

RESOLUTION NO. 2025-04-03

RESOLUTION OF THE BOARD OF DIRECTORS OF MUEGGE FARMS METROPOLITAN DISTRICT NO. 1 ADOPTING THE FIRST AMENDED AND RESTATED POLICIES AND PROCEDURES GOVERNING THE ENFORCEMENT OF THE MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR MUEGGE FARMS FILING NO. 4; SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR MUEGGE FARMS AMERICAN DREAM (FILING NO. 4); AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR MUEGGE FARMS COACH HOUSE (FILING NO. 4)

A. Muegge Farms Metropolitan District No. 1 (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado located in the Town of Bennett, State of Colorado.

B. The District operates pursuant to its Amended and Restated Service Plan for Muegge Farms Metropolitan District Nos. 1, 2, 3 and 4, as approved by the Board of Trustees for the Town of Bennett, Colorado on March 24, 2020, as the same may be amended and/or modified from time to time (the “**Service Plan**”).

C. Pursuant to Section 32-1-1001(1)(m), C.R.S., the District has the power “to adopt, amend and enforce bylaws and rules and regulations not in conflict with the constitution and laws of this state for carrying on the business, objects, and affairs of the board and of the special district.”

D. Pursuant to Section 32-1-1001(1)(j)(I), C.R.S., the District has the power “to fix and from time to time to increase or decrease fees, rates, tolls, penalties or charges for services, programs, or facilities furnished by the special district.”

E. Clayton Properties Group II, Inc. (the “**Master Declarant**”) has caused to be recorded the Master Declaration of Covenants, Conditions, and Restrictions for Muegge Farms Filing No. 4, recorded on June 10, 2022, at Reception No. 2022000051607, in the real property records of Adams County, Colorado, as the same may be amended, modified and/or supplemented from time to time (as so amended, modified and/or supplemented, the “**Master Covenants**”) applicable to the real property within the District (the “**Property**”).

F. Clayton Properties Group, Inc., a Colorado corporation (the “**Supplemental Declarant**,” and together with the Master Declarant, the “**Declarants**”), has caused to be recorded the Supplemental Declaration of Covenants, Conditions, and Restrictions for Muegge Farms American Dream (Filing No. 4), recorded on January 29, 2025, at Reception No. 2025000004849, in the real property records of Adams County, Colorado, as the same may be amended, modified and/or supplemented from time to time (as so amended, modified and/or supplemented, the “**Supplemental American Dream Declaration**”), as applicable to a portion of the Property within the boundaries of the District that is subject to the Supplemental American Dream Declaration (the “**American Dream Property**”).

G. The Supplemental Declarant also caused to be recorded the Supplemental Declaration of Covenants, Conditions, and Restrictions for Muegge Farms Coach House (Filing No. 4), recorded on January 29, 2025, at Reception No. 2025000004850, in the real property records of Adams County, Colorado, as the same may be amended, modified and/or supplemented from time to time (as so amended, modified and/or supplemented, the “**Supplemental Coach House Declaration**”), as applicable to a portion of the Property within the boundaries of the District that is subject to the Supplemental Coach House Declaration (the “**Coach House Property**”, and together with the American Dream Property, the “**Supplemental Property**”).

H. The Supplemental Coach House Declaration and the Supplemental American Dream Declaration are, collectively, the “**Supplemental Covenants.**” The Master Covenants and Supplemental Covenants are, collectively, the “**Covenants.**”

I. Pursuant to Section 32-1-1004(8), C.R.S., and pursuant to the District’s Service Plan, a metropolitan district may provide covenant enforcement within the district if the declaration, rules and regulations, or any similar document containing the covenants to be enforced for the area within the metropolitan district name the metropolitan district as the enforcement and design review entity.

J. The Covenants provide that it is the intention of the Declarants to empower the District to provide covenant enforcement services to the Property.

