

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3

TOWN OF TIMNATH, COLORADO

2022 ANNUAL REPORT

Pursuant to the Amended and Restated Model Service Plan for Serratoga Falls Metropolitan District Nos. 1 and 3 (as amended, the “**Service Plan**”), Serratoga Falls Metropolitan District No. 3 (the “**District**”) is required to submit an annual report to the Town of Timnath, Colorado (the “**Town**”) which reflects activity and financial events of the District.

To the best of our actual knowledge, for the year ending December 31, 2022, the District makes the following report:

1. Boundary changes made or proposed:

The District had no boundary changes in 2022.

2. Intergovernmental agreements either entered into or proposed:

The District entered into its Memorandum of Understanding by and between the District and District No. 1 dated April 18, 2022.

3. A copy of the District’s rules and regulations, if any:

A copy of the District and Serratoga Falls Metropolitan District No. 1’s Kitchel Lake Rules and Regulations for Phase 1 and 2, Second Filing are attached hereto as Exhibit A-1 and a copy of the District and District No. 1’s Water Rules and Regulations for Filing 2, Phases 1, 2, 3, 4 and 5 aka “Kitchel Lake” are attached hereto as Exhibit A-2.

4. A summary of any litigation involving the Public Improvements:

The District does not have any ongoing or pending litigation for the report year.

5. Status of the District’s construction of Public Improvements:

The District did construct any new public improvements during the reporting period.

6. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the Town:

Facilities and Public Improvements have previously been dedicated to and accepted by the Town, and a list of those Facilities and Public Improvements is attached hereto as Exhibit B.

7. **Assessed valuation of the District:**

The 2022 total assessed value of taxable property within the boundaries of the District is \$7,658,432.

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

The District's 2023 annual budget filing is attached hereto as Exhibit C.

9. **Audit of the District, and any entity formed by the District, financial statements, for the year ending December 31, 2022 or an audit exemption if applicable:**

Audited financial statements for 2022 will be filed with the Town Clerk upon completion.

10. **Notice of any uncured events of default:**

The District does not have any uncured events of default.

11. **The District's Inability to Pay its Financial Obligations as they Come Due:**

The District is current on all outstanding financial obligations.

EXHIBIT A-1

KITCHEL LAKE RULES AND REGULATIONS
FOR PHASE 1 AND 2, SECOND FILING

Rules and Regulations Kitchel Lake

Serratoga Falls Metropolitan District #1 and #3
Phase 1 and 2, Second Filing

Dated March 1, 2019

“Disclaimer:” The property within the Kitchel Lake Subdivision is also subject to Declaration of Covenants, Conditions, Restrictions and Easements of Kitchel Lake, Town of Timanth, Larimer County, Colorado (“Covenants”) which contains further restrictions and limitations which are binding on the owners of all Lots within Kitchel Lake. The Governing Board (as defined below) shall have the right, power and authority to amend these Rules and Regulations from time to time as deemed appropriate in the future.

INTRODUCTION:

These Rules and Regulations, referred to as the “Rules & Regulations,” have been adopted by the Board of Directors of Serratoga Falls Metropolitan District #1 and #3 (the “District”) in accordance with the Covenants to give direction to Owners, as defined in the Covenants, in preparing plans and designs that reinforce the appearance of the high-quality Kitchel Lake neighborhood. The Covenants require approval from the ACC (as defined in the Covenants) prior to the installation, construction, erection or alteration of any improvement, including any structure, attachment to any structure, or landscaping of any Lot, as defined in the Covenants. These Rules & Regulations are intended to supplement and clarify the requirements of the Covenants.

Due to unique characteristics on individual Lots and/or groups of Lots, certain additional special requirements, relating to house design, site planning, landscaping, fencing, or any other facet of modification, addition or alteration, may be imposed by the Governing Board or, as appointed, their representative(s), during the review and approval process. Reference to the Governing Board shall be inclusive of its designated representative(s) as it relates to the process.

