

**RESOLUTION  
OF THE  
BOARD OF DIRECTORS OF THE  
INDEPENDENCE OVERLAY METROPOLITAN DISTRICT**

**Regarding Policies, Procedures and Penalties for the Enforcement of the Governing Documents**

WHEREAS, the Independence Overlay Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado; and

WHEREAS, consistent with the terms and conditions of the Declaration of Covenants, Conditions, and Restrictions of the Independence Overlay Metropolitan District of recorded in the real property records of the Clerk and Recorder of Elbert County, Colorado at Reception No. 594211, on April 9, 2020 (the “**Covenants**”), the District’s Service Plan, the District’s Design Guidelines (the “**Design Guidelines**”), and § 32-1-1001(1)(j)(I), C.R.S., the Board of Directors of the District (the “**Board**”) is authorized to levy and collect fees (the “**Fees**”), increase or decrease the amount of the Fees, impose additional penalties, charges, or interest, impose liens, send demand letters and notices, negotiate, settle and take any other actions with respect to any violation(s), or alleged violation(s), of any of the Residential Improvement Guidelines or Covenants (collectively, the “**Governing Documents**”); 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

WHEREAS, the District is authorized by § 32-1-1004.5, C.R.S., to collect such Fees, including the District’s costs for collection, by certification to the Elbert County Treasurer; and

WHEREAS, by this resolution (the “**Resolution**”), the District desires to set forth guidelines for the District’s enforcement of the Governing Documents and the imposition of Fees related to the same, all as further set forth herein; 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 enforcement of the Governing Documents and any deviation from the guidelines shall not alter, amend or impact the Covenants in any way.

NOW, THEREFORE, be it RESOLVED by the Board of the Independence Overlay Metropolitan District as follows:

1. **Intent of District.** This Resolution is adopted to ensure the protection of the health, safety and welfare of the residents and property owners of the District, to preserve property values, enhance the quality of life for all District residents, and provide a fair and consistent enforcement process of the Governing Documents. While many violations may be resolved through a courtesy/warning notice (see below), there are instances when further action is required. Fees are intended to bring properties into conformance with the Governing Documents, which includes but is not limited to the Covenants, in a timely manner while providing due notice and appeal rights to property owners as described herein.

2. **Enforcement Policy.** The District may enforce the Governing Documents as set forth herein, and any non-compliance with the Governing Documents by any owner, renter or guest will be the responsibility of the owner of the respective property subject to this Resolution (the “**Owner**”). This Resolution is intended to serve as guidance to the Board and the District’s authorized representative(s) (the “**District Representative**”) and does not limit or restrict the authority of the Board. The Board may intervene at any time with respect to any authority granted to or action undertaken by the District Representative. In addition, this Resolution shall not supersede the procedures for approval, disapproval, or notice of noncompliance related to improvements as set forth in the Governing Documents.

3. **Investigative Procedure.** Upon receipt of a written complaint alleging a violation of the Governing Documents, the District Representative will conduct an investigation to determine whether a violation of the Governing Documents has occurred.

4. **Enforcement Process for Continuous Violations.** Upon determining that a “Continuous Violation” (defined as a violation that is ongoing, uninterrupted by time and may take time to cure) has occurred, the District Representative and the Board shall take the following steps:

a. **Notice of Alleged Violation.** If the District Representative determines that a Continuous Violation of the Governing Documents exists, either through the investigative process as set forth in Section 3, or through independent inspections or observations of the District Representative, the District Representative will send a Notice of Alleged Violation (“**Notice of Alleged Violation**”) to the Owner by first-class United States mail to the address of the Owner on record according to the records of the Elbert County Assessor (“**Owner’s Address**”), notifying the Owner: (i) of the Continuous Violation, (ii) the date of the Continuous Violation or the date the Continuous Violation was observed, (iii) that the Owner must have the Continuous Violation corrected within 15 calendar days of the date of the Notice of Alleged Violation, (iv) that failure to timely cure the Continuous Violation may result in potential Fees or other sanctions, and (v) that the Owner has the opportunity for a hearing before the District Board or its designee. The process for the hearing is set forth in **Exhibit A** attached hereto and incorporated herein by this reference (the “**Dispute Resolution Process**”). If, at the discretion of the District Representative, the Continuous Violation requires more than 15 calendar days to cure, the District Representative may extend the cure period or require the Owner to commence such cure within 15 calendar days of the date of the Notice of Alleged Violation and diligently prosecute the same to completion.

