

**RESOLUTION
OF THE BOARD OF DIRECTORS OF
ROCKINGHORSE METROPOLITAN DISTRICT NO. 2**

**REGARDING POLICIES, PROCEDURES AND PENALTIES FOR THE
ENFORCEMENT OF THE GOVERNING DOCUMENTS**

WHEREAS, RockingHorse Metropolitan District No. 2 ("**District**") has the authority to enforce the Protective Covenants of RockingHorse recorded at Reception No. 2007028667, Douglas County, Colorado on April 11, 2007 ("**Declaration**"), the Residential Improvement Guidelines dated November 2006, rules and regulations and policies and procedures of the District, as the same may be amended and supplemented from time to time (collectively, the "**Governing Documents**"); and

WHEREAS, pursuant to the terms and conditions of the Declaration, the District is authorized to adopt, enact, amend, modify and re-enact rules and regulations concerning and governing the Property (as that term is defined in the Declaration) (the "**Rules and Regulations**"), and to establish and enforce penalties for the violations of the Governing Documents, including the levying and collection of fines; and

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

WHEREAS, the District's board of directors ("Board") desires to set forth policies and procedures regarding the enforcement of the Governing Documents and to establish penalties for violations of the Governing Documents.

NOW THEREFORE, the Board hereby adopts this Resolution and the following policies and procedures:

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.

2. Enforcement Policy. The District may enforce the Governing Documents through administrative proceedings or judicial action, 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 for the guidance of the Board and the District's authorized representative(s) (the "**District Representative**"), and is not intended to 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 improvement as set forth in the Guidelines and the Declaration.

3. Investigative Procedure. Upon the District Representative's observation or receipt of a written complaint alleging a violation of the Governing Documents, the District Representative may, within 14 working days, conduct an investigation to determine whether a violation has occurred, and shall include in the District Representative's report and findings photo documentation of the alleged violation, if available.

4. Advisory Letter. If the District Representative determines that an alleged violation of the Governing Documents exists, the District Representative will send an "Advisory Letter" to the Owner by first-class United States mail to the address of the Owner on record, notifying the Owner of: (i) the restriction allegedly violated and the nature of the violation, (ii) that the Owner must have the alleged violation corrected with 14 calendar days after mailing, and (iii) that failure to timely cure the alleged violation may result in potential fines or other sanctions. If, in the discretion of the District Representative, the alleged violation requires more than 14 days to cure, the District Representative may extend the cure period or require the Owner to commence such cure within 14 days after the date of the Advisory Letter and diligently prosecute the same to completion. The District Representative may, in their sole discretion, determine that an Advisory Letter is not necessary or appropriate and may instead immediately send a Notice as provided in paragraph 5 below.

5. Notice of Complaint and Opportunity to Be Heard. If an Owner fails to cure (or provide adequate proof that he or she is diligently seeking to cure, if applicable) an alleged violation within 14 days of the date of the Advisory Letter, or if the District Representative determines, in their sole discretion, an Advisory Letter is not necessary or appropriate, the District Representative shall send a notice of complaint and opportunity to be heard ("Notice") to the Owner. The Notice shall be sent to the Owner by first-class United States mail, to the address on record for the Owner.

6. Hearing on Violation. Hearings regarding alleged violations of the Governing Documents shall be conducted by a tribunal consisting of the District's manager and any two Board members.

7. Failure to Attend or Request Hearing. In the event any Owner, or his or her authorized representative, fails to request a hearing within 14 days of the mailing of the Notice, or fails to appear, he or she will be deemed to have admitted and acknowledged the violation and will be subject to all fines and penalties assessed in connection with the violation.

8. Decision. After the District has taken the steps as outlined above, upon a finding that an Owner is in violation of the Governing Documents, the District may revoke or suspend the Owner's privileges, impose fines in accordance with the fine schedule set forth below and take such other actions as it may deem necessary or appropriate to assure compliance with the Governing Documents.

9. Fine Schedule. The following fine schedule is adopted for any and all violations of the Governing Documents.

First Violation:	\$ 25.00 per offense
First Notice of Ongoing Violation:	\$ 50.00 per offense

Second Notice of Ongoing Violation: \$ 100.00 per offense

10. Continuing Violation. In the event that one or more violations continue(s) to exist for more than 30 calendar days uninterrupted, such violation shall be deemed a “**Continuing Violation**” until cured. In the case of a Continuing Violation, the District may in its discretion, in addition to any other remedy, impose a fine of up to \$100 for each day that a Continuing Violation continues.

11. Violations or Offenses that Constitute a Present Danger. If an alleged 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 alleged violator to correct the violation and avoid any reoccurrence, and the procedural requirements under this Resolution may be waived by the Board and 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.

12. Waiver of Fines and Other Amounts. The District may determine enforcement actions on a case by case basis, and take other actions as it may deem necessary or appropriate to assure compliance with the Governing Documents. The District Representative may, in its sole discretion, waive all or any portion of any fines and other amounts levied under this Resolution. Additionally, the Board may condition waiver of any fine or other amount(s), upon the Owner coming into and staying in compliance with the Governing Documents.

13. 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, foreclosure, and any other legal or equitable remedies available to the District.

14. Application of Escrow Amounts. Any amounts held by the District in escrow to ensure an Owner’s compliance with the Governing Documents may, in the discretion of the District, be applied toward the Owner’s fines and other penalties imposed hereunder.

15. 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 costs incurred by the District, including attorneys’ fees and costs incurred in enforcing this Resolution and in collecting amounts due and owing the District.

16. Foreclosure of Lien. All amounts imposed pursuant to this Resolution shall, until paid, constitute a statutory, perpetual lien on and against the property served, and any such lien may be foreclosed in the manner provided by the laws of the State of Colorado for the foreclosure of mechanic’s liens, pursuant to § 32-1-1001(1)(j), C.R.S., such lien being a charge imposed for the provision of services and facilities to the property. Said lien may be foreclosed at such times as the District in its sole discretion may determine. The lien shall be perpetual in nature (as defined by the laws of the State of Colorado) on the property and shall run with the land.

17. Deviations. The District may deviate from the procedures set forth herein if, in its sole discretion, such deviation is reasonable under the circumstances.

18. Amendment. The policies, procedures and fine schedule set forth in this Resolution may be supplemented and/or amended from time to time by the District, in its sole and absolute discretion.

19. Payment. Payment for all fines shall be by check or equivalent form acceptable to the District, made payable to "RockingHorse Metropolitan District No. 2" and sent to the following address, on or before the due date: RockingHorse Metropolitan District No. 2, c/o PCMS, 7208 S. Tucson Way #125, Centennial, CO 80112. The District may change the payment address from time and time and such change shall not require an amendment to this Resolution.

20. Severability. If any portion of this Resolution is declared by any court of competent jurisdiction to be void or unenforceable, such decision shall not affect the validity of any remaining portion of this resolution, which shall remain in full force and effect. 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.

21. Effective Date. This Resolution shall become effective immediately, and shall supersede any conflicting provisions of prior resolutions.

Signature page follows.

APPROVED and ADOPTED this the ___ day of June, 2014.

**ROCKINGHORSE METROPOLITAN
DISTRICT NO. 2**, a quasi-municipal corporation
and political subdivision of the State of Colorado



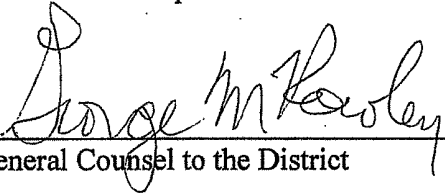
President

ATTEST:



Secretary

APPROVED AS TO FORM:
WHITE, BEAR & ANKELE
Professional Corporation



General Counsel to the District