

**RESOLUTION OF THE BOARD OF DIRECTORS OF
SEVERANCE SHORES METROPOLITAN DISTRICT NOS. 1-4
CONCERNING THE IMPOSITION
OF DISTRICT SERVICE FEES INCLUDING OPERATIONS AND MAINTENANCE,
COVENANT ENFORCEMENT, ARCHITECTURAL REVIEW**

THIS RESOLUTION CONCERNING THE IMPOSITION OF DISTRICT SERVICE FEES INCLUDING OPERATIONS AND MAINTENANCE, COVENANT ENFORCEMENT, AND ARCHITECTURAL REVIEW (the "Resolution") is made and entered into by the Severance Shores Metropolitan District Nos. 1-4 (collectively, the "District") to be effective as of the 15th day of August, 2018.

WHEREAS, the District is authorized pursuant to § 32-1-1001(1)(j)(I) of the Colorado Revised Statutes ("C.R.S."), to fix and impose fees, rates, tolls, charges and penalties for services, programs or facilities provided by the District which, until paid, shall constitute a perpetual lien on and against the property served; and

WHEREAS, the Service Plan for Severance Shores Metropolitan District Nos. 1-4 (the "Service Plan") similarly empowers the District to impose fees, rates, tolls, charges and penalties for services and facilities provided by the District; and

WHEREAS, pursuant to § 32-1-1004(8), C.R.S., the District is authorized and empowered to provide covenant enforcement and design review services within the District and to take over most or all of the functions of a homeowners association ("HOA") as law permits so long as the revenues used to provide such services are derived from the area in which the services are furnished; and

WHEREAS, the District has decided to authorize and implement the establishment of an annual fee that would encompass District Services, including operations and administration fees, covenant enforcement, architectural review and district maintenance fees for provision of services and handling of all HOA type costs, expenses and services as permitted by statute to be performed by the District, which would also include use and service fees for facilities and amenities within the District and the HOA (collectively referred to hereinafter as the "Service Fees"). The Service Fees will be calculated on an annual basis during the District's annual budget process, taking into consideration those funds traditionally and reasonably assessed by an HOA for operations and maintenance and capital reserves. The Service Fees will replace the HOA Fees and eliminate the need to assess a separate HOA Fee. The Service Fees will be charged on an annual basis against all residential dwelling units that have the necessary utilities in place to provide all required services to qualify for a certificate of occupancy within the boundaries of the District as reflected in the attached **Exhibit A**, which may be amended from time to time; and

WHEREAS, the Service Fees will be used to pay for the District's costs and expenses related to services and facilities provided by the District, including, but not limited to the landscaping, parks, open space, greenbelts, and recreation facilities, improvements, and services along with the assumption of most or all of the functions traditionally handled by a HOA; and

WHEREAS, the District has decided to apply the District Service Fees to residential and multi-family dwelling units within the District as that revenue will be used to offset amenities, services, facilities and costs that benefit residents and property owners. The Service Fees revenue will also serve to increase the District's revenue stream at an earlier point in time to the benefit to the District's future residents, property owners and taxpayers, by using the Service Fees rather than mill levies to help pay for these contemplated costs in the operations and administration and provision of services within or benefiting the constituents of the District who use its facilities and services; and

WHEREAS, the District and the Developer have determined that it is not economical or desirable to have an HOA and the District provide concurrent services. Rather, it would be advantageous to have the District provide HOA functions, including design review and covenant enforcement, and provide for recreation-related facilities, services and other amenities. Policies and procedures will be implemented on a periodic basis through public meetings held to approve any changes to those rules and regulations of the District. A copy of those current policies adopted and implemented will be attached to this Resolution as **Exhibit B** and incorporated, ratified and approved by reference; and

WHEREAS, the District believes that imposing the Service Fees on each of the residential dwelling unit and property granted a certificate of occupancy within the District, the elimination of the need to have an HOA perform the same or similar services and impose any additional fees, as well as the benefits and efficiencies in having the District undertake and perform traditional HOA functions to the extent allowed by law, shall serve to increase the District's revenue stream, reduce the number and amount of fees assessed against property owners, and shall be a benefit to the District's residents, property owners and taxpayers, and

WHEREAS, the District desires to continue to impose the Service Fees against the residential dwelling units that have pulled a certificate of occupancy with the Town of Severance within the District on an annual basis.

NOW THEREFORE, the Board of Directors of the District hereby RESOLVES as follows:

1. The Service Fees shall be Three Hundred Dollars (\$300.00) per year and shall be due and payable in one (1) lump sum payment on January 1, and shall be assessed against all residential dwelling units that have a certificate of occupancy at the time of issuance of a certificate of occupancy or at the closing of a sale of a residential dwelling unit to a third party within the District and shall be assessed residential dwelling units on an annual basis on January 1 and July 1 of each year. Service Fees will be due and owing from the owner of a residential dwelling unit beginning at the time of closing with a third party owner and shall be prorated for that calendar year from the date of the closing, if needed. The Service Fees may be adjusted in the future based upon the District's annual budget.