b. **Right to Submit Written Position Statement.** An Owner who receives a Notice of Alleged Violation, in lieu of attending a hearing before the Board or its designee, may respond to the violation by sending a written position statement via certified mail to the District or its designee, at the address(es) listed on the Notice of Alleged Violation, within 15 calendar days of the date of the Notice of Alleged Violation, but not less than 15 calendar days before the hearing date contained in the Notice of Alleged Violation. The Board or its designee may consider the written position statement and any other information coming before it regarding the violation, in the same manner as though a hearing were conducted.

c. **Notice and Imposition of Fees.** If the Owner fails to cure the Continuous Violation within the timeframe set forth in the Notice of Alleged Violation and fails to request or attend a hearing, or submit a position statement to the Board or its designee, and the Board or its designee determines a violation is present or has occurred, the District shall send the Owner a Notice of Finding of Violation (“**Notice of Finding of Violation**”), which shall state that the Owner has been found in violation of the Governing Documents and may be assessed Fees for the Continuous Violation in accordance with the schedule of Fees approved by the Board, as amended from time to time, and that failure by Owner to cure the Continuous Violation within the period stated in the Notice of Finding of Violation may result in additional Fees to the Owner.

d. **Further Failure to Comply.** In the event that a Continuous Violation continues to exist uninterrupted 30 calendar days after the time period to cure as set forth in the Notice of Alleged Violation, the Board may in its discretion, in addition to any other lawful remedy, send the Owner a notice of daily fines (“**Daily Fine Notice**”) and thereafter impose a daily fine of \$10 for each day that a Continuous Violation so continues.

5. **Enforcement Process for Repetitious Violations.** Upon determining that a “Repetitious Violation” (defined as a violation that occurs at a set point in time and does not require time to cure, such as the parking of a restricted vehicle in the community or leaving trash cans out beyond the time allowed) has occurred, the District Representative and Board shall take the following steps:

a. **Notice of Alleged Violation.** If the District Representative determines that a Repetitious Violation of the Governing Documents has occurred, either through the investigative process as set forth in Section 3, or through independent inspections or observations of the District Representative, the District Representative will send a Notice of Alleged Violation (“**Notice of Alleged Violation**”) to the Owner by first-class United States mail to the Owner’s Address, notifying the Owner: (i) of the Repetitious Violation, (ii) the date of the Repetitious Violation or the date the Repetitious Violation was observed, and (iii) that any subsequent violations of the same restriction within 90 calendar days of the date of the Notice of Alleged Violation may result in the imposition of Fees.

b. **Notices of Repetitious Violations.** If an Owner subsequently violates the same covenant or rule within 90 days of date of the Notice of Alleged Violation, each such instance shall constitute a separate Repetitious Violation for which Fees may be imposed pursuant to the Fee schedule set forth in Section 6. Upon the occurrence of each subsequent Repetitious Violation, the District Representative shall send the Owner a notice advising the Owner of the Repetitious Violation and the Fee to be imposed (“**Repetitious Violation Notice**”). The first such Repetitious Violation Notice shall further state that the Owner is entitled to a hearing on the merits of the matter provided that such hearing is requested in writing by the Owner within 15 calendar days of the date of the Repetitious Violation Notice. The process for the hearing is set forth in Exhibit A. The District may impose additional Fees with each Repetitious Violation Notice sent after the first Repetitious Violation Notice without the necessity of providing the Owner with an opportunity for a hearing thereafter.

6. **Fee Schedule.** The following Fee schedule is adopted for any and all violations of the Governing Documents.

