

FALLBROOK VILLAS METROPOLITAN DISTRICT  
191 University Blvd. #358  
Denver, CO 80206  
303-818-9365  
[angela@teleos-services.com](mailto:angela@teleos-services.com)

May 28, 2020

City of Thornton  
Attn: City Development Department  
c/o Karen Widomski  
9500 Civic Center Drive  
Thornton, CO 80229

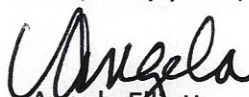
**RE: 2019 Annual Report for Fallbrook Villas Metropolitan District**

To Whom It May Concern:

On behalf of Fallbrook Villas Metropolitan District (the "District") and pursuant to the District's Service Plan (the "Service Plan"), we are submitting the Annual Report for the calendar year 2019 for your review, a copy of which is attached as Enclosure A, which conveys information concerning the District's progress in implementing its Service Plan.

Please contact us should have any questions or require further information.

Very truly yours,

  
Angela Elliott  
District Manager

Cc: Matthew Dalton, Spencer Fane, LLP

**ENCLOSURE A**

(Annual Report)

## FALLBROOK VILLAS METROPOLITAN DISTRICT 2019 ANNUAL REPORT

Pursuant to the Service Plan for Fallbrook Villas Metropolitan District (the "District"), the District is required to provide an annual report to the City of Thornton with regard to the following matters:

1. Boundary changes made or proposed to the District boundaries as of December 31 of the prior year.
2. Intergovernmental Agreements with other governmental entities entered into or proposed as of December 31 of the prior year.
3. Copies of the District rules and regulations, if any, as of December 31 of the prior year.
4. Summary of any litigation which involves the District Public Improvements as of December 31 of the prior year.
5. Status of the District construction of the Public Improvements as of December 31 of the prior year.
6. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City as of December 31 of the prior year.
7. The assessed valuation of the Districts for the current year.
8. Current year budget including a description of Public Improvements to be constructed in such year.
9. Audit of the District financial statements for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles of audit exemption, if applicable.
10. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day-period, under any Debt instrument.
11. Any inability of the District to pay their obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day-period.

For the year ending December 31, 2019, the District makes the following report:

1. Boundary changes made or proposed to the District's boundaries as of December 31 of the prior year.

There were no boundary changes made or proposed in the year ending December 31, 2019.

2. Intergovernmental Agreements with other governmental entities entered into or proposed as of December 31 of the prior year.

On January 1, 2016, the District entered into an Intergovernmental Agreement with the City of Thornton regarding the Service Plan for the District.

3. Copies of the District's rules and regulations, if any, as of December 31 of the prior year.

The attached resolutions were adopted as of December 31 of the prior year, as Exhibit A.

4. Summary of any litigation which involves the Districts' Public Improvements as of December 31 of the prior year.

The District has no knowledge of any litigation involving the District's Public Improvements as of December 31 of the prior year.

5. Status of the District's construction of the Public Improvements as of December 31 of the prior year.

Fallbrook Villas Metropolitan District has constructed 100% of its Public Improvements in the year ending December 31, 2019.

6. A list of all facilities and improvements constructed by the District that has been dedicated to and accepted by the City as of December 31 of the prior year.

No facilities or improvements constructed by Fallbrook Villas Metropolitan District were dedicated to or accepted by the City in the year ending December 31, 2019.

7. The assessed valuation of the Districts for the current year.

As of December 15, 2019, the assessed valuation of the District for tax collection year 2020 was \$1,802,080.

8. Current year budget including a description of Public Improvements to be constructed in such year.

On November 19, 2019, Fallbrook Villas Metropolitan District held a public hearing to adopt budget for the year beginning January 1, 2020 through December 31, 2020, attached as Exhibit B.

9. Audit of the District's financial statement for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

The District's will forward its Annual Audit for 2019 when completed.

10. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day-period, under any Debt instrument.

There were no events of default which continued beyond a ninety (90) day-period, under any Debt instrument during the year ending December 31, 2018.

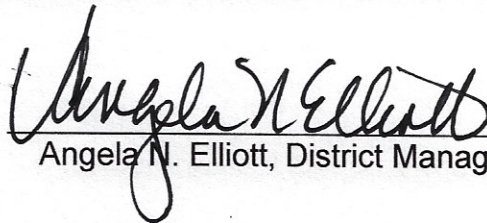
11. Any liability of the District to pay their obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day-period.