K. Pursuant to Section 32-1-1004.5, C.R.S., the District is required to adopt a written policy regarding the enforcement of the Covenants.

L. Pursuant to the Covenants, the District has the right to send demand letters and notices, to levy and collect fines, to negotiate, to settle, and to take any other actions with respect to any violation(s) or alleged violation(s) of the Covenants.

M. The District previously adopted Resolution No. 2024-10-___, Resolution of the Board of Directors of Muegge Farms Metropolitan District No. 1 Adopting Policies and Procedures Governing the Enforcement of the Master Declaration of Covenants, Conditions, and Restrictions for Muegge Farms Filing No. 4, which adopted a written policy regarding enforcement of the Master Covenants (the “**Policies and Procedures**”).

N. The District desires to amend and restate the Policies and Procedures in their entirety by adopting the First Amended and Restated Policies and Procedures (defined below) to also include the Supplemental Covenants.

O. The District desires to provide for the orderly and efficient enforcement of the Covenants by this written policy.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF MUEGGE FARMS METROPOLITAN DISTRICT NO. 1, TOWN OF BENNETT, ADAMS COUNTY, COLORADO, AS FOLLOWS:

1. The foregoing Recitals are incorporated into and made a substantive part of this Resolution.

2. The Board of Directors of the District hereby adopts the First Amended and Restated Policies and Procedures Governing the Enforcement of the Master Declaration of Covenants, Conditions, and Restrictions for Muegge Farms Filing No. 4; the Supplemental Declaration of Covenants, Conditions, and Restrictions for Muegge Farms American Dream (Filing No. 4); and the Supplemental Declaration of Covenants, Conditions, and Restrictions for Muegge Farms Coach House (Filing No. 4), as described in **Exhibit A**, attached hereto and incorporated herein by this reference (the “**First Amended Policies and Procedures**”).

3. The Board of Directors declares that the First Amended Policies and Procedures are effective as of January 29, 2025.

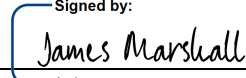
4. Judicial invalidation of any of the provisions of this Resolution or of any paragraph, sentence, clause, phrase or word herein, or the application thereof in any given circumstances, shall not affect the validity of the remainder of this Resolution, unless such invalidation would act to destroy the intent or essence of this Resolution.

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO RESOLUTION OF THE BOARD OF DIRECTORS OF MUEGGE FARMS METROPOLITAN DISTRICT NO. 1 ADOPTING THE FIRST AMENDED AND RESTATED POLICIES AND PROCEDURES GOVERNING THE ENFORCEMENT OF THE MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR MUEGGE FARMS FILING NO. 4; SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR MUEGGE FARMS AMERICAN DREAM (FILING NO. 4); AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR MUEGGE FARMS COACH HOUSE (FILING NO. 4)]

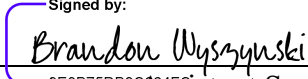
RESOLUTION APPROVED AND ADOPTED on April 10, 2025.

MUEGGE FARMS METROPOLITAN DISTRICT NO. 1

By:  Signed by:

President

Attest:

 Signed by:

Secretary or Assistant Secretary

EXHIBIT A

**FIRST AMENDED AND RESTATED POLICIES AND PROCEDURES GOVERNING
THE ENFORCEMENT OF THE MASTER DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS FOR MUEGGE FARMS FILING NO. 4;
SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR MUEGGE FARMS AMERICAN DREAM (FILING NO. 4); AND
SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR MUEGGE FARMS COACH HOUSE (FILING NO. 4)**

Preamble

The Board of Directors of Muegge Farms Metropolitan District No. 1 (the “**District**”), has adopted the following First Amended and Restated Policies and Procedures Governing the Enforcement of the Master Declaration of Covenants, Conditions, and Restrictions for Muegge Farms Filing No. 4 (the “**Master Covenants**”); the Supplemental Declaration of Covenants, Conditions, and Restrictions for Muegge Farms American Dream (Filing No. 4) (the “**Supplemental American Dream Covenants**”); and the Supplemental Declaration of Covenants, Conditions, and Restrictions for Muegge Farms Coach House (Filing No. 4) (the “**Supplemental Coach House Covenants**”) (the “**Policies and Procedures**”) pursuant to Sections 32-1-1001(1)(j)(I), 32-1-1001(1)(j)(I.5), 32-1-1001(1)(m), 32-1-1004(8) and 32-1-1004.5, C.R.S.

