

**RESOLUTION  
OF  
FALLBROOK VILLAS METROPOLITAN DISTRICT  
REGARDING POLICIES AND PROCEDURES FOR  
COVENANT ENFORCEMENT**

The following procedures have been adopted by FALLBROOK VILLAS METROPOLITAN DISTRICT ("District") pursuant to C.R.S. 32-1-1004(8) and the Declaration of Covenants, Conditions and Restrictions governing the community, by the Board of Directors.

**NOW, THEREFORE, IT IS RESOLVED** that the District does hereby adopt the following policies and procedures for the enforcement of the District's restrictive covenants and rules:

1. Power. The Board of Directors shall have the power and duty to hear and make decisions regarding violations and written complaints filed with the Board and impose fines or other sanctions, pursuant to this policy. The Board 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 for FALLBROOK VILLAS METROPOLITAN DISTRICT ("Declaration"), the District's Articles of Incorporation, Bylaws, Design Guidelines and rules and regulations (collectively the "Documents"), 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 seeking 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.

2. Notice of Complaint and Warning Letter. Upon receipt of a complaint of an alleged violation of the Documents, if the Board determines that the allegations in the complaint are sufficient to constitute a violation of the Documents and that action is warranted, the Board shall send a warning letter ("Warning Letter") to the person(s) alleged to have violated the Documents (the "Respondent"), by prepay, 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: (1) the details of the complaint, or include a copy of the complaint; (2) that the Board has reason to believe that the Respondent has violated the Document(s); and (3) directing the Respondent to cease the violation activity or stating that the Respondent to cease will have 14 days from the date of the Warning Letter to come into compliance, and/or that further enforcement action will be taken for enforcement of the Document(s), including the imposition of fines.

3. Continued Violation After Warning Letter and Right to Hearing. If, following the Warning Letter having been sent to the Respondent, the District receives further complaint of the same or similar violation by the same Respondent or that the Respondent has not corrected the

violations or that the Respondent has not corrected the violation within the time permitted, 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 appearing on the records of the District. The notice shall advise the Respondent of the following: (1) the details of the complaint, or include a copy of the complaint; (2) the action that may be taken; (3) his or her right to be heard at a meeting of the Board which is at least ten (10) days after the date of the notice; (4) the date on which the hearing will be scheduled; and (5) The Board's right, at its discretion, to make its determination based on the allegations contained in the Complaint and any other information available to the Board, if the Respondent fails to appear at the specified date and time or otherwise respond the Complaint.

4. Hearing. Each hearing shall be held at the scheduled time, place and date, unless the Respondent has failed to respond or appear at the hearing. The Board may grant continuances for good cause. The Board 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. Neither the complainant nor the Respondent must be attendance at the hearing, but both are encouraged to attend. Any party may elect not to present evidence at the hearing. Any decision by the Board shall be fair and reasonable taking into consideration all of the relevant facts and circumstances. Each hearing shall be open to attendance by all members of the public.

5. Decision. If the Respondent does not appear but a written response is filed, the Board may 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 Board 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 sanctions provided for herein. If an appearance is made, after all testimony and other evidence has been presented to the Board at a hearing, the Board shall render its decision(s), taking into consideration all of the relevant facts and circumstances. Except as provided herein, the Board's decision shall have an effective date no sooner than five (5) days after the hearing. If the Board does not inform the Respondent of its decision at the time of the hearing, or if no hearing is held, the Board will provide a written notice of the decision to the Respondent's address of record via regular U.S. mail within five (5) days after the decision is made.

6. 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 attorneys' fees and costs incurred by the District in connection with any enforcement action, including any proceeding under this Policy, to the full extent allowed by law and the Declaration. Without limiting the Districts' remedies under the Documents, the Board may assess fines, suspend membership privileges, and impose other sanctions in accordance with this Policy.

7. Fines. Fines may be levied by the Board for violations of the Documents as follows:

| <u>Number of Violations in 12 Month Period</u> | <u>Fine Amount</u> |
|--|--------------------|
| First Violation                                | \$50.00            |
| Second Violation                               | \$100.00           |
| Third Violation                                | \$250.00           |

8. Habitual Offenders and Continuing Violations. An Owner who accumulates more than 3 violations within a 12 month period may be deemed to be a habitual offender. For habitual offenders, continuing violations, or violations which have an indefinite commencement or termination date, the Board may impose such additional fines as are deemed reasonable by the Board without regard to the schedule set forth above.

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

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

11. Violations or Offenses that Constitute a Present Danger. If the Board or the Manager 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 Board and the Manager may take the appropriate action necessary to abate the threat to health, safety or welfare of the community or individual. The Manager shall be authorized to respond to immediate or substantial threats until such time as the Board is able to call a meeting to further address the situation.

12. Miscellaneous.

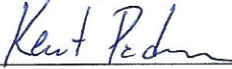
12.1 Failure by the District to enforce any provision of this Policy shall in no event be deemed to be a waiver of the right to do so thereafter.

12.2 Fines imposed pursuant to this Policy shall become an assessment imposed against the record Owner's property and enforceable as provided in the Declaration.

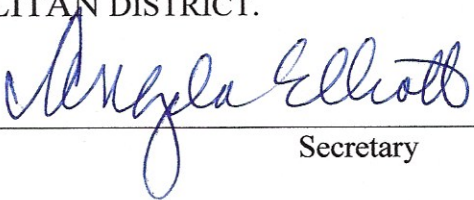
12.3 The provisions of this Policy shall be independent and severable. The invalidity of any one or more of the provisions hereof by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which other provisions shall remain in full force and effect.

12.4 The provisions of this Policy shall replace and supersede any other rules or regulations of the District addressing covenant enforcement pursuant to the District's Documents.

FALLBROOK VILLAS METROPOLITAN DISTRICT

By:   
President

This Covenant Enforcement Policy was adopted by the Board of Directors on the 28th day of February, 2018, effective the 28th day of February, 2018, and is attested to by the Secretary of FALLBROOK VILLAS METROPOLITAN DISTRICT.

By:   
Secretary