<b><u>Continuous Violations</u></b>	
Notice of Alleged Violation	Advisory Letter
Notice of Finding of Violation	\$25.00
Daily Fine Notice	\$10.00 each day
<b><u>Repetitious Violations</u></b>	
Notice of Alleged Violation	Advisory Letter
Repetitious Violation Notice	\$50.00 for each Repetitious Violation for which a Notice of Alleged Violation has already been sent

7. **Finding of Repetitious or Continuous Violation.** The District Representative must identify a violation as either “Continuous” or “Repetitious” in the initial Notice of Alleged Violation. A violation cannot be both repetitious and continuous in nature.

8. **Violations or Offenses that Constitute a Present Danger.** If a violation concerns a serious or immediate risk to the health, safety, or welfare of person or property, the District Representative shall seek to obtain prompt action by the Owner to correct the violation and avoid any reoccurrence, and the procedural requirements under this Resolution may be waived by the Board any a hearing scheduled as soon as possible. The Board may impose sanctions as necessary to abate any threat to health, safety, or welfare of any person or property.

9. **Failure to Pay Outstanding Fees.** Any outstanding Fees shall be assessed interest, late fees, and additional charges as set forth in the Resolution of the Board of Directors of the Independence Overlay Metropolitan District – Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges as shown on **Exhibit B** attached hereto and incorporated herein by this reference (“**Guidelines for Processing and Collection of Delinquent Fees and Charges**”).

10. **Waiver of Fees.** Each of the District Manager, Board President, General Counsel and Special Counsel, has authority and discretion to waive or reduce all or portions of the Fees. The authority to waive Fees is as follows:

a. Each of the Each of the District Manager, Board President, General Counsel and Special Counsel may waive Fees not to exceed \$1,000.

b. In the case of Fees exceeding \$1,000, the person or entity owing such amount must submit a request for a waiver, in writing, to the Board, which determination shall be made by the Board at an open meeting in the Board’s sole discretion.

c. Any waiver or reduction of Fees granted pursuant to this Section shall not be construed as a waiver or reduction of future Fees, or as the promise to waive or reduce future Fees.

d. The Board hereby ratifies any waiver or reduction of Fees granted pursuant to this Section prior to the adoption date of this Resolution.

11. **Other Enforcement Means.** The provisions of this Resolution shall be in addition to all other enforcement means which are available to the District through the Governing Documents, or by law. Application of this Resolution does not preclude the District from using any other enforcement means, including, but not limited to the recording of liens, notices of non-compliance, and any other legal or equitable remedies available to the District.

12. **Certification of Account to County Treasurer.** Pursuant to § 32-1-1004.5, C.R.S., the Board may elect to certify any delinquent account and late fees satisfying the criteria established therein to the Elbert County Treasurer for collection with ad valorem property taxes. The certification process may be in addition to or in lieu of any procedures set forth in this Resolution in the Board's sole discretion. The fees for the certification process shall be in accordance with Colorado law and Elbert County policy.

13. **Legal Action.** Any violation of the Governing Documents may, in the discretion of the Board, be turned over to legal counsel to take appropriate legal action either in lieu of, or in addition to, the imposition of any fines or other penalties under this Resolution, and Owners shall be responsible for all attorneys' fees and costs incurred in enforcing this Resolution and in collection amounts due and owing the District.

14. **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.

15. **Amendment.** The policies, procedures and Fee schedule set forth herein may be supplemented and/or amended from time to time by the District, in its sole and absolute discretion.

16. **Payment.** Payment for all Fees shall be by check or equivalent form acceptable to the District and made payable to the Independence Overlay Metropolitan District, 2370 Antelope Ridge Trail, Parker, CO 80138.

17. **Supersedes Prior Resolutions:** This Resolution shall supersede and replace in their entirety all prior resolutions addressing the policies, procedures and penalties for the enforcement of the Governing Documents. 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.

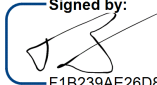
18. **Severability:** If any term, condition or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such term, condition or provision shall not affect any other provision contained in this Resolution, the intention being that 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.

*[Remainder of page intentionally left blank, signature page follows.]*

ADOPTED this February 5, 2025.