These Policies and Procedures provide for the orderly and efficient enforcement of the Master Covenants (recorded on June 10, 2022, at Reception No. 2022000051607 in the real property records of Adams County, Colorado); the Supplemental American Dream Covenants (recorded on January 29, 2025, at Reception No. 2025000004849, in the real property records of Adams County, Colorado); and the Supplemental Coach House Covenants (recorded on January 29, 2025, at Reception No. 2025000004850, in the real property records of Adams County, Colorado), as each may be amended, modified and/or supplemented from time to time (as so amended, modified and/or supplemented, the “**Covenants**”).

Pursuant to the Covenants, the Declarants intended to empower the District to provide covenant enforcement services to the residents of the District.

The District, pursuant to the provisions of Amended and Restated Service Plan for Muegge Farms Metropolitan District Nos. 1, 2, 3 and 4, as approved by the Board of Trustees for the Town of Bennett, Colorado on March 24, 2020, as the same may be amended and/or modified from time to time, as it has been and may be amended from time to time (the “**Service Plan**”), and pursuant to the Covenants, may enforce the Covenants through any proceeding in law or in equity against any Person(s) (as defined in the Covenants) violating or attempting to violate any provision therein. Possible remedies include all of those available at law or in equity. In addition, the District has the right to send demand letters and notices, to levy and collect fines, to negotiate, to settle, and to take any other actions, with respect to any violation(s) or alleged violation(s) of the Covenants.

Unless otherwise specified, all references to the “District” made herein shall refer to Muegge Farms Metropolitan District No. 1 and its Board of Directors. The District has retained a management company (the “**District Manager**”) to assist it in managing its affairs, including the assessment and collection of penalties for violations of the Covenants under these Policies and Procedures.

ARTICLE 1. SCOPE OF POLICIES AND PROCEDURES

1.1 Scope. These Policies and Procedures shall apply to the enforcement of the Covenants, including the Rules and Regulations and Design Review Guidelines adopted pursuant

thereto, as well as any reimbursable costs incurred by the District for enforcing the Covenants and for correction of noncompliance with the Covenants, including but not limited to, abatement of unsightly conditions, towing and storage of improperly parked vehicles, removal of trash, and removal of non-complying landscaping or improvements.

ARTICLE 2. VIOLATIONS OF THE COVENANTS

2.1 Violations. Following a “Fair and Impartial Fact Finding Process” as hereafter described, if a Person is found to have violated any provisions of the Covenants, said Person shall be liable to the District for any expense, loss, or damage occasioned by reason of such violation and shall also be liable to the District for the penalties set forth in Article 2.3 below. The Fair and Impartial Fact Finding Process consists of Section 2.2 below, which includes providing Notice of Violation, as well as the opportunity to be heard, as set forth in Article 3 below.

2.2 Fair and Impartial Fact-Finding Process. The District hereby appoints the District Manager as the “Impartial Decision-Maker”, as defined by Section 32-1-1004.5, C.R.S. for purposes of determining whether a violation of the Covenants has occurred. The District Manager constitutes an “Impartial Decision Maker” in that the District Manager is hereby delegated the authority to make a decision regarding the enforcement of the Covenants, including any architectural requirements AND the District Manager does not have any direct personal or financial interest in the outcome of the matter being decided. If the District Manager has reason to believe a violation has occurred, following reasonable investigation, the District Manager shall provide written notice to the owner (the “**Notice of Violation**”) regarding the nature of the alleged violation, the action or actions required to cure the violation and the timeline for such cure pursuant to the following classification guidelines:

a. Class I Violation: A violation that, in the sole discretion of the District Manager, can be corrected immediately and/or does not require submission to, and approval by, the District of any plans and specifications. Class I Violations include, but are not limited to, parking violations, trash violations and other violations of the Covenants concerning annoying lights, sounds or odors. Class I Violations can in most cases be corrected within seven (7) days of notification. If the violation is not corrected within seven (7) days of notification, the District may take any appropriate action necessary to remedy the violation, including but not limited to, abatement of unsightly conditions, towing and storage of improperly parked vehicles, and removal of trash, etc.

b. Class II Violation: A violation that, in the sole discretion of the District Manager, cannot be corrected immediately and/or requires plans and specifications to be submitted to, and approval by, the District prior to any corrective action. Class II Violations include, but are not limited to, violations of the Covenants related to landscaping and construction of, or modification to, improvements. Class II Violations can in most cases be corrected within thirty (30) days of notification. If the violation is not corrected within thirty (30) days of notification, the District may take any appropriate action necessary to remedy the violation, including but not limited to, removing the non-complying landscaping or improvement.

2.3 Limitation on Violations. Notwithstanding anything to the contrary contained herein or under law, no action shall be commenced or maintained by the District to enforce the terms of any building restriction contained in the Covenants or to compel the removal of any building or improvement because of a violation of the terms of any such building restriction unless the action is commenced within one year after the date that the District first knew or, in the exercise of reasonable diligence, should have known of the violation forming the basis of the action. Further, and notwithstanding anything to the contrary contained in the Covenants, in no event shall the District be entitled to enforce or bring any action associated with any purported violation to the extent it is prohibited to do so under Section 32-1-1004.5(6), C.R.S., as the same may be amended from time to time.

ARTICLE 3. OPPORTUNITY TO BE HEARD

3.1 Opportunity to be Heard. Individuals who receive any Notice of Violation or other notice or demand pursuant to these Policies and Procedures may request a hearing in accordance with the procedures set forth herein, or in the alternative, may elect to follow the Alternative Dispute Resolution procedures set forth in the Covenants or seek mediation of the dispute pursuant to Section 32-1-1004.5, C.R.S. Any Person receiving a Notice of Violation shall have the right to file a complaint with the District Manager within 30 days following receipt of said Notice of Violation.

3.2 Hearing Process. The hearing and appeal procedures established by this Article shall apply to all complaints concerning the interpretation, application, or enforcement of the Covenants, as each now exists or may hereafter be amended.

a. Complaint. Complaints concerning the interpretation, application, or enforcement of the Covenants must be presented in writing to the District Manager, or such representative as he or she may designate. Upon receipt of a complaint, the District Manager or designated representative, after a full and complete review of the allegations contained in the complaint, shall take such action and/or make such determination as may be warranted and shall notify the complainant of the action or determination by mail within fifteen (15) business days after receipt of the complaint. Decisions of the District Manager which impact the District financially will not be binding upon the District unless approved by the Board of Directors of the District at a special or regular meeting of the District.

b. Hearing. In the event the decision of the District Manager or his representative is unsatisfactory to the complainant, the complainant may submit to the District a written request for formal hearing before a hearing officer (“**Hearing Officer**”), which may be a member of the Board of Directors or such other Person as may be appointed by the Board of Directors, so long as such Hearing Officer constitutes an Impartial Decision Maker as defined in Section 32-1-1004.5, C.R.S. Such request for a formal hearing must be submitted within twenty (20) business days from the date written notice of the decision of the District Manager or designated representative was mailed.

