

**RESOLUTION
OF THE BOARD OF DIRECTORS OF
STONE CREEK METROPOLITAN DISTRICT
Regarding Policies, Procedures and Penalties for the Enforcement of the Declaration**

WHEREAS, the Stone Creek Metropolitan District (the "District") is a quasi-municipal corporation and political subdivision of the State of Colorado located in Douglas County, Colorado; and

WHEREAS, the District operates pursuant to its Service Plan approved by Douglas County, Colorado on September 23, 2014, as the same may be amended and/or modified from time to time (the "Service Plan"); and WHEREAS, 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;" and

WHEREAS, pursuant to Section 32-1-1001(1)(0)(1), 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;" and WHEREAS, Choke Cherry Investors, LLC, a Colorado limited liability company (the "Developer") has caused to be recorded the Declaration Of Covenants, Conditions, and Restrictions Of Stone Creek Ranch, recorded on March 7, 2018, at Reception No. 2018013714 of Douglas County, Colorado, real property records, as the same may be amended and/or modified from time to time (the "Covenants") applicable to the real property within the District (the "Property"); and

WHEREAS, 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; and

WHEREAS, the Covenants provide that the Developer has empowered the District to provide covenant enforcement services to the Property; and

WHEREAS, pursuant to the Covenants, the District may promulgate, adopt, enact, modify, amend, and repeal rules and regulations concerning and governing the Property and the enforcement of the Covenants; and

WHEREAS, 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; and

WHEREAS, per the Assignment Agreement, the Board of Directors (the "**Board**") of the District is authorized to adopt and implement rules, regulations, policies, and guidelines that are consistent with the Declaration in relation to the exercise of its authority relative to the services delegated and assigned to it under the Assignment Agreement; 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, the Board desires to set establishing policies, procedures and penalties for violations of the Declaration.

NOW THEREFORE, the Board hereby adopts this Resolution and the following policies and procedures effective February 15, 2025:

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.

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. Any Person violating any provisions of the Covenants 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.

2.2 Notice of Violation. A Notice of Violation shall be sent upon a determination, following investigation, by the Managing Agent that a violation is likely to exist. Such Notice of Violation shall set forth the specifics of the alleged violation and the time period within which the alleged violation must be corrected, pursuant to the following classification guidelines:

- a. Class I Violation: a violation that, in the sole discretion of the District, 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, holiday decoration violations, destruction or movement of District property without prior authority, and other violations of the Covenants concerning annoying lights, sounds, or odors. Class I Violations can in most cases be corrected within twenty-four (24) hours of notification. If the violation is not corrected within twenty-four (24) hours 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 after giving notice, and removal of trash, etc., all costs of which abatement will be charged back to the Owner.

b. Class II Violation; a violation that, in the sole discretion of the District, cannot be corrected immediately and/or require 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, after reasonable notice is provided to Owner. Any expense incurred for remedying any violation shall be solely the expense of the Owner.

2.3 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").

Class I Violation

- a. First Offense – Notice of Violation and twenty-four (24) hours to cure.
- b. If not corrected within twenty-four (24) hours, Second Notice and fine of fifty (\$50) dollars.
- c. Continuing Repeated Violation – Up to fifty (\$50) dollars each day the violation continues.

Class II Violation

- a. Notice of Violation, and thirty (30) days to cure.
- b. If not corrected within thirty (30) days, a one hundred (\$100) dollar fine.
- c. Second Repeated Offense, a fifty (\$50) dollar fine at assessment.
- d. Third Repeated Offense, up to a two-hundred fifty (\$250) dollar fine at assessment.
- d. Continuing Repeated Violation, up to one hundred (\$100) dollars each day a violation continues. Each day constitutes a separate violation.

ARTICLE 3.

INTEREST

3 .1 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 charges shall accrue and shall be charged at the maximum statutory rate of eighteen percent (18%) per annum, or as allowed under law.

ARTICLE 4.

LIEN FILING POLICIES AND PROCEDURES

4.1 Perpetual Lien. Pursuant to Section 32-1-100I(1)G(I), C.R.S., all fees and charges imposed by the District, including but not limited to those provided herein pursuant to Section Nos. 2.3, 4.2. 5.1, and 6.1 (the "Fees and Charges"), until paid, shall constitute a perpetual lien on and against the Property to be served by the District. 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. All liens contemplated herein may be foreclosed as authorized by law at such time as the District in its sole discretion may determine. Notwithstanding the foregoing, 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.