There was no inability of the District to pay its obligation as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day-period during the year ending December 31, 2019.

The foregoing filing and accompanying exhibits are submitted this 28th day of May 2020.

FALLBROOK VILLAS METROPOLITAN DISTRICT

By:



Angela N. Elliott, District Manager

EXHIBIT A  
RULES AND REGULATIONS

**RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
FALLBROOK VILLAS METROPOLITAN DISTRICT**

**Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges**

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WHEREAS, Fallbrook Villas Metropolitan District (the "**District**") is a quasi-municipal corporation and political subdivision of the State of Colorado; and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., the Board of Directors of the District ("**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 (collectively, the "**Fees**") to properties within and without (each property individually referred to herein as the "**Property**") the District boundaries; and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., until paid, the Fees shall constitute a perpetual lien on and against the property served, and any such lien may be foreclosed in the same manner as provided by the laws of the State of Colorado for the foreclosure of mechanics' liens; and

WHEREAS, by this Resolution (the "**Resolution**"), the District desires to set forth guidelines for the processing and collection of unpaid and/or delinquent Fees imposed by the District, together with any and all Late Fees, Interest, Penalties and Costs of Collections (each defined separately in this Resolution), (the "**Delinquent Fees and Charges**"); and

WHEREAS, notwithstanding anything in this Resolution to the contrary, the guidelines set forth in this Resolution are intended to create orderly and fair procedures for the processing and collection of Delinquent Fees and Charges and any deviation from the guidelines shall not affect the status of the Lien (as defined below) in any way; and

WHEREAS, the District hereby agrees that the Fees and the Delinquent Fees and Charges may be collected by District, and, therefore, any and all guidelines referencing the District may apply to the District as the implementing and enforcing district

NOW, THEREFORE, the Board hereby RESOLVES:

**1. Statement of Lien Guidelines:**

a. *Perpetual Lien.* Pursuant to § 32-1-1001(1)(j)(I), C.R.S., all Delinquent Fees and Charges shall constitute a perpetual lien on and against the Property served by the District (the "**Lien**"). All such Liens 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.

i. Notwithstanding the foregoing, the guidelines set forth in this Resolution are intended to create orderly and fair procedures for the processing and collection of Delinquent Fees and Charges and to provide additional notice to interested parties, including, but not limited to, title companies and the Property owner. In the event any or all of the guidelines set forth in this Resolution are not followed, such deviation shall not affect the status of the Lien in any way. Further, the Board may waive any guidelines set forth in this Resolution and may amend them from time to time as it deems necessary.

b. ***District's Manager Procedures.*** The District's Manager, Accountant or Billing Agent (any of which are referred to herein as the "**Manager**") is responsible for collecting Fees imposed by the District against the Property. In the event payment of Fees is delinquent, the Manager may perform the procedures listed below. The Fees are considered delinquent when they have not been paid by their corresponding due date (the "**Delinquent Account**"):

i. *Fifteen (15) Calendar Days Past Due:* A delinquent payment "Reminder Letter" may be sent to the address of the last known owner or occupant of the Property according to the Manager's records. In the event the above mailing is returned as undeliverable, the Manager may send a second copy of the Reminder Letter to: (1) the Property; and (2) the address of the last known owner of the Property as found in the real property records of the County Assessor's Office (the "**Assessor**") for the County in which the District is located (collectively, the "**Property Address**"). Said Reminder Letter may: (1) request prompt payment; (2) notify the Property owner that a Reminder Letter Fee, and a Late Fee in the amounts set forth in this Resolution have been assessed; and (3) reference the url address of the District's webpage where this Resolution is displayed, if available and requested by the Board.

ii. *Fifteen (15) Calendar Days From the Postmark Date of the Reminder Letter:* A "Warning Letter" may be sent to the Property Address: (1) requesting prompt payment; (2) warning of further legal action should the Property owner fail to pay the total amount due and owing; and (3) referencing the url address of the District's webpage where this Resolution is displayed, if available. Along with the Warning Letter, a copy of the most recent account ledger reflecting the total amount due and owing to the District according to the records of the Manager may also be sent.

iii. *Ten (10) Calendar Days from the Postmark Date of the Warning Letter:* Once the total amount of Delinquent Fees and Charges owing on the Property has exceeded \$1,500.00, regardless of whether the