Upon receipt of the request, if it be timely and if any and all other prerequisites prescribed by these Policies and Procedures have been met, the Hearing Officer shall conduct a hearing at the District’s convenience but in any event not later than fifteen (15)

business days after the submission of the request for formal hearing. The formal hearing shall be conducted in accordance with and subject to all pertinent provisions of these Policies and Procedures. Decisions of the Hearing Officer which impact the District financially will not be binding upon the District unless approved by the Board of Directors at a special or regular meeting of the District.

c. Rules. At the hearing, the Hearing Officer shall preside, and the hearing shall be recorded. The complainant and representatives of the District shall be permitted to appear in person, and the complainant may be represented by any Person (including legal counsel) of his or her choice.

The complainant or his or her representative and the District representatives shall have the right to present evidence and arguments; the right to confront and cross-examine any Person; and the right to oppose any testimony or statement that may be relied upon in support of or in opposition to the matter complained of. The Hearing Officer may receive and consider any evidence which has probative value commonly accepted by reasonable and prudent Persons in the conduct of their affairs.

The Hearing Officer shall determine whether clear and convincing grounds exist to alter, amend, defer, or cancel the interpretation, application, and/or enforcement of the Policies and Procedures that are the subject of the complaint. The Hearing Officer's decision shall be based upon evidence presented at the hearing. The burden of showing that the required grounds exist to alter, amend, defer, or cancel the action shall be upon the complainant.

d. Findings. Subsequent to the formal hearing, the Hearing Officer shall make written findings and an order disposing of the matter and shall mail a copy thereto to the complainant not later than fifteen (15) business days after the date of the formal hearing.

e. Appeals. In the event the complainant disagrees with the findings and order of the Hearing Officer, the complainant may, within fifteen (15) business days from the date such findings and order were mailed, file with the District a written request for an appeal thereof to the Board of Directors. The request for an appeal shall set forth with specificity the facts or exhibits presented at the formal hearing upon which the complainant relied and shall contain a brief statement of the complainant's reasons for the appeal. The District shall compile a written record of the appeal consisting of (1) a transcript of the recorded proceedings at the formal hearing, (2) all exhibits, or other physical evidence offered and reviewed at the formal hearing, and (3) a copy of the written findings and order. The District shall consider the complainant's written request and the written record on appeal at its next regularly scheduled meeting held not earlier than ten (10) days after the filing of the complainant's request for appeal. The District's consideration of the appeal shall be limited exclusively to a review of the record on appeal and the complainant's written request for appeal. No further evidence shall be presented by any Person or party to the appeal, and there shall be no right to a hearing de novo before the Board of Directors.

f. District Board of Directors Findings. The Board of Directors shall make written findings and an order concerning the disposition of the appeal presented to it and shall cause notice of the decision to be mailed to the complainant within thirty (30) days after the Board of Directors' meeting at which the appeal was considered. The Board of Directors will

not reverse the decision of the Hearing Officer unless it appears that such decision was contrary to the manifest weight of the evidence made available at the formal hearing. Any Board Member that does not constitute an Impartial Decision-Maker, as defined by Section 32-1-1004.5, C.R.S., shall abstain from voting.

g. Notices. A complainant shall be given notice of any hearing before the District Manager, the hearing officer, or before the Board of Directors, by certified mail at last seven (7) business days prior to the date of the hearing, unless the complainant requests or agrees to a hearing in less time. When a complainant is represented by an attorney, notice of any action, finding, determination, decision, or order affecting the complainant shall also be served upon the attorney.

h. Costs. Except as limited by Section 32-1-1004.5, C.R.S., all costs of the formal hearing and appeal processes shall be paid by the complainant, including, but not limited to, certified mailing, transcription of the recorded proceedings, and General Counsel/Covenant Counsel (defined below) fees.

ARTICLE 4. PENALTIES AND INTEREST

4.1 Penalties. Penalties for violations of the Covenants shall be assessed as follows. Any penalties that have not been paid by the applicable due date shall be considered delinquent (the “**Delinquent Account**”).