4.2 Managing Agent's Procedures. The Managing Agent 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 Managing Agent 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 Managing Agent's records. In the event the above mailing is returned as undeliverable, the Managing Agent 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 Douglas County, Colorado Assessor's office (collectively the "Property Address"). Said Reminder Letter shall request prompt payment of amounts due and a description of what the amount is for.

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 on the fifteenth (15) business day of the month following the scheduled due date for payment 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 Managing Agent 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 one hundred twenty dollars (\$120) and the Managing Agent has performed its duties outlined in these Policies and Procedures, the Managing Agent shall refer the Delinquent Account to the District's General Counsel (the "General Counsel"). However, if the amount owing on the Delinquent Account is less than one hundred twenty dollars (\$120), the Managing Agent shall continue to monitor the Delinquent Account until the amount owing on such account is one hundred twenty dollars (\$120) or greater, at which point the Managing Agent shall refer the Delinquent Account to General Counsel. At the time of such referral, the Managing Agent shall provide General Counsel with copies of all notices and letters sent and a copy of the most recent ledger for the Delinquent Account.

4.3 General Counsel Procedures. Upon referral of a Delinquent Account from the Managing Agent, General Counsel shall perform the following duties:

a. Upon Referral of the Delinquent Account from the Managing Agent. A "Demand Letter" shall be sent to the Property Address and any address the District has on file, notifying the Property Owner that his/her Property has been referred to General 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 Managing Agent shall also be sent.

b. No Earlier Than Thirty (30) Business dDys 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 and the address the District has on file 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 5.

COSTS OF COLLECTIONS

"Costs of Collections" are generated by the Managing Agent and General Counsel's collection efforts. They consist of the following fixed rates and hourly fees and costs without limitation:

5.1 Action Fees. The following fixed rate fees shall be charged to a Delinquent Account once the corresponding action has been taken by either the Managing Agent or General Counsel:

a. Reminder Letter Fee. No charge for the Reminder Letter. This action is performed by the Managing Agent.

b. Warning Letter Fee. Fifteen Dollars (\$15) per Warning Letter sent. This action is performed by the Managing Agent.

c. Demand Letter Fee. Fifty Dollars (\$50) per Demand Letter sent. This action is performed by General Counsel.

d. Notice of Intent to File Lien Fee. One Hundred Fifty Dollars (\$150) per Notice of Intent to File Lien Statement sent. This action is performed by General Counsel.

e. Lien Recording Fee. One Hundred Fifty Dollars (\$150) per each lien recorded on the Property. This action is performed by General Counsel.

f. Lien Release Fee. One Hundred Fifty Dollars (\$150) per each lien recorded on the Property. This action is performed by General Counsel.

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

5.3 Recovery of Costs of Collections. In accordance with Section 29-1-1102(8), 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 6.

WAIVER OF INTEREST AND COSTS OF COLLECTIONS

6.1 Waiver of Interest. The Managing Agent and General 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 Managing Agent or General 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), neither the Managing Agent nor General 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) 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.

6.2 Waiver of Delinquent Penalties and Costs of Collections. Neither the Managing Agent nor General 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.

6.3 No Waiver of Future Interest. Any waiver or reduction of Interest or other Costs granted pursuant to Sections 6.1 and 6.2 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, Managing Agent, or General Counsel, whether related to the Property in question or other properties within the District.

ARTICLE 7.

OPPORTUNITY TO BE HEARD

7.1 Opportunity to be Heard. Individuals who receive any 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 mediation/final binding arbitration procedures set forth in the Covenants.

7.2 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 and Design Review Guidelines, as each now exists or may hereafter be amended.