Manager has performed the tasks outlined in Section 1(b) of this Resolution, the Manager may refer the Delinquent Account to the District's General Counsel (the "**General Counsel**"). At the time of such referral, the Manager may be requested to provide General Counsel with copies of all notices and letters sent pursuant to Section 1(b), if any, as well as a copy of the most recent ledger for the Delinquent Account.

c. **General Counsel Procedures.** Upon referral of a Delinquent Account from the Manager, General Counsel may perform the following:

i. *Upon Referral of the Delinquent Account from the Manager:* A "Demand Letter" may be sent to the Property Address, notifying the Property owner that the Property has been referred to General Counsel for further collections enforcement, including the filing of a statement of 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 Manager may also be sent.

ii. *No Sooner than Thirty (30) Calendar Days from the Postmark Date of the Demand Letter:* A Notice of Intent to File a Statement of Lien, along with a copy of the statement of lien to be filed, may be sent to the Property Address of the Delinquent Account notifying the Property owner that a statement of lien will be recorded with the clerk and recorder of the County where the Property is located (the "**Clerk and Recorder**") within no sooner than ten (10) days from the postmark date of the Notice of Intent to File a Statement of Lien.

iii. *No Sooner than Ten (10) Calendar Days from the Postmark Date of the Notice of Intent to File a Statement of Lien:* A Statement of Lien for the total amount due and owing as of the date of the Statement of Lien may be recorded against the Property with the Clerk and Recorder no sooner than ten (10) days from the postmark date of the Notice of Intent to File a Statement of Lien is sent to the Property. Notwithstanding the amount due and owing reflected on the Statement of Lien, all Delinquent Fees and Charges 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.

d. **Foreclosure or Bankruptcy.** In circumstances where the Property is being foreclosed upon or where the owner of the Property has declared or is declaring bankruptcy and notice of such bankruptcy action has been provided to the District, the Manager may be permitted, in his or her discretion, to refer the Delinquent Account directly to General Counsel in order to avoid unnecessary, costly and time-consuming procedures. Upon referral of the Delinquent Account to General Counsel, General Counsel may, in his or her discretion, immediately file a Statement of Lien on the Property. Further, when a Delinquent Account has a

balance of \$1,500.00 or greater, General Counsel is authorized to commence foreclosure action against the Property.

**2. Late Fees:**

a. **"Late Fees"** are assessed on the Property for failure to make timely payments of Fees. Late Fees are applied, regardless of whether the Fees are assessed on a one-time, monthly, quarterly, semi-annual, annual, or any other basis.

b. Late Fees are assessed on the Property **ten (10) calendar days from the payment due date.** Pursuant to § 29-1-1102, C.R.S., such Late Fee may be charged by either of the following two methods, whichever is greater:

i. One Late Fee of Fifteen Dollars (\$15.00) may be assessed on the Property per each assessment or installment of Fees not fully paid prior to the tenth (10th) calendar day following the payment due date; or

ii. In lieu of Section 2(b)(i) above, a Late Fee of Five Percent (5%) per month, commencing on the tenth (10th) calendar day following the payment due date, and each month thereafter, may be charged on unpaid Fees until the Late Fee equals Twenty Five Percent (25%) of all outstanding Fees.

c. Partial payment of any outstanding Delinquent Fees and Charges will not prevent the imposition of Late Fees pursuant to this Section 2.

d. Payments received will be applied to the balance due in the following order of priority: (1) Late Fees; (2) Interest; (3) Costs of Collections; (4) Legal Fees and Costs; (5) the earliest imposed and unpaid Fees; (6) any successive unpaid Fees in chronological order from the earliest unpaid Fees to the most recently imposed Fees.

e. No penalty will be assessed on the Property for a credit balance resulting from the prepayment and/or overpayment of Fees. Such credit balances will be carried forward on the account with all subsequent Fees and Delinquent Fees and Charges being deducted until such time as the credit balance is depleted. A Property carrying a credit balance may be assessed Late Fees as provided herein at such time as the credit balance is insufficient to pay the entire amount of Fees due and owing the District.

**3. Interest:**

**"Interest"** charges accrue on all delinquent Fees at the maximum statutory rate of Eighteen Percent (18%) per annum. Interest shall not accrue and be charged on Late Fees, Interest or Costs of Collections. §29-1-1102, C.R.S.

**4. Penalties:**

“Penalties” may be charged on Delinquent Accounts at a rate determined by the Board and may include, but are not limited to, pro-rated costs associated with collection efforts on behalf of the District for all Delinquent Accounts combined.