Pursuant to Section 2.4 of the Covenants, the Governing Board may adopt rules and regulations from time to time establishing procedures, criteria and guidelines in furtherance of the Covenants. Such guidelines and rules adopted by the Governing Board shall have the same force and effect as if they were set forth in and were a part of the Covenants.

DEFINITIONS:

“Application” shall mean an application for review and approval by the ACC, or its designee, as required to be submitted under the Rules & Regulations and/or Covenants. An Application shall be substantially in the form attached hereto as Attachment A, or other form provided by the District.

“Builder/Owner” shall mean any person who has or will become the Owner of a Lot after purchase from the Developer, or any person acting as an agent of the Owner of a Lot or a prospective Owner of a Lot, seeking approval of an Application pursuant to and as required by the Rules & Regulations.

“Governing Board” shall mean the governing board of the District.

BASIS FOR GUIDELINES AND INTERPRETATION:

- a) Covenants. The Covenants is a document governing all Properties (as defined in the Covenants) within Kitchel Lake. The Covenants are available at any time from the District and are also recorded in the real property records of Larimer County, Colorado. Each Owner should review and become familiar with the Covenants. Nothing in these Rules & Regulations supersedes or alters the provisions or requirements of the Covenants and, if there is any conflict or inconsistency, the Covenants control.

- b) Governmental and Other Regulations. Use of Property and Improvements, as defined in the Covenants, must comply with applicable building codes and other governmental requirements and regulations. Where the provisions of applicable Town of Timnath standards are more restrictive than the provisions of these Rules & Regulations, the Town of Timnath standards shall be controlling.
- c) Interpretation. These Rules & Regulations contain both rules and informational direction. Where the terms “shall” or “shall not” are used herein, it denotes a mandatory direction that may have penalties associated with its violation. Where the terms “preferred” or the phrase “the ACC may permit” are used in a statement, the statement constitutes informational direction provided for the guidance and convenience of Owners and Contractors and shall not create any duty for the ACC to approve or permit the design elements referred to in such statement, nor shall any Owner or Contractor rely in any manner upon the ACC’s potential approval of such design element, the approval of which shall remain within the ACC’s discretion in accordance with these Rules & Regulations.

PROCEDURES FOR APPROVAL:

Who is subject to the procedures set forth in these Rules & Regulations?

Any Owner and her/his Contractor desiring to undertake any modification, addition, or alteration relative to any Improvement within the Property is responsible for complying with the provisions of these Rules & Regulations and initiating the reviews and obtaining the approvals required by these Rules & Regulations before any such modification is undertaken. There are no exemptions or automatic approvals. Each Application will be reviewed on an individual basis in accordance with the Design Review Requirements and processes set forth in Article 2 of the Covenants. As is indicated in the listing of specific types of Improvements below, there are some cases in which advance written approval will not be required if the Rules & Regulations, with respect to that specific type of Improvement, are followed.

Conflicts with the Covenants.

In the event of a conflict between these Rules & Regulations and the terms of the Covenants, the Covenants shall prevail.

Administration of the procedures set forth in these Rules & Regulations.

The review procedures are described in the Covenants, as supplemented by these Rules & Regulations, and are administered by the ACC or their appointed representative(s). Approval of any proposed modification, addition, or alteration of any Improvement is within the discretion of the ACC or its designated representative(s) with regard to: design; harmony of external design with existing structures; and location in relation to surrounding structures, topography and finish-grade elevations. In accordance with the Covenants, the Governing Board of the District has appointed the ACC to act on its behalf relative to enforcement, review and approval of Applications under the Covenants and these Rules & Regulations. The actions of the ACC shall be deemed actions of the Governing Board, subject to the right of appeal provided for in the Covenants.

Waiver, Amendment and Third-Party Benefit.

The Governing Board maintains the right, from time to time, and at its sole discretion, to waive, amend or modify these Rules & Regulations. These Rules & Regulations confer no third-party benefit or rights upon any entity, person, Owner or Contractor.