**INDEPENDENCE OVERLAY METROPOLITAN DISTRICT**

By:

Signed by:  
  
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\_\_\_\_\_  
Tim Craft, President

Attest:

By:

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Jim Yates, Secretary

**EXHIBIT A**

**Dispute Resolution Process**



## SECTION 1 – NOTICE

1. Any Owner who receives a Notice of Alleged Violation for Continuous Violations, Repetitious Violation Notice, or imposition of Fees may be heard regarding such violation by the Board or its designee. Such hearing will be scheduled as set forth in the notice. Fees set forth in any notice from the District may continue to accrue during the hearing process so that the process is not used to delay effective enforcement of the District's Governing Documents, as amended from time to time.

2. In lieu of a hearing, an Owner may submit a written position statement no less than 15 days before the noticed hearing, which written position statement shall be considered by the Board or its designee in the same manner that verbal testimony would be considered.

## SECTION 2 – HEARING PROCESS

1. The hearing shall be held before the Board in open session or its designee in an open forum unless the Owner requests that the hearing be closed.

2. The Board President or Board's designee shall summarize the violation to be heard before the Board or its designee and introduce all parties.

3. The Owner shall be afforded 10 minutes to state his or her case and to present to the Board or its designee any evidence that is applicable to the Owner's position.

4. Each Board Member or the Board's designee shall have an opportunity to question the Owner regarding the violation.

5. Any Board Member or the Board's designee may receive additional evidence to aid in the determination of the matter including, but not limited to, any relevant documentation and/or information from third parties.

6. Upon completion of the question and answer period, the Board President or the Board's designee will state that the violation has been heard and the Board or its designee will make their decision following an executive session if the Board or the designee deems an executive session to be available under applicable law and necessary in the given circumstances. In reaching a decision, the Board or its designee may consider the Owner's statements and other evidence presented, the Owner's willingness to work towards compliance, and any other factors that may be pertinent as determined by the Board or its designee.

7. The Board or its designee may continue the hearing if it determines that additional information is required from the Owner before making an informed decision. The Board or its designee shall notify the Owner of the date and time of the continued hearing and the additional information that the Owner must present on the continued hearing date.

8. The minutes of the meeting shall contain a written statement of the results of the hearing and the Fee, if any, imposed. The Owner shall be given written notice of the results of the hearing within 5 days from the date of the hearing.

SECTION 3 – FINDING OF VIOLATION

1. All decisions of the Board or its designee are final and may not be further appealed through the District.

**EXHIBIT B**

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

**RESOLUTION  
OF THE  
BOARD OF DIRECTORS OF THE  
INDEPENDENCE OVERLAY METROPOLITAN DISTRICT**

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

WHEREAS, the Independence Overlay Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado; and

WHEREAS, pursuant to the District’s Service Plan (the “**Service Plan**”), the District provides and maintains various services and facilities for its residents and taxpayers, including landscaping, parks, open spaces, greenbelts, recreational facilities, and related improvements; and

WHEREAS, consistent with the terms and conditions of the Declaration of Covenants, Conditions, and Restrictions of the Independence Overlay Metropolitan District recorded in the real property records of the Clerk and Recorder of Elbert County, Colorado at Reception No. 594211, on April 9, 2020 (the “**Covenants**”), the District’s Service Plan, and § 32-1-1001(1)(j)(I), C.R.S., the Board of Directors of the District (the “**Board**”) is authorized to fix and from time to time increase or decrease fees for services, programs, or facilities furnished by the District, including but not limited to covenant enforcement and control and provision of landscaping, storm water, and drainage services to properties within and without (each property individually referred to herein as the “**Property**”) the District’s boundaries; and

WHEREAS, pursuant to § 32-1-1001(1)(j), C.R.S., as amended, the Board is empowered 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 District; 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), (collectively, 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.

NOW, THEREFORE, be it RESOLVED by the Board of the Independence Overlay Metropolitan District as follows:

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, lenders, tradesmen 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 Manager’s 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. ***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.

ii. ***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. 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. Once the total amount of Delinquent Fees and Charges owing on the Property exceeds \$250.00, regardless of whether the Manager has performed the tasks outlined in Section 1(b) of this Resolution, the Manager may defer the Delinquent Account to the District's general counsel ("**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:* General Counsel may direct the Manager continue to conduct the procedures outlined in Section 1(b), in lieu of General Counsel initiating the procedures below in Section 1(c). In the event General Counsel has directed the Manager to continue the procedures set forth herein, General Counsel reserves the right to initiate the procedures outlined in this Section 1(c), at any time.

ii. *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.

iii. *No Sooner than 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 may be recorded with the clerk and recorder of the County where the Property is located (the "**Clerk and Recorder**") no sooner than 10 calendar days from the postmark date of the Notice of Intent to File a Statement of Lien.

iv. *No Sooner than 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 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, subject to Sections 1(d)(i) and (ii), when a Delinquent Account has a Foreclosable Balance (as defined below) of \$3,000 or greater, General Counsel is

authorized, in his or her discretion, to recommend foreclosure action against the Property. Any foreclosure action shall be approved by the Board prior to the initiation of any foreclosure action by special counsel engaged by the District to handle foreclosure actions on behalf of the District (“**Special Counsel**”). The District may, at its option, forward a copy of the foreclosure warning letter to any and all deed of trust holders and/or counsel for any and all deed of trust holders of record.

i. Pursuant to § 32-1-1004.5, C.R.S., foreclosure shall be available only to the extent that amounts due on the Delinquent Account do not exclusively relate to Covenant or design review violations or enforcement of a failure to comply with any Covenants or design guidelines (“**Covenant Violation Amounts**”).

ii. If a Delinquent Account has only Covenant Violation Amounts due, there is no Foreclosable Balance and no foreclosure action shall be commenced. For all other Delinquent Accounts, the “**Foreclosable Balance**” equals the amounts due resulting from (a) unpaid Fees other than those related to Covenant Violation Amounts, (b) subject to the next sentence, Costs of Collection other than those related to Covenant Violation Amounts, (c) subject to the next sentence, Legal Fees and Costs other than those related to Covenant Violation Amounts, (d) Late Fees other than those related to Covenant Violation Amounts and (e) Interest charged other than those related to Covenant Violation Amounts (“**Foreclosable Balance**”). For clarity, if the Delinquent Account has amounts due for reasons other than Covenant Violation Amounts (for example, unpaid operating Fees) and such other amounts due would have authorized the District to incur Costs of Collection and Legal Fees and Costs under this Resolution, all of the Costs of Collection and Legal Fees and Costs shall be included in the Foreclosable Balance.

## 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 15 calendar days from the payment due date. Pursuant to § 29-1-1102, C.R.S., such Late Fees may be charged by either of the following two methods, whichever is greater:

i. One Late Fee of \$15 may be assessed on the Property per each assessment or installment of Fees not fully paid prior to the 15<sup>th</sup> calendar day following the payment due date; or

ii. In lieu of Section 2(b)(i) above, a Late Fee of 5% per month, commencing on the 15<sup>th</sup> calendar day following the payment due date, and each month thereafter, may be charged on unpaid Fees until the Late Fee equals 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 rate of 12% per annum. Interest shall not accrue and be charged on Late Fees, Interest or Costs of Collections.

4. **Costs of Collections:**

a. 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:* \$10 per Reminder Letter. This action is typically performed by the Manager.
- ◆ *Warning Letter Fee:* \$10 per Warning Letter sent. This action is typically performed by the Manager.
- ◆ *Management Company Service Fee:* \$20 per month. This action is typically performed by the Manager.
- ◆ *Management Company Trial Appearance/Preparation Fee:* \$95 per hour.
- ◆ *Return Check Fee:* \$50 per returned payment.
- ◆ *Attorney Transfer Fee:* \$75 per Delinquent Account transferred from the Manager to General Counsel. This action is performed by the Manager.
- ◆ *Demand Letter Fee:* \$150 per Demand Letter sent. This action is performed by General Counsel.
- ◆ *Follow up Demand Letter Fee:* \$50 per Follow up Demand Letter sent. This action is performed by General Counsel.