- a. First Offense – Notice of Violation, no penalty
- b. Second Offense – \$50.00.
- c. Third Offense - \$50.00.
- d. Fourth Offense - \$100.00.

e. Repetitive and Continuing Violations. A repetitive violation is the same violation that occurs on multiple occasions, *i.e.*, leaving out trash containers. After the Fourth Offense of a Repetitive Violation in a calendar year, the penalty shall be increased to \$100.00 for each repetitive violation. A continuing violation is the same covenant being violated, which violation is continuous in nature without being cured, *i.e.*, the residence was painted without approval in an unacceptable color, until such violation is cured. For each continuous violation in a calendar year, the penalty shall be increased to a Fee of \$100.00 for each day the violation continues (each day constitutes a separate violation).

4.2 Interest. Interest charges shall accrue and shall be charged on all amounts not paid by the applicable due date, including delinquent penalties and any amounts expended by the District to cure a violation of the Covenants or amounts expended by the District to repair damages caused as a result of a violation of the Covenants (“**Interest**”). Interest charges shall accrue and shall be charged at the maximum statutory rate of eighteen percent (18%) per annum.

ARTICLE 5. LIEN FILING POLICIES AND PROCEDURES

5.1 Perpetual Lien. Pursuant to Section 32-1-1001(1)(j)(I), C.R.S., all fees, rates, tolls, penalties, and charges levied by the District for violation of the Covenants (“**Fees and Charges**”), until paid, shall constitute a perpetual lien on and against the property to be served by the District (the “**Property**”). Notwithstanding the foregoing, pursuant to Sections 32-1-1001(j)(1.5) and 32-1-1004.5(3)(b)(II), C.R.S., foreclosure of such lien for any Fees and Charges shall not be available as a remedy related to the violation of the Covenants or enforcement of a failure to comply with the Covenants. Except for the lien against the Property created by the imposition of property taxes by the District and other taxing jurisdictions pursuant to Section 32-1-1202, C.R.S., all liens for unpaid Fees and Charges shall to the fullest extent permitted by law, have priority over all other liens of record affecting the Property and shall run with the Property and remain in effect until paid in full. In addition to any other means of collection provided by law, the Board may elect to have the amounts of the liens contemplated herein certified to the Adams County Treasurer upon the adoption of a resolution by the Board at a public meeting held after notice has been provided to the affected property owner (the “**Certified Amounts**”). The Certified Amounts will be collected and paid over by the Adams County Treasurer in the same manner as taxes are authorized to be collected and paid over pursuant to 39-10-107, C.R.S. The lien policies and procedures set forth herein shall be implemented in order to ensure an orderly and fair execution of the lien filing and collections process.

5.2 District Manager’s Procedures. The District Manager shall be responsible for collecting Fees and Charges imposed by the District against the Property. In the event payment of Fees and Charges is delinquent, the District Manager shall perform the procedures listed below. Any Fees and Charges which have not been paid by the applicable due date are considered delinquent:

a. Fifteen (15) Business days Past Due. A delinquent payment “Reminder Letter” shall be sent to the address of the last known owner of the Property according to the District Manager’s records. In the event the above mailing is returned as undeliverable, the District Manager shall send a second copy of the Reminder Letter to: (i) the Property; and (ii) the address of the last known owner of the Property as found in the real property records of the Adams County Assessor’s office (collectively the “**Property Address**”). Said Reminder Letter shall request prompt payment of amounts due.

b. On the Fifteenth (15) Business day of the Month Following the Scheduled Due Date for Payment. A “Warning Letter” shall be sent to the Property Address requesting prompt payment and warning of further legal action should the Property owner fail to pay the total amount owing. Along with the Warning Letter, a summary of these Policies and Procedures, and a copy of the most recent account ledger reflecting the total amount due and owing to the District according to the records of the District Manager shall also be sent.