**5. Costs of Collections:**

“Costs of Collections” include, but are not limited to, attorneys’ fees and all costs, fees and charges associated with the processing and/or collection of Delinquent Fees and Charges, including the following fixed rates and hourly fees and costs:

i. *Action Fees.* The following fixed rate fees are charged to a Delinquent Account once the corresponding action has been taken by either the Manager or General Counsel:

- *Reminder Letter Fee:* Ten Dollars (\$10.00) per Reminder Letter. This action is typically performed by the Manager.

- *Warning Letter Fee:* Ten Dollars (\$10.00) per Warning Letter sent. This action is typically performed by the Manager.

- *Service Fees:* \_\_\_\_\_ per month/quarter.

- *Return Check Fee:* Twenty Dollars (\$20.00) per returned payment.

- *Attorney Transfer Fee:* Thirty Dollars (\$30.00) per Delinquent Account transferred from the Manager to General Counsel. This action is performed by the Manager.

- *Demand Letter Fee:* One Hundred Fifty Dollars (\$150.00) per Demand Letter sent. This action is performed by General Counsel.

- *Notice of Intent to File a Statement of Lien Fee:* One Hundred Twenty Dollars (\$120.00) per Notice of Intent to File a Statement of Lien sent. This action is performed by General Counsel.

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

- *Payment Plan Fee:* One Hundred Fifty Dollars (\$150.00) per Payment Plan prepared. This action is performed by General Counsel.

- *Default Letter Fee:* Seventy Dollars (\$70.00) per Default Letter prepared. This action is performed by General Counsel.

- *Monitoring Bankruptcy Fee:* One Hundred Dollars (\$100.00) for monitoring Chapter 7 bankruptcies. Two Hundred and Fifty Dollars

(\$250.00) for monitoring Chapter 13 or Chapter 11 bankruptcies. These actions are performed by General Counsel.

- *Monitoring Public Trustee Foreclosure Fee:* One Hundred Fifty Dollars (\$150.00) per Public Trustee Foreclosure action monitored. This action is performed by General Counsel.

- *Attorney Reminder Letter Fee:* Seventy Dollars (\$70.00) per Reminder Letter. This action is performed by General Counsel.

- *Certificate of Status Fee:* One Hundred Dollars (\$100.00) per Status Letter prepared. This action is performed by General Counsel.

- *Foreclosure Warning Letter Fee:* One Hundred Dollars (\$100.00) per Foreclosure Warning Letter prepared. This action is performed by General Counsel.

- *Lien Release Fee:* One Hundred Fifty Dollars (\$150.00) per lien that is released. This action is performed by General Counsel. It is recommended that the Lien Release Fee be charged to the Delinquent Account at the same time as the Lien Recording Fee.

ii. *Attorney Hourly Fees and Costs.* Upon transfer of a Delinquent Account to General Counsel, all hourly attorneys' fees and costs, including, but not limited to, litigation and expert witness fees and costs, litigation guarantees, service of process and/or publications incurred by the District to collect or defend the Delinquent Fees and Charges are assessed to the Delinquent Account and become part of the perpetual Lien on the Property. All such hourly attorneys' fees and costs shall be reasonable.

iii. *Recovery of Costs of Collections.* In accordance with § 29-1-1102(8), C.R.S., nothing in this Resolution shall be construed to prohibit the District from recovering all Costs of Collections whether or not outlined above.

#### **6. Waiver of Late Fees, Interest and Costs of Collections:**

a. The Manager and General Counsel each have authority and discretion to waive or reduce portions of the Delinquent Account attributable to Late Fees and Interest. Such action is permitted if either the Manager or General Counsel, in its discretion, determines that such waiver or reduction will facilitate the payment of Delinquent Fees and Charges. Notwithstanding the foregoing, neither the Manager nor General Counsel shall have the authority to waive Late Fees and Interest which, in the aggregate, exceeds One Thousand Dollars (\$1,000.00). In such case, the person or entity owing in excess of One Thousand Dollars (\$1,000.00) in Late Fees and Interest combined and requesting such a

waiver shall first submit a request, in writing, to the Board, and the Board may make the determination in its sole discretion.

b. Neither the Manager nor General Counsel is authorized to waive any portion of the Fees or Costs of Collections. Should the Property owner desire a waiver of such Fees and/or Costs of Collections, s/he may submit a written request to the Board and the Board may make the determination in its sole discretion.

c. Any waiver or reduction of Late Fees or Interest granted pursuant to Sections 6(a) or (b) hereof shall not be construed as a waiver or reduction of future Late Fees and Interest, or as the promise to waive or reduce future Late Fees or Interest. Nor shall any such waiver or reduction be deemed to bind, limit, or direct the future decision-making power of the Board, Manager, or General Counsel, whether related to the Property in question or other properties within the District.

**7. Payment Plans:**

The Manager and General Counsel each have the authority to enter into or establish payment plans for the repayment of a Delinquent Account. Should the Manager or General Counsel elect not to enter into a payment plan with the Property owner, the Property owner may submit a written request to the Board and the Board may make the determination in its sole discretion.

**8. Acceleration and Decelerations of Fees:**

The District reserves the right to accelerate and call due an entire unpaid annual Fee on any delinquent account. Such acceleration shall result in the entire unpaid annual Fee being due to the District immediately. The District also reserves the right to decelerate any accelerated Fee.

**9. Ratification of Past Actions:**

All acts, omissions, waivers and/or payment plans heretofore undertaken by the Manager or General Counsel that would otherwise have been authorized by or not required by this Resolution are hereby affirmed, ratified and made effective as of the date said acts, omissions, waivers and/or payment plans occurred.

**10. Additional Actions:**

The Board directs 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 this Resolution.

**11. Deviations:**

The District may deviate from the procedures set forth in this Resolution if in

its sole discretion such deviation is reasonable under the circumstances.

**12. Supersedes Prior Resolutions:**

This Resolution shall supersede and replace in their entirety all prior resolutions addressing the processing and/or collection of Delinquent Fees and Charges, including the Prior Policy. To the extent that any term or provision in this Resolution conflicts with any term or provision in a previously enacted and valid resolution of the District, the term or provision in this Resolution shall prevail.

**13. Severability:**

If any term, condition or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such term, condition or provision shall not affect any other provision contained in this Resolution, the intention being that such provisions are severable. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Resolution a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

**14. Savings Provision:**

The failure to comply with the procedures set forth herein shall not affect the status of the Delinquent Fees and Charges as a perpetual Lien subject to foreclosure in accordance with law. Failure by the Manager, General Counsel or other authorized representative to take any action in accordance with the guidelines provided herein shall not invalidate subsequent efforts to collect the Delinquent Fees and Charges.

*[The remainder of this page intentionally left blank.]*

ADOPTED this 28<sup>th</sup> day of February, 2018.

FALLBROOK VILLAS METROPOLITAN  
DISTRICT

Kurt Pedra  
Officer of the District(s)

ATTEST:

Angela Elford

APPROVED AS TO FORM:

SPENCER FANE, LLP  
Attorneys at Law

\_\_\_\_\_  
General Counsel to the District(s)

**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: Kent Pedra  
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: Angela Elliott  
Secretary

EXHIBIT B

BUDGET

**Fallbrook Villas Metropolitan District**  
**Adopted Budget**  
**General Fund**  
**For the Year Ended December 31, 2020**

	Actual <u>2018</u>	Adopted Budget <u>2019</u>	Actual <u>6/30/2019</u>	Estimate <u>2019</u>	Adopted Budget <u>2020</u>
Beginning fund balance	\$ 511	\$ -	\$ 929	\$ 929	\$ 30,283
Revenues:					
Property taxes	4,563	10,731	10,732	10,732	20,061
Ownership taxes	371	752	368	700	1,404
Developer advance	44,572	84,173	15,573	84,173	80,000
Miscellaneous income	-	-	40	100	500
Total revenues	<u>49,506</u>	<u>95,656</u>	<u>26,713</u>	<u>95,705</u>	<u>101,965</u>
Total funds available	<u>50,017</u>	<u>95,656</u>	<u>27,642</u>	<u>96,634</u>	<u>132,248</u>
Expenditures:					
Legal	9,256	10,000	5,598	12,000	12,000
Accounting	3,365	7,000	2,794	5,000	7,000
Audit	-	-	-	-	5,000
Insurance	3,441	3,800	3,690	3,690	4,000
Miscellaneous	32	-	681	1,000	1,000
Management	6,000	7,200	3,000	7,200	9,600
Planning & Engineering	2,420	-	-	-	-
Election expense	-	-	-	-	1,000
Landscape maintenance	24,000	30,000	3,460	20,000	50,000
Snow removal	385	5,000	7,672	12,000	15,000
Other maintenance	-	10,000	-	5,000	5,000
Utilities	121	10,000	223	300	10,000
Treasurer's fees	68	161	161	161	301
Contingency	-	10,000	-	-	8,750
Emergency reserve	-	2,495	-	-	3,597
Total expenditures	<u>49,088</u>	<u>95,656</u>	<u>27,279</u>	<u>66,351</u>	<u>132,248</u>
Ending fund balance	\$ 929	\$ -	\$ 363	\$ 30,283	\$ -
Assessed value	<u>412,730</u>	<u>970,670</u>			<u>1,802,080</u>
Mill levy	<u>11.056</u>	<u>11.056</u>			<u>11.132</u>

**Fallbrook Villas Metropolitan District  
Adopted Budget  
Capital Projects Fund  
For the Year Ended December 31, 2020**

	Actual <u>2018</u>	Adopted Budget <u>2019</u>	Actual <u>6/30/2019</u>	Estimate <u>2019</u>	Adopted Budget <u>2020</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Bond proceeds 2019A	-	7,500,000	2,405,000	2,405,000	-
Bond proceeds 2019B	-	-	398,000	398,000	-
Developer advances	-	-	4,371,790	4,371,790	-
Interest income	-	-	1,810	3,500	-
Miscellaneous income	-	-	-	-	-
Total revenues	-	<u>7,500,000</u>	<u>7,176,600</u>	<u>7,178,290</u>	-
Total funds available	-	<u>7,500,000</u>	<u>7,176,600</u>	<u>7,178,290</u>	-
Expenditures:					
Legal	-	-	-	-	-
District management	-	-	-	-	-
Engineering	-	-	1,980	2,000	-
Bond issuance costs	-	225,000	214,829	214,829	-
Transfer to Debt Service-Reserve	-	750,000	316,983	316,983	-
Transfer to Debt Service-Cap Interest	-	1,575,000	-	-	-
Developer Adv Pmt - Principle	-	-	2,244,813	2,244,813	-
Developer Adv Pmt - Interest	-	-	19,164	19,164	-
Capital projects	-	4,500,000	4,371,790	4,371,790	-
Contingency	-	450,000	-	8,711	-
Total expenditures	-	<u>7,500,000</u>	<u>7,169,559</u>	<u>7,178,290</u>	-
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,041</u>	<u>\$ -</u>	<u>\$ -</u>

**Fallbrook Villas Metropolitan District**  
**Adopted Budget**  
**Debt Service Fund**  
**For the Year Ended December 31, 2020**

	Actual <u>2018</u>	Adopted Budget <u>2019</u>	Actual <u>6/30/2019</u>	Estimate <u>2019</u>	Adopted Budget <u>2020</u>
Beginning fund balance	\$ -	\$ 24,072	\$ 24,326	\$ 24,326	\$ 295,146
Revenues:					
Property taxes	22,814	53,656	53,656	53,656	100,311
Specific ownership taxes	1,854	3,756	1,840	3,600	7,022
Interest income	-	-	2,925	5,500	5,500
Transfer from capital projects	-	2,325,000	316,983	316,983	-
Total revenues	<u>24,668</u>	<u>2,382,412</u>	<u>375,404</u>	<u>379,739</u>	<u>112,833</u>
Total funds available	<u>24,668</u>	<u>2,406,484</u>	<u>399,730</u>	<u>404,065</u>	<u>407,979</u>
Expenditures:					
Interest expense - 2019A Bonds	-	525,000	39,983	103,114	126,262
Principal - 2019A Bonds	-	-	-	-	-
Treasurer's fees	342	805	805	805	1,505
Trustee / paying agent fees	-	5,000	-	5,000	5,000
Total expenditures	<u>342</u>	<u>530,805</u>	<u>40,788</u>	<u>108,919</u>	<u>132,767</u>
Ending fund balance	<u>\$ 24,326</u>	<u>\$ 1,875,679</u>	<u>\$ 358,942</u>	<u>\$ 295,146</u>	<u>\$ 275,212</u>
Assessed valuation	<u>412,730</u>	<u>970,670</u>			<u>1,802,080</u>
Mill Levy	<u>55.277</u>	<u>55.277</u>			<u>55.664</u>
Total Mill Levy	<u>66.333</u>	<u>66.333</u>			<u>66.796</u>
			2019A Reserve Fund	192,825	192,825