2. The Service Fees on a commercial lot which has been granted a certificate of occupancy for a building are due and payable when the owner receives a certificate of occupancy

or upon closing and transfer to a new owner. The Fee will be assessed from the date of that certificate of occupancy issuance or closing on the property. The Service Fees on a commercial lot will be at a minimum the same rate as a residential unit, but may be adjusted due to added landscape or other conditions. Service Fees on commercial lots will be reviewed when the architectural design application is submitted with the site plans to the District and collected at the time of certificate of occupancy or closing. The Service Fees shall be due and payable in one (1) lump sum payment on January 1, and shall be prorated for the portion of the quarter in which Service Fees are in effect.

3. The Service Fees shall primarily be used for the assumption of the HOA functions, covenant enforcement, district administrative and maintenance service expenses in conjunction with services for the users, etc. Those costs of the District include, but are not limited to, operations and maintenance of landscaping and common areas, operations and maintenance of the park and recreation facilities and improvements, and other district operations and maintenance costs associated with maintaining the amenities, public improvements and the costs associated with the District assuming the ownership and operation of all facilities, improvements and services traditionally provided by a HOA as permitted by Colorado law. The primary purpose of the fee is to defray the cost of services to those charged.

4. Any Service Fees contemplated herein that are not paid in full within fifteen (15) days after the scheduled due date shall be assessed a late fee of fifteen dollars (\$15.00), per § 29-1-1102(3), C.R.S. Pursuant to § 29-1-1102(7), C.R.S., interest will also accrue on any outstanding Service Fees, exclusive of assessed late fees, at the rate of eighteen percent (18%) per annum.

5. All Service Fees shall be due, owing and payable to the District, in cash or an equivalent form made payable to "Severance Shores Metropolitan District No. 1." In the event that any Service Fees established hereunder remains unpaid thirty-one (31) days after its respective due date, the District's General Counsel shall undertake collection efforts for any and all outstanding amounts. All collections efforts shall be made pursuant to, and in accordance with, applicable state and federal laws. The District's General Counsel shall be entitled to charge reasonable legal fees and any related costs and expenses to the owners of any such real property for said collection efforts.

6. Notwithstanding anything contained in this Resolution to the contrary, no Service Fees shall be due from, or with respect to, any real property within the District for: (a) any school site dedicated to a school district, provided that the acreage of said site does not exceed eleven (11) acres; (b) any property dedicated or conveyed to a homeowners association serving property within the District which does not exceed ten (10) acres; and/or (c) any property required by the Town of Severance to be dedicated to the Town of Severance, the public, or any other governmental entity for public rights-of-way, or that is required to be conveyed to another special district for the operation of public facilities including, but not limited to, streets, trails, sidewalks, landscape areas and similar facilities.

7. In addition, the District shall be entitled to impose an administrative fee as necessary to cover additional expenses associated with the design review and covenant

enforcement services assumed by the District to ensure that such costs are the responsibility of the benefitted District residents. All such fees shall be based upon the District's determination that such fees do not exceed reasonable annual market fee for users of such facilities.

8. All Service Fees and all other fees, rates, tolls, charges and penalties contemplated herein shall, until paid, constitute a perpetual lien on and against the property served or to be served by any improvements provided by the District or to be provided by the District within a reasonable amount of time. All such liens shall be in a senior position as against all other liens of record affecting the property served or benefitted, or to be served or benefitted by improvements of the District and shall run with the Property as defined in the Covenants and Restrictions of Severance Shores Metropolitan District Nos. 1-4 and remain in effect as to any portion of such property on which the appropriate fee has not been paid. All liens contemplated herein may be foreclosed in any manner authorized by law at such time as the District may determine that fees hereunder have not been paid as required.

9. If any clause or provision of this Resolution is found to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, such invalid or unenforceable clause or provision shall not affect the validity of the Resolution as a whole but shall be severed here from, leaving the remaining clauses or provisions in full force and effect.

10. This Resolution supersedes any and all prior Resolutions approved and adopted by the District concerning Service Fees. All such prior Resolutions are hereby null and void, being superseded in their entirety by this Resolution.

ADOPTED AND APPROVED to be effective as of the 15th day of August, 2018.

**SEVERANCE SHORES
METROPOLITAN DISTRICT NOS. 1-4**



President

EXHIBIT A

**Description of Property Subject to District Service Fees Including Covenant Enforcement,
Administration, Operations and Maintenance Fees
(Severance Shores Metropolitan District Nos. 1-4)**

EXHIBIT B

Fine and Enforcement Policies of Severance Shores Metropolitan District Nos. 1-4
(if applicable)