c. First (1) Business Day of the Month Following the Postmark Date of the Warning Letter. Once the total amount owing on the Property, inclusive of Interest and Costs of Collections as defined below, has exceeded Five Hundred Dollars (\$500.00) and the District Manager has performed its duties outlined in these Policies and Procedures, the District Manager shall refer the Delinquent Account to the District’s General Counsel (the “**General**

Counsel)/Covenant Enforcement Counsel (**"Covenant Counsel"**). However, if the amount owing on the Delinquent Account is less than Five Hundred Dollars (\$500.00), the District Manager shall continue to monitor the Delinquent Account until the amount owing on such account is Five Hundred Dollars (\$500.00) or greater, at which point the Delinquent Account shall be referred to General Counsel/Covenant Counsel. At the time of such referral, the District Manager shall provide General Counsel/Covenant Counsel with copies of all notices and letters sent and a copy of the most recent ledger for the Delinquent Account.

5.3 General Counsel/Covenant Counsel Procedures. Upon referral of a Delinquent Account from the District Manager General Counsel/Covenant Counsel shall perform the following:

a. Upon Referral of the Delinquent Account from the District Manager. A "Demand Letter" shall be sent to the Property Address, notifying the Property owner that his/her Property has been referred to General Counsel/Covenant Counsel for further collections enforcement, including the filing of a lien against the Property. Along with the Demand Letter, a copy of the most recent account ledger reflecting the total amount due and owing the District according to the records of the District Manager shall also be sent.

b. No Earlier Than Thirty (30) Business days from the Date of the Demand Letter. A Notice of Intent to File Lien Statement, along with a copy of the lien to be filed, shall be sent to the Property Address of the Delinquent Account notifying the Property owner that a lien will be filed within thirty (30) days of the Notice of Intent to File Lien Statement postmark date.

c. No Earlier Than Ten (10) Business days from the Postmark Date of the Notice of Intent to File Lien Statement. A lien for the total amount owing as of the date of the lien shall be recorded against the Property with the County Clerk and Recorder's Office; all Fees and Charges, Interest, and Costs of Collection (as defined below) will continue to accrue on the Delinquent Account and will run with the Property until the total amount due and owing the District is paid in full.

ARTICLE 6. COSTS OF COLLECTIONS

"Costs of Collections" are generated by the District Manager and General Counsel's/Covenant Counsel's collection efforts. They consist of the following fixed rates and hourly fees and costs:

6.1 Action Fees. The following fixed rate fees shall be charged to a Delinquent Account once the corresponding action has been taken by either the District Manager or General Counsel/Covenant Counsel:

a. Reminder Letter Fee. No charge for the Reminder Letter. This action is performed by the District Manager.

b. Warning Letter Fee. Fifteen Dollars (\$15.00) per Warning Letter sent. This action is performed by the District Manager.

c. Demand Letter Fee. Fifty Dollars (\$50.00) per Demand Letter sent. This action is performed by General Counsel/Covenant Counsel.

d. Notice of Intent to File Lien Fee. One Hundred Fifty Dollars (\$150.00) per Notice of Intent to File Lien Statement sent. This action is performed by General Counsel/Covenant Counsel.

e. Lien Recording Fee. One Hundred Fifty Dollars (\$150.00) per each lien recorded on the Property. This action is performed by General Counsel/Covenant Counsel.

f. Lien Release Fee. One Hundred Fifty Dollars (\$150.00) per each lien recorded on the Property. This action is performed by General Counsel/Covenant Counsel.

6.2 Attorney Hourly Fees and Costs. After a lien has been filed, all hourly fees and costs generated by General Counsel/Covenant Counsel to collect unpaid Fees and Charges shall also be assessed to the Delinquent Account.

6.3 Recovery of Costs of Collections. In accordance with Section 29-1-1102(8), C.R.S., and Section 32-1-1004.5(4)(a), C.R.S., nothing in these Policies and Procedures shall be construed to prohibit the District from recovering all the Costs of Collections whether or not outlined above.

ARTICLE 7.

WAIVER OF INTEREST AND COSTS OF COLLECTIONS

7.1 Waiver of Interest. The District Manager and General Counsel/Covenant Counsel shall each have authority and discretion to waive or reduce portions of the Delinquent Account attributable to Interest. Such action shall be permitted if either the District Manager or General Counsel/Covenant Counsel, in its discretion, determines that such waiver or reduction will facilitate the payment of the penalties due. Notwithstanding, if the cumulative amount due and owing the District on the Delinquent Account exceeds One Thousand Dollars (\$1,000.00), neither the District Manager nor General Counsel/Covenant Counsel shall have any authority to waive or reduce any portion of the Interest. In such case, the person or entity owing in excess of One Thousand Dollars (\$1,000.00) shall first submit a request for a waiver or reduction, in writing, to the District, and the District shall make the determination in its sole discretion.

7.2 Waiver of Delinquent Penalties and Costs of Collections. Neither the District Manager nor General Counsel/Covenant Counsel shall have the authority to waive any portion of delinquent penalties or Costs of Collections. Should the Property owner desire a waiver of such costs, she/he shall submit a written request to the District, and the District shall make the determination in its sole discretion. Notwithstanding the foregoing, the District may authorize the District Manager, General Counsel, or Covenant Counsel to waive any portion of delinquent penalties or Costs of Collections.

7.3 No Waiver of Future Interest. Any waiver or reduction of Interest or other costs granted pursuant to Sections 7.1 and 7.2 hereof shall not be construed as a waiver or reduction of future Interest, or as the promise to waive or reduce future Interest. Nor shall any such waiver or reduction be deemed to bind, limit, or direct the future decision making power of

the District, District Manager, or General Counsel/Covenant Counsel, whether related to the Property in question or other properties within the District.

ARTICLE 8. PAYMENT PLANS

8.1 Payment Plans. Neither the District Manager nor General Counsel/Covenant Counsel shall have the authority to enter into or establish payment plans for the repayment of a Delinquent Account. Should the Property owner desire to enter into a payment plan with the District, such owner shall first submit a written request to the District and the District shall make the determination in its sole discretion. Notwithstanding the foregoing, the District may authorize the District Manager, General Counsel, or Covenant Counsel to enter into or establish payment plans for the repayment of a Delinquent Account.

ARTICLE 9. RATIFICATION OF PAST ACTIONS

9.1 Ratification of Past Actions. All waivers and payment plans heretofore undertaken by the District Manager or General Counsel/Covenant Counsel that would otherwise have been authorized by these Policies and Procedures are hereby affirmed, ratified, and made effective as of the date said actions occurred.

ARTICLE 10. ADDITIONAL ACTIONS

10.1 Additional Actions. The District directs and authorizes its officers, staff and consultants to take such additional actions and execute such additional documents as are necessary to give full effect to the intention of these Policies and Procedures.

ARTICLE 11. COLORADO AND FEDERAL FAIR DEBT COLLECTIONS ACTS

11.1 Acts Not Applicable. Covenant enforcement as described herein is not a consumer transaction and, therefore, is not subject to the Colorado Fair Debt Collection Practices Act or the Federal Fair Debt Collections Practices Act.

ARTICLE 12. SEVERABILITY

12.1 Severability. If any term or provision of these Policies and Procedures is found to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, such invalid or unenforceable term or provision shall not affect the validity of these Policies and Procedures as a whole but shall be severed herefrom, leaving the remaining terms or provisions in full force and effect.

ARTICLE 13.
SAVINGS PROVISION

13.1 Savings Provision. The failure to comply with the procedures set forth herein shall not affect the status of the Fees and Charges as a perpetual lien subject to foreclosure in accordance with law. Failure by the District Manager, General Counsel/Covenant Counsel, or other authorized representative to take any action in accordance with the requirements as specifically provided herein shall not invalidate subsequent efforts to collect the Fees and Charges.