Neither the Governing Board, nor the ACC, its respective members, Secretary, successors, assignees, agents, representatives, employees or attorneys shall be liable for damages or otherwise to anyone submitting plans to it for approval, or to any builder by mistake in judgment, negligence or nonfeasance, arising out of any action of the ACC with respect to any submission or for failure to follow these Rules & Regulations. The role of the ACC is directed toward applications for review and approval of use, site planning, appearance, architectural vocabulary and aesthetics. The ACC assumes no responsibility with

regard to design or construction, including, without limitation, the civil, structural, mechanical, plumbing, or electrical design, methods of construction, or technical suitability of materials.

Applications for Review.

Applications for review and approval as well as information regarding design review procedures can be obtained from the District's Management Company ("Management Company"). The Applications for review must use the form attached hereto as Attachment A, or as provided by the Management Company. All Applications for approval of a modification, addition or alteration to an Improvement, including all other related materials, shall be submitted to the District's Management Company and the ACC for review by, or on behalf of, the Governing Board, before work commences. Once an Application submittal has been developed, three (3) copies of a plan (minimum size 11" x 17") shall be submitted to the Management Company and the ACC. The Application must contain the following information:

- a) Lot, Block, Filing Number and Owner's name, address, and telephone number;
- b) Contractor and/or designer's name, address, and telephone number (if applicable);
- c) Scale of one (1) inch – ten (10) feet and north arrow;
- d) All existing conditions, including house, walks, driveways, patios, decks, walls, plants, trees, drainage ways, property lines, and any easements;
- e) All proposed Improvements, including information (to the extent applicable) described in "Drawing or Plans" below.

Review Fee.

The ACC reserves the right to charge a reasonable fee to cover the cost of any engineering consulting or other fees incurred in reviewing any Application.

Drawings or Plans.

As a part of any Application, Owners are required to submit complete plans and specifications prior to commencement of any work on any Improvement (said plans and specification to show exterior design, height, materials, color, location of the structure or addition to the structure, plotted horizontally and vertically, location and size of driveways, general plan of landscaping, fencing, walls, windbreaks and grading plan, as well as such other materials and information as may be required). In most cases, the materials to be submitted will not have to be professionally prepared by an architect, a landscape architect or draftsman and a simple drawing and description will be sufficient. In the case of major modifications, alterations or additions to Improvements, such as room additions, structural changes, or accessory building construction, detailed plans and specifications, prepared by a licensed architect, may be required. Whether prepared by the Owner or a professional, the following guidelines should be followed in preparing drawings or plans.

- a) In some instances, elevation drawings of the proposed Improvement will be required. The elevation drawings should indicate materials to be utilized in constructing or adding such Improvement. The drawing or plan should be done to scale and should depict the property lines of the Owner's Lot, all recorded easements and the outside boundary lines of the home as located on the Lot. If a copy of an improvement location certificate (survey) of the Lot is available, it should be used as a base from which to draw.
- b) Existing Improvements, in addition to your home, should be shown on the drawing or plan and identified or labeled. Such existing Improvements include driveways, fencing, walks, decks, trees, bushes, etc.
- c) The proposed Improvements should be shown on the plan and labeled. Either on the plan or on an attachment, there should be a brief description of the proposed Improvement, including the

materials to be used and the colors. (Example: Redwood deck, 10' x 12' with 2" x 4" decking. Natural stain.)

- d) The plan or drawing and other materials should show the name of the Owner, the address of the home and a telephone number where the Owner can be reached.
- e) The proposed Improvements must take into consideration the easements, building location restrictions, and sight distance at intersections.
- f) Owners should be aware that most Improvements require a permit from the Town of Timnath (the "Town"). The ACC reserves the right to require a copy of such permit as a condition of its approval.

Regulatory Compliance.