7.3 Reporting Violations. Complaints regarding alleged violations may be reported by an Owner or resident within the Community, a group of Owners or residents, the District's Management Company, if any, Board member(s) or committee member(s) by submission of a written complaint. The complaining Owner or resident shall have observed the alleged violation and shall identify the Complainant, the alleged violator, if known, the Lot on which the violation exists or occurred, and a statement describing the alleged violation, referencing the specific provisions which are alleged to have been violated, when the violation was observed and any other pertinent information. Non-written Complaints or written Complaints failing to include any information required by this provision may not be investigated or prosecuted at the discretion of the District. Complaints by a Member of the Board, a Committee Member, or the Community Manager, if any, may be made in

writing or by any other means deemed appropriate by the Board, if such violation was observed by the Board member, Committee Member or the Community anager, if any.

7.4 Investigation. Upon receipt of a complaint by the District, if additional information is needed, the Complaint may be returned to the Complainant or may be investigated further by a Board designated individual or Committee, or the District's Manager, if any, at their discretion. The Board shall have sole discretion in appointing an Individual or Committee to investigate the matter.

7.5 Enforcement Process for Continuous Violations. Upon determining that a Continuous Violation has occurred, the District, acting through the Board or the District's Management Company, if any, shall take the following steps:

- (a) *Warning Letter*. If the Board, or the District's Management Company, if any, determines that a Continuous Violation exists, either through the Complaint and investigative process as set forth above, or through independent inspections or observations, a "Warning Letter" may be sent. If sent, the Warning Letter shall be sent to the Owner by Certified Mail, return receipt requested, to the address of the Owner on record with the District, to the Property address if different, and to a designated contact, if one is provided by the Owner. The Warning Letter shall notify the Owner of: (i) the covenant or rule violated and the nature of the Continuous Violation, (ii) the action or actions necessary to cure the Continuous Violation, (iii) that the Owner must have the Continuous Violation cured within fifteen (15) days after the date of the Warning Letter, (iv) that failure to timely cure the Continuous Violation may result in potential fines or other sanctions, and (v) a copy of the fine schedule set forth in Section 11 below. The District shall inspect the Continuous Violation for correction within seven (7) days after the first thirty (30) day cure period has lapsed.
- (b) *Fine Letter and Opportunity to Be Heard*. If an Owner fails to cure a Continuous Violation within fifteen (15) days of the date of the Warning Letter, a notice of potential fine and opportunity to be heard, the Fine Letter may be sent to the Owner by first-class United States Mail to the address of the Owner on record with the District and to the Property address, if different, notifying the Owner of the Continuous Violation and of the potential fine that may be imposed, pursuant to the fine schedule set forth in Section 11 below, if the Continuous Violation is not cured within fifteen (15) days. The Fine Letter shall further state that the Owner is entitled to a hearing on the merits of the matter provided that such a hearing is requested in writing by the Owner within fifteen (15) days of the date of the Fine Letter. The District shall inspect the Continuous Violation for correction within seven (7) days after the second thirty (30) day cure period has lapsed.
- (c) *Weekly Fine Letter and Opportunity to Be Heard*. In the event that a Continuous Violation continues to exist uninterrupted fifteen (15) days after the date of the Fine Letter and the Owner has not requested a hearing pursuant to the Fine Letter, the District may in its discretion, in addition to any other remedy, send the Owner a Notice which shall advise the Owner of the possible imposition of daily or weekly fines pursuant to the fine schedule set forth in Section 11 below and which shall provide the Owner with the opportunity for a hearing if requested within fifteen (15) days of the date of the Weekly Fine Letter.

7.6. Curing the Violation. Upon determining that a Violation or a Continuous Violation (collectively a “Covenant Violation”) has been cured, the District, acting through the Board or the District’s Management Company, if any, shall take the following steps. After the District has confirmed through independent inspections or observations that a Covenant Violation is cured, a Cure Letter shall be sent. The Cure Letter shall be sent to the Owner by email to the address of the Owner on record with the District and to a designated contact, if one is provided by the Owner. The Cure Letter shall notify the Owner of: (i) that the Owner shall not be fined further with regard to the Covenant Violation, and (ii) of any outstanding fine balance owed to the District. In the event the Owner cures the Covenant Violation and provides Notice to the District along with visual evidence of the cure, the Covenant Violation will be deemed cured on the date Notice is sent.

7.7 Notice of Hearing. If a hearing is requested by an Owner in response to any Letter advising the Owner of the right to a hearing, the Board, Committee or other person conducting such hearing as may be determined in the sole discretion of the Board, shall serve a written Notice of the hearing to all parties involved at least seven (7) days prior to the hearing date.

