

**RESOLUTION OF THE BOARD OF DIRECTORS OF
FALLBROOK VILLAS METROPOLITAN DISTRICT
CONCERNING THE IMPOSITION
OF DISTRICT OPERATIONS AND MAINTENANCE FEE**

THIS RESOLUTION CONCERNING THE IMPOSITION OF DISTRICT OPERATIONS AND MAINTENANCE FEE (the “Resolution”) is made and entered into by the Fallbrook Villas Metropolitan District (the “District”) to be effective as of the 1st day of April, 2023.

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

WHEREAS, the Service Plan for the Fallbrook Villas Metropolitan District (the “Service Plan”) similarly empowers the District to impose fees, rates, tolls, charges and penalties for services and facilities provided by the District; and

WHEREAS, the District has decided to authorize and implement a \$500.00 fee payable over time which will add to and supplement the District’s revenue to pay for services provided by the District (the “District Services”) including operations and administration fees, district maintenance fees for provision of services including landscape maintenance, irrigation, snow removal and trash removal services including the handling of all HOA-type costs, expenses and services as permitted by statute to be performed by the District (collectively referred to hereinafter as the “Service Fees”). The Service Fees will be calculated on an annual basis during the District’s annual budget process taking into consideration those funds traditionally and reasonably assessed by a District performing HOA-type services for operations and maintenance. The Service Fees may be charged on an annual basis against all residential dwelling units that have the necessary utilities in place to provide all required services to qualify for a certificate of occupancy within the boundaries of a District; and

WHEREAS, the District has decided to apply the Service Fees to residential units within the District as that revenue will be used to offset current costs and expenses incurred by the District for the benefit of residents and property owners. The Service Fee revenue will also serve to increase the District’s revenue stream at an earlier point in time to the benefit to the District’s current and future residents, property owners and taxpayers, by using the Service Fees to help pay for services desired by the residents and property owners where the mill levy revenue is currently insufficient; and

WHEREAS, the District believes that imposing the Service Fees on each of the residential dwelling units and properties granted a certificate of occupancy within the District, the elimination of the need to have an HOA perform the same or similar services and impose any additional fees, as well as the benefits and efficiencies in having the District undertake and perform traditional HOA functions to the extent allowed by law, shall serve to increase the District’s revenue stream and thus

the services it may provide, reduce the number and amount of fees incurred by property owners directly, provide for a single point of contact and contract and shall be a benefit to the District's residents, property owners and taxpayers, and

WHEREAS, the District desires to impose the Service Fees against the residential dwelling units which have been granted certificates of occupancy within the District on an annual basis.

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

1. The Service Fees shall be Five Hundred Dollars (\$500.00) per year and shall be due and payable in not more than three (3) payments (e.g. three payments of \$166.67 each) due within ninety days of April 1st (by or before June 30th), and shall be assessed against each residential dwelling unit which has been granted a certificate of occupancy. Service Fees will be determined by the Board of Directors of the District on an annual basis, and will be due and owing from the owner of a residential dwelling unit beginning at the time of closing by a third party purchaser and shall be prorated for that initial calendar year from the date of the closing, if needed. The Service Fees may be adjusted in the future based upon the District's annual budget.

2. The Service Fees shall primarily be used for trash removal, irrigation, landscaping maintenance and snow removal including associated administrative and maintenance expenses. The purpose of the Service Fees is to allocate the cost of services to those benefitted.

3. Any Service Fees assessed by the District which are not paid in full within thirty (30) days after the scheduled due date shall be assessed a late fee of fifteen dollars (\$15.00), per §29-1-1102(3), C.R.S. Pursuant to §29-1-1102(7), C.R.S., interest will also accrue on any outstanding Service Fees, exclusive of assessed late fees, at the rate of eighteen percent (18%) per annum.

4. All Service Fees shall be due, owing and payable to the District, via the District's online portal, in cash or an equivalent form made payable to "Fallbrook Villas Metropolitan District." In the event that any Service Fee established hereunder remains unpaid more than ninety (90) days after the initial due date, the District's general counsel may undertake collection efforts for any and all outstanding amounts. All collection efforts shall be made pursuant to, and in accordance with, applicable state and federal laws. The District's general counsel shall be entitled to assess reasonable legal fees and any related costs and expenses to the owners of any such real property for said collection efforts.

5. Notwithstanding anything contained in this Resolution to the contrary, no Service Fees shall be due from, or with respect to, any real property within the District for: (a) any property required by a local town, city or county to be dedicated to the local town, city or county, the public, or any other governmental entity for public rights-of-way, or that is required to be conveyed to another special district for the operation of public facilities including, but not limited to, streets, trails, sidewalks, landscape areas and similar facilities.

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

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

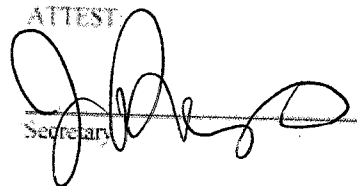
8. This Resolution supersedes any and all prior Resolutions approved and adopted by the District concerning Service Fees. All such prior Resolutions are hereby null and void, being superseded in their entirety by this Resolution.

ADOPTED AND APPROVED to be effective as of the 1st day of April, 2023.

**FALLBROOK VILLAS METROPOLITAN
DISTRICT**



President

ATTEST


Secretary

EXHIBIT A

**Description of Property Subject to District Service Fees
(Fallbrook Villas Metropolitan District)**