It is the responsibility of the Owner and Contractor to obtain all necessary permits and to ensure compliance with all applicable governmental regulations and other requirements. Plans submitted for ACC review shall comply with all applicable building codes, zoning regulations and the requirements of all governmental entities having jurisdiction over the building project or Property within Kitchel Lake. Regulatory approvals do not pre-empt the design review authority of the ACC, and ACC approval does not incorporate any governmental approvals. Governmental approvals shall be the sole responsibility of the Owner and Contractor. Owner is requested to provide a copy of the permit to the ACC once it is obtained by the governmental entity for which the permit was applied.

Interference with Utilities and Limitations on Use.

When making Improvements or modifying or altering existing Improvements, Owners are responsible for locating all water, sewer, gas, electrical, cable television, or other utility lines or easements. Owners should not construct any Improvements over such easement without the consent of the utility involved and Owners will be responsible for any damage to any utility lines. All underground utility lines and easements can be located by contacting:

Utility Notification Center of Colorado
1-800-922-1987
<http://colorado811.org/>

The Property, other than any portion of the Property owned by a political subdivision of the State of Colorado, shall be used only for residential, recreational, and related purposes as may be more particularly set forth in the Covenants, these Rules & Regulations and any amendments thereto or hereto. The District, acting through the ACC, shall have standing and the power to enforce use restrictions contained in the Covenants as if such provision were a regulation of the District. The District, acting through the ACC and/or designee, shall have authority to make and to enforce standards and restrictions governing the use of Lots, including the homes thereon, and to impose reasonable user fees therefor. Land use standards constituting the initial restrictions and standards are explained in the Covenants. These Rules & Regulations shall not apply to any portion of the Property while owned by a county or other political subdivision of the State of Colorado. These Rules & Regulations are independently amendable in accordance with the Covenants and an amendment of the Covenants shall neither constitute nor require an amendment of these Rules & Regulations. Each Contractor and Owner should review any use restrictions to ensure that Improvements are in compliance with these use restrictions.

Accuracy of Information.

Any person submitting plans to the ACC shall be responsible for verification and accuracy of all components of such submission, including, without limitation, all site dimensions, grades, elevations, utility locations, neighbor acknowledgement and other pertinent features of the site plans.

Action by ACC.

The ACC will regularly review all Application submittals. The ACC may require submission of additional material and may postpone action until all required materials have been submitted. The applicant will be

contacted by phone or e-mail, if possible, if the ACC feels additional materials are necessary or if they have any suggestions for modification to the Application.

Owner's Responsibility.

In accordance with the Covenants, all maintenance of the home and Lot and all structures, parking areas, and other Improvements thereon shall be the sole responsibility of the Owner thereof, who shall maintain said Property in a manner consistent with the Rules & Regulations and the Covenants, provided that if this work is not properly performed by the Owner, the District may, at its sole option, perform it and assess the Owner; provided, however, whenever entry is not required in an emergency situation, the District shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry.

SPECIFIC TYPES OF IMPROVEMENTS/GUIDELINES

Accessory Buildings, Storage Buildings: Accessory buildings and storage buildings shall be submitted to the ACC for approval prior to construction. All such buildings shall be consistent with the architectural style, materials and color of the primary residence. All accessory buildings and storage buildings shall be located to the rear of the primary residence. See also: "Sheds".

Additions, Expansions or Reconstruction: Additions, expansions or reconstruction of any improvements constructed by the original builder of each Lot shall require prior ACC approval and must be in accordance with the architectural guidelines. Upon approval, construction must commence within six (6) months.

Advertising: See "Signs".

Air Conditioning and Heating Equipment/Evaporative Coolers/Attic Ventilators: No heating, air conditioning, air movement or refrigeration equipment may be placed or installed on rooftops or extended from windows. Ground mounted air conditioning equipment installed in the side yard shall be installed in a manner so as to minimize visibility from the street and to minimize any noise to adjacent property owners. Swamp coolers are not allowed under any circumstances.