7.8 Impartial Decision Maker. Pursuant to Colorado law, an Owner has the right to be heard before an Impartial Decision Maker. An Impartial Decision Maker is defined under Colorado law as "a person or group of persons who have the authority to make a decision regarding the enforcement of the District's covenants, conditions, and restrictions, including architectural requirements, and other rules and regulations of the District and do not have any direct personal or financial interest in the outcome. A decision maker shall not be deemed to have a direct personal or financial interest in the outcome if the decision maker will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the District. Unless otherwise disqualified pursuant to the definition of Impartial Decision Maker, the Board may appoint to act as the Impartial Decision Maker the entire Board, specified members of the Board, any other individual or group of individuals.”

7.9 Hearing. At the beginning of each hearing, the presiding officer shall introduce the case by describing the alleged violation and the procedure to be followed during the hearing. Each party or designated representative may, but is not required to, make an opening statement, present evidence and testimony, present witnesses, and make a closing statement. The presiding officer may also impose such other rules of conduct as may be appropriate under the given circumstances. The Impartial Decision Maker shall base its decision solely on the matters set forth in the Complaint, and from results of the investigation and such other credible evidence as may be presented at the hearing. Unless otherwise determined by the Board, all hearings shall be open to attendance by all Owners. After all testimony and other evidence has been presented at a hearing, the Impartial Decision Maker shall, within a reasonable time, not to exceed seven (7) days, render its written findings and decision, and impose a fine, if applicable. Failure to strictly follow the hearing procedures set forth above shall not constitute grounds for appeal of the hearing committee's decision absent a showing of denial of due process.

7.10 Failure to Timely Request Hearing. If an Owner fails to request a hearing within the number of days specified in any letter advising the Owner of the right to a hearing, the District, acting through the Board or the District’s Management Company, if any, may apply the applicable fine to the Owner’s account without the necessity of holding a hearing. If an Owner requests a hearing and then fails to appear at the hearing, the Impartial Decision Maker may make a decision with respect to the alleged Violation based on the Complaint, results of the investigation, and any other

available information without the necessity of holding a formal hearing. If a Violation is found to exist, the Owner may be assessed a fine pursuant to these Policies and Procedures.

7.11. Notification of Decision. The decision of the Impartial Decision Maker and the imposition of any fine shall be in writing and provided to the Owner within seven (7) days of the hearing, or if no hearing is requested, within seven (7) days of the failure of the Owner to request a hearing.

7.12 Attorney Turnover. Any Covenant Violation that remains uncured on or after the date on which a Weekly Fine Letter may be set, can be turned over to the District's attorney to take appropriate legal action.

7.13. Waiver of Fines. The Board may waive all, or any portion, of the fines if, in its sole discretion, such waiver is appropriate under the circumstances. Additionally, the Board may decide on a conditional waiver of the entire fine, or any portion thereof, upon the Owner coming into and staying in compliance with the Articles, Declaration, Bylaws or Rules.

7.14 Other Enforcement Means. This fine schedule and enforcement process is adopted in addition to all other enforcement means which are available to the District through its Declaration, Bylaws, Articles of Incorporation and Colorado law. The use of this process does not preclude the District from using any other enforcement means.

ARTICLE 8.

PAYMENT PLANS

8.1 Payment Plans. Neither the Managing Agent nor General Counsel shall have the authority to enter or establish payment plans for the repayment of a Delinquent Account. Should the Property Owner desire to enter 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.

ARTICLE 9.

RATIFICATION OF PAST ACTIONS

9.1 Ratification of Past Actions. All waivers and payment plans heretofore undertaken by the Managing Agent or General 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. Protective 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 here from, 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 Managing Agent, General 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.

14. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Project.

15. Deviations. The Board may deviate from the procedures set forth in the Resolution if in its sole discretion such deviation is reasonable under the circumstances.

16. Amendment. This Resolution may be amended from time to time by the Board.

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Adopted this 3rd day of February 2025, to be effective on February 15th, 2025.

STONE CREEK METROPOLITAN DISTRICT
a quasi-municipal corporations and political
subdivisions of the State of Colorado

By: 
Officer of the District

ATTEST:

By: Shannon Jorgerson