receipt of a written complaint, if the Board or its representative, which may include but not be limited to the District manager, determines that the allegations in the complaint are sufficient to constitute a violation of the Documents and that further action is warranted, within 30 days after receipt of the complaint the District shall send a warning letter ("Warning Letter") to the person(s) (the "Respondent") alleged to have violated the Documents, by prepaid, first class United States mail addressed

to the mailing address of the Respondent appearing on the records of the District. The Warning Letter shall advise the Respondent of the following:

(a) the details of the complaint, or include a copy of the complaint; (b) that the District has reason to believe that the Respondent has violated the Documents of the District; and (c) directing that the Respondent cease the violating activity and that the Respondent will have fifteen (15) days from the date the Warning Letter was mailed to come into compliance, or to submit a written request for a formal hearing. A deposit in an amount of Two Hundred Dollars (\$200.00) per request for hearing shall be submitted to the District to cover the costs of the hearing until the final decision following such hearing is issued. The deposit shall be refunded to the Respondent if the District or its representative renders a final decision in favor of the Respondent. If the final decision is against the Respondent, the deposit shall be applied to the costs of the hearing and the Respondent shall be responsible for all costs including the fees for the hearing officer, attorneys' fees and all other associated costs including costs in excess of the deposit.

4. Continued Violation After Warning Letter and Hearing. If, following the Warning Letter and opportunity for hearing, the District receives further complaint of the same or similar violations by the same Respondent or that the Respondent has not corrected the violation within the time permitted in the Warning Letter and the Respondent has not requested a hearing in writing, the District shall send a second notice to the Respondent, by prepaid, first class United States mail addressed to the mailing address of the Respondent. The notice shall advise the Respondent of the following: (a) the details of the complaint, or include a copy of the complaint; (b) the remedial action that may be taken; (c) that the Respondent has waived his or her right to be heard; and (e) the District's right to make a determination with respect to the allegations contained in the subsequent complaint(s) based on all relevant facts and circumstances.

5. Hearing and Appeal. Each hearing shall be held at the scheduled time, place and date, unless the Respondent has failed to respond or appear at the hearing. Notice of hearing shall be given by certified mail at least seven (7) calendar days prior to the date of the hearing, unless the Respondent requests or agrees to a hearing sooner. The District may grant continuances for good cause. The hearing shall be conducted by the Board or a representative designated by the Board (collectively the "hearing officer"). The hearing officer may: (a) exercise its discretion as to the specific manner in which a hearing shall be conducted; (b) question witnesses and review evidence; and (c) act as it may deem appropriate or desirable to permit it to reach a just decision. Any party may elect not to present evidence at the hearing. Any decision by the hearing officer shall be fair and reasonable taking into consideration all of the relevant facts and circumstances. All decisions of the hearing officer may, within fifteen (15) days from

the date the decision was mailed, be appealed to the Board by submitting a written request for hearing to the Board. The request for an appeal shall set forth with specificity the facts or exhibits presented at the formal hearing upon which the Respondent relies and shall contain a brief statement of the complainant's reasons for the appeal. In response the District shall compile a written record of the hearing as conducted before the hearing officer. The appeal shall be considered at the next Board meeting held not earlier than ten (10) days after the filing of the request for appeal. The appeal shall be limited to a review of the record on appeal and the appeal request, no additional evidence shall be permitted. Each hearing and appeal to the Board shall be open to attendance by all residents of the District, unless otherwise agreed by the parties.

6. Decision. If the Respondent does not appear but a written response is filed, the hearing officer shall render its decision based on the information contained in the complaint and the written response, considering all of the relevant facts and circumstances. If neither an appearance nor a written response is made, the hearing officer need not conduct a hearing or make any further findings except that it may determine that the Respondent's failure to appear or respond constitutes a waiver of the right to a hearing, and a no contest plea to the complaint, and impose the fines or sanctions provided for herein. If an appearance is made, after all testimony and other evidence has been presented to the hearing officer at a hearing, the hearing officer shall render its decision(s), taking into consideration all of the relevant facts and circumstances. Except as provided herein, the hearing officer's decision shall be in writing and shall be mailed to the Respondent (and its attorney, if any) within fifteen (15) days following the hearing. Following appeal, the Board shall make written findings and shall send notice of its decision to the Respondent by certified mail within thirty (30) days following the Board meeting at which the appeal was considered.