Antennas: As set forth in the Covenants, the types of receiving equipment which do not require architectural review and approval include: (i) a "dish" antenna which is thirty-nine (39) inches or less in diameter; or (ii) an antenna which is thirty-nine (39) inches or less in diameter or diagonal measurement and is designed to receive video programming services via broadband radio service (wireless cable). All transmission or receiving devices, including those governed by the Federal Communications Commission, shall be installed in a manner in which the device is not affixed to the front elevation of the residence, or higher than the ridge line of the roof of the residence on the Lot on which the receiving or transmitting device is being installed, the location of which, to the extent permitted by law, shall be approved by the ACC. Also see "Satellite Dishes" and "Television Antennae".

Astroturf: Astroturf is not allowed in lieu of any required front yard sod requirements.

Awnings: Overhangs or awnings of any material must be retractable and will require prior ACC approval. A swatch of the proposed awning material must be provided along with identification of the color on the home (body or trim) that is being matched. Color must be the same as or generally recognized as complementary to, the primary residence color. Overhangs or awnings may be used over the patio or deck in the rear yard of a residence ONLY. Also, overhangs and awnings shall be maintained in good condition and appearance. No overhangs or awnings will be allowed anywhere on the front of the home or in the yard/landscaping of residence. No aluminum or fiberglass awnings will be allowed.

Balconies: Construction of a balcony (after the completion of the home by the original builder) must receive prior approval by the ACC.

Barbecue/Gas Grills: No barbecue grills, smokers, etc. shall be placed on decks or balconies within 36" of flammable materials and must be maintained in the rear yard or within an enclosed structure and shall not be visible from the front of the home. All applicable governmental fire/smoke bans must be adhered to in all cases.

Basketball Backboards: Placement and design must be approved by the ACC. Only free-standing basketball backboards will be allowed, and they must not be permanently installed. Temporary backboards cannot be placed in any public or private right of way, street, or sidewalk, and must be stored each day in an area not visible from the street.

Bird Houses and Feeders: Birdhouses and feeders do not require ACC approval up to a maximum size of one (1) foot by two (2) feet and a height of four (4) feet. No birdhouses or bird feeders (of any size) may be attached to fencing. No birdhouses or feeders are allowed in the front yard of any residence. Any seed placed in such birdhouses and feeders must be sterile so as to be weed-free.

Boats: Boats and boat trailers shall not be parked on the streets of the property or stored on any Lot unless fully contained within a garage. Notwithstanding the foregoing, recreational vehicles/campers may be parked upon the driveway of the Lot or upon the street immediately adjacent to the Lot for a period not to exceed forty-eight (48) continuous hours at a time. No such parking shall be allowed which exceeds more than a total of six (6) days during a thirty (30) day period. No vehicles or campers shall be parked in a driveway in a way that blocks the city sidewalk.

Carports: Free standing carports are not allowed.

Chimineas/Smokers/Fire Pits/Outdoor Fireplaces etc.: Approval is required for all permanent installations. Gas-fired fire pits are recommended. In all cases, chimineas and smokers must not create an unreasonable amount of smoke for adjoining Owners. Wood-fired fires shall not be located on decks and shall be no less than fifteen (15) feet from the home or any flammable materials. Wood fires shall be extinguished after use and shall not be allowed to smolder. All applicable governmental jurisdictional fire/smoke bans must be adhered to in all cases.

Clotheslines: No clotheslines shall be installed or maintained on any Lot unless approved by the ACC. All approved clothesline shall be retractable, located on the rear of the home, no more than twenty (20) feet in total length and shall remain retracted unless in use. Retractable clotheslines may not be mounted or attached to a Lot fence. All use of retractable clotheslines must cease by sundown.

Concrete: It is recommended that only a neutral tone concrete be used for all concrete work. Colored concrete will be allowed only with specific approval by the ACC.

Construction Staging and Materials Storage: Construction materials (other than those used in the initial construction of each home) including storage containers may not be placed on any Lot without ACC permission. Additionally, storage of construction materials/storage containers are only permitted fifteen (15) days prior to the beginning of construction (not including the original construction of each home) within the development and must be removed within fifteen (15) days of construction completion. Utility trailers are not permitted. All containers must be in good condition and the amount of materials stored must not exceed the amount required for the current project.