- ◆ *Notice of Intent to File a Statement of Lien Fee:* \$120 per Notice of Intent to File a Statement of Lien sent. This action is performed by General Counsel.
- ◆ *Lien Recording Fee:* \$150 per each lien recorded on the Property. This action is performed by General Counsel.
- ◆ *Payment Plan Fee:* \$250 per Payment Plan prepared. This action is performed by General Counsel.
- ◆ *Default Letter Fee:* \$70 per Default Letter prepared. This action is performed by General Counsel.
- ◆ *Responding to Bankruptcy Fee:* \$100 for monitoring Chapter 7 bankruptcies. \$350 for monitoring Chapter 13 or Chapter 11 bankruptcies. These actions are performed by General Counsel and are in addition to attorney's fees.
- ◆ *Monitoring Public Trustee Foreclosure Fee:* \$200 per Public Trustee Foreclosure action monitored. This action is performed by General Counsel.
- ◆ *Attorney Reminder Letter Fee:* \$70 per Reminder Letter. This action is performed by General Counsel.
- ◆ *Certificate of Status Fee:* \$100 per Status Letter prepared. This action is performed by General Counsel.
- ◆ *Foreclosure Warning Letter Fee:* \$100 per Foreclosure Warning Letter prepared. This action is performed by General Counsel.
- ◆ *Lien Release Fee:* \$150 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.
- ◆ *Court Appearances by Manager:* \$95 per hour. This includes meeting with the District's attorney, depositions and administrative preparation relating to a case.

ii. *Attorney Hourly Fees and Costs.* Upon transfer of a Delinquent Account to General Counsel or Special Counsel, as applicable, 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.

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

a. Each of the Manager, General Counsel and Special Counsel, has authority and discretion to waive or reduce all or portions of the Delinquent Account attributable to Delinquent Fees and Charges. Such action is permitted if it is determined that such waiver or reduction will facilitate the payment of Delinquent Fees and Charges and/or is commercially reasonable in the circumstances.

b. The authority to waive Delinquent Fees and Charges is as follows:

i. Each of the District Manager, General Counsel and Special Counsel may waive Delinquent Fees and Interest not to exceed \$1,000.

ii. In the case of Delinquent Fees and Charges exceeding \$1,000, the person or entity owing such amount must submit a request for a waiver, in writing, to the Board, which determination shall be made by the Board at an open meeting in the Board's sole discretion.

c. Any waiver or reduction of Late Fees or Interest granted pursuant to this Section 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, General Counsel, or Special Counsel whether related to the Property in question or other properties within the District.

d. The Board hereby ratifies any waiver or reduction of Late Fees or Interest granted pursuant to this Section prior to the adoption date of this Resolution.

**6. Payment Plans:** The Manager, General Counsel and Special Counsel each have the authority to enter into or establish payment plans for the repayment of a Delinquent Account. The Manager, General Counsel, and Special Counsel each have the authority to forebear all Late Fees and Interest that would be incurred during the Payment Plan period. The Manager, General Counsel, and Special Counsel each have the right to terminate forbearance of said Late Fees and Interest in the event the owner of the Property does not comply with the terms of the Payment Plan. Should the Manager, General Counsel, or Special 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.

**7. 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.

8. **Ratification of Past Actions:** All acts, omissions, waivers and/or payment plans heretofore undertaken by the Manager, General Counsel, or Special 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.

9. **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.

10. **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.

11. **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.

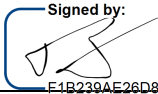
12. **Severability:** If any term, condition or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such term, condition or provision shall not affect any other provision contained in this Resolution, the intention being that 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.

13. **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, Special 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. To the extent any specific clause or portion of this Resolution is inconsistent with the law, that specific clause or provision will be interpreted so that it is enforceable to the fullest extent of the law and shall not affect any other clause or provision of this Resolution.

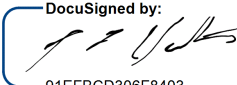
*[Remainder of page intentionally left blank, signature page follows.]*

ADOPTED this 5<sup>th</sup> day of February, 2025.

**INDEPENDENCE OVERLAY METROPOLITAN  
DISTRICT**

By:  Signed by:  
F1B239AE26D84A0...  
\_\_\_\_\_  
Tim Craft, President

Attest:

By:  DocuSigned by:  
91EFBCD306F8403...  
\_\_\_\_\_  
Jim Yates, Secretary