7. Enforcement. The provisions of this policy shall not limit, or be a condition precedent to, the District's right to enforce the Documents by any means available to the District, including, but not limited to, commencement of a lawsuit to force compliance or seeking injunctive relief or damages. The District shall be entitled to reimbursement of all reasonable attorney's fees and costs incurred by the District in connection with any enforcement action, including any proceeding under this Policy. Without limiting the District's remedies under the Documents, the District may assess fines, suspend membership privileges, and impose other sanctions in accordance with this Policy. If the violation involves damage to District property, the violator shall also pay the costs of repair or replacement. The District may revoke or suspend the violator's privileges for a period of time equal to the duration of the violation and for up to sixty (60) days thereafter, unless such violation is a continuing violation, in which case such suspension may continue for so long as such violation continues and for up to sixty (60) days thereafter.

8. Fines. Fines may be levied by the District for violations of the Documents as follows:

| <u>Number of Violation Notices in a 12 Month Period</u> | <u>Fine Amount</u> |
|---|--------------------|
| Warning Notice  | \$ 0.00            |
| First Notice  | \$ 75.00           |
| Second Notice and each subsequent Notice                | \$ 300.00          |
| Referral to Legal at the Boards discretion              | Legal Fees Imposed |
| Alcohol Being served without the Necessary Paperwork    | \$1,000.00         |

(Unauthorized Alcohol served at the clubhouse, please refer to Page 4 of the Sierra Ridge Metropolitan District Nos. 1 and 2 Clubhouse & Pool Rules & Regulations Amended April 4, 2019)

9. Habitual Offenders and Continuing Violations. A resident who accumulates more than three (3) violations within a twelve (12) month period will be deemed to be a habitual offender. For habitual offenders, continuing violations, or violations which have an indefinite commencement or termination date, the District may impose such additional fines as are deemed reasonable by the District without regard to the schedule set forth above.

10. Willful and Wanton Violations. In the event of a determination by the District of a willful, wanton or flagrant disregard for the provisions of the Documents, or based on the severity of the violation, the District may impose such additional fines as are deemed reasonable by the District without regard to the schedule set forth above.

11. Responsibility for Actions of Tenant or Guest. Owners shall always be responsible for the actions of their family members, tenants and guests. In the event that an Owner's tenant or guest violates the Documents and a fine or sanction is imposed, the fine or sanction shall be assessed against that Owner.

12. Violations or Offenses that Constitute a Present Danger. If, in its sole discretion, the District deems that any alleged violation is or may be an immediate or substantial threat to the health, safety or welfare of the community or an individual, the District may take the appropriate action necessary to abate the threat to health, safety or welfare of the community or individual.

13. Miscellaneous.

13.1 Failure by the District to enforce any provision of this Policy shall in no event be deemed to be a waiver of the right to do so thereafter.

- 13.2 Fines imposed pursuant to this Policy shall become an assessment imposed against the record Owner's real estate and enforceable as provided in the Documents.
- 13.3 The provisions of this Policy shall be independent and severable. The invalidity of any one or more of the provisions hereof by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which other provisions shall remain in full force and effect.
- 13.4 The provisions of this Policy shall replace and supersede any other Rules or Regulations of the District in conflict herewith addressing the enforcement of the District's Documents.

The District's Board of Directors shall hereafter take or direct such additional actions to be taken and execute such other or additional documents as may be necessary to affect the intents and purposes of the actions reflected herein.

This Covenant Enforcement Policy was adopted by the Board of Directors on the 11 day of November, 2019, effective the 1<sup>st</sup> day of December, 2019, and is attested to by the President of Sierra Ridge Metropolitan Districts Nos. 1 and 2.

**SIERRA RIDGE METROPOLITAN  
DISTRICTS NOS. 1 AND 2**

By: K. Barl  
Its: President