Decks & Balconies: Approval is required. The deck must be constructed of material that would be considered similar to the material of the residence or maintenance-free type decking products as may be previously approved and be located so as not to obstruct or greatly diminish the view or create an unreasonable level of noise for adjacent Owners. Maintenance-free type decking products may be used provided that the decking material is consistent throughout the front, side or rear elevation of a building and must be of a color that complements either the existing body or trim color only on the home. Owners are reminded that as with wood, some types of maintenance-free decking products may also require periodic maintenance for proper care and to retain the product's aesthetic conformity, including, but not limited to, fading, warping, etc. Decking that extends no greater than thirty (30) inches directly above the grade of the structure may utilize a lattice skirting provided the skirting is made of the same material as the deck, minimum three-eighths (3/8) inches thick boards and stained or painted to match the remaining portion of the deck. Decks may not be more than twenty-five percent (25%) of the entire rear Lot of the home. Construction shall not occur over easements beyond the side plane of the home and must be set back a minimum of five (5) feet from the Property line. Construction of decks over a sloped area is discouraged. The applicant may also be required to plant vegetation for additional screening purposes. The deck must be installed as an integral part of the home and/or patio area.

Dog Houses & Dog Runs: Dog house(s) and Dog Run(s) require plan submittal to the ACC prior to installation/construction. Dog houses and/or dog runs must not present a visual or noise nuisance to the street and neighboring yards, must be installed at ground level, and shall not be visible above the fence. Methods of concealment include landscaping or other methods approved by the ACC. All dog runs shall be free-draining and shall not discharge urine or diluted waste onto abutting Properties. Dog runs shall be limited to two hundred (200) square feet and fencing shall not be higher than four (4) feet. Tarpaulins and chain-link fencing shall not be permitted.

Doors: Approval is NOT required for repair or replacement of an existing main entrance door to a home IF the material matches existing doors on the home. "Complementary colors" include the body color of the house. Approval IS required for repair or replacement of an existing main entrance door to a home if the material does not match the door being replaced.

Drainage/Grading & Grade Changes: The Covenants require that there be no interference with the established drainage pattern over any Property. The "established drainage pattern" means the drainage pattern as engineered and constructed by the original developer or homebuilder prior (or in some cases, immediately following) conveyance of title from the homebuilder to the individual Owner. When performing any landscaping work or performing any work to maintain the established drainage pattern, it is very important to insure that water drains away from the foundation of the house into the street and that the flow patterns prevent water from flowing under or against the house foundation, walkways, sidewalks, and driveways. A report may be required from a drainage engineer as part of the Application. Landscaping should conform to the established drainage pattern. Sump pump drainage should be vented at least six (6) feet from the property line, on the Owner's property, to allow for absorption. Adverse effects to adjacent properties will not be tolerated and correction of such will be the responsibility of the offending Lot.

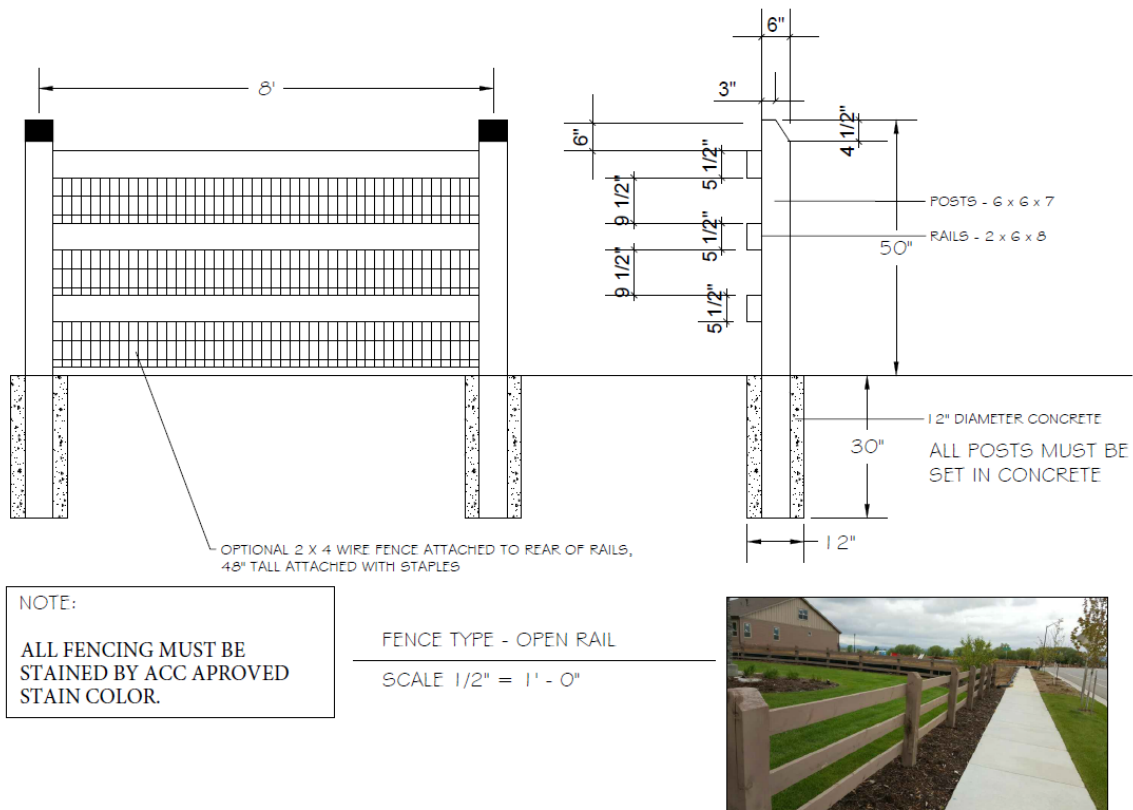
Driveways: There shall be no extension or expansion of driveways without prior ACC approval. Driveways to the garage shall be constructed only with neutral tone concrete. If driveway extension or expansion is desired, drawings shall be submitted to the ACC showing the desired changes/additions. Any approved driveway expansion shall not be intended to promote or facilitate the parking or storage of any vehicle on the driveway or side yard.

Energy Devices:

- a) Solar: Approval is required by the ACC. Non-glare or non-reflective finishes are preferred. Installations being made for energy-efficient measures may be further defined by State or Federal regulations. Devices must be designed to appear as if they are an integral part of the roof. Every attempt shall be made to mount such devices on the back side of roof if possible, to minimize visibility from front of residence. Block out screens are required for approval (i.e.: rooftop solar panels). The Owner shall be responsible for eradication of any animals that may nest in, around or under such devices.
- b) Electric Automobile/House Charges/Storage Batteries: Must be locked within the home.
- c) Generators: Approval is required for all types of stand-by power generators.

Evaporative Coolers: Evaporative coolers are not allowed.

Fences: Fencing is allowed only in accordance with the community standard, which is a maximum height of four (4) feet (not including columns) with three (3) rails, as shown below:



The approved fence stain color for Kitchel Lake is: **Monterey Tan SW3049 Sherwin Williams Superdeck.**

The Community fence must be installed in any portion of the Lot which adjoins common area, per the approved Fencing Plan for Kitchel Lake.

Fences require ACC approval prior to installation. Drawings showing fence location, layout, design, height and material shall be submitted to the ACC. No fencing will be allowed anywhere within the front yard of residence unless adjoining a common area. Upon review and approval by the ACC, installation of wire mesh to the three (3) rail fence may be allowed for pet containment purposes. Owners are advised that various utility companies and other service vendors may have the right to access the Lot because of established easements (including removal of fence with no obligation to restore).

Firewood/Wood Storage: Is NOT permitted.

Flagpoles: Freestanding flagpoles are not allowed without the express written approval of the ACC. One wall mounted flag bracket per residence shall be allowed.

Gardens: Vegetable gardens shall be allowed only within the Owner's back yard, and not on the sides of the home or in the front yard. It is recommended that flower beds (especially annuals), vegetable gardens and other landscaping which requires regular watering, should not be planted within five (5) feet of the foundation wall or slab and should avoid excessive watering. Further, piping and heads for sprinkler systems should not be installed within five (5) feet of foundation walls and slabs. All flower gardens must be weeded, cared for and carefully maintained.

Gazebos: Approval is required by the ACC. Gazebos must be similar in material and design to the residence, must be painted or stained the body or trim color of the residence and must comply with all existing set-back requirements. Roof material must match that of house, if applicable.

Greenhouses: Greenhouses require prior ACC approval.

Hard Surfaces, Including Driveways, Patios, Front Porches, Stairways, Pads and Owner-Owned Walkways: Owners are responsible for ensuring the proper condition of hard surfaces on their Property, including driveways and sidewalks (except for sidewalks along streets), such that surfaces are intact and free of excessive cracks, crumbling, and settling. Approval is required for any revisions or additions to hard surfaces:

- a) Approved replacement or repair will be required if any displacements, cracks or portion of a crack are more than six (6) inches long and is one-half (½) inch wide or greater.
- b) Approved replacement or repair will be required if any displacements or crack that result in an uneven surface of one-half (½) inch or more on either side of the crack or next to a garage slab.
- c) Approved replacement or repair will be required if any surface crumbling/spalling/pitting occurs, regardless of reason, that covers more than fifty percent (50%) of the surface area of the particular hard surface.

Hot Tubs/Spa Tubs: Hot tubs/spa tubs shall require ACC prior approval. Hot tubs/spa tubs should be an integral part of the deck or patio area and of the rear yard landscaping. Also, hot tubs/spa tubs must be installed so as not to be immediately visible from the front yard/street. Hot tubs/spa tubs shall be installed in such a manner that they will not cause noise disturbance for adjacent property owners. Owners shall take all necessary precautions to prevent accidental drowning, including appropriate tub covers.

Home Business/Office: Home business/offices are allowed if they are not visible and do not disrupt their neighbors with signage, traffic or deliveries, as set forth in the Covenants. Every resident should also inquire with the Town prior to implementing a home business to become aware of any Town requirements or restrictions, which will also apply.

Household Pets: No animals, livestock, birds, poultry, reptiles or insects of any kind shall be raised, bred, kept or boarded in the Property; provided, however, that the Owners and residents of each Lot may keep a reasonable number of bona fide household pets (including dogs, cats or other domestic animals), so long as such pets are not kept for any commercial purpose, including breeding and are not kept in such number or in such manner as to create a nuisance to any resident of the Property.

Landscaping: Landscaping plans must be approved by the ACC prior to installation. Once the landscaping plan has been approved, no alterations can be made unless approved by the ACC. The ACC may require form(s) to accompany submitted landscaping plans and payment of a review fee (except for the original builder). Plans shall depict types and locations of: fencing, decks, playing areas, sod, seeded areas, edging, retaining walls, rock areas, sprinkler systems, flower beds/gardens, other planting beds, mulch areas, landscape lighting and any other components of the proposed plan. Aspen trees and other water-seeking root plants may not be placed within 15 feet of the foundation. Owners of a Lot must maintain the builder installed tree(s) required by the Town of Timnath. Owners of a Lot adjacent to a street tree lawn are required to plant and maintain grass or groundcover of a type approved by the ACC in the adjacent street tree lawn abutting the Lot and shall install (including boring under the sidewalk) and maintain an underground sprinkler system. Lot Owners are responsible for replacing dead or diseased trees (with the species and size specified by the Town of Timnath) or plantings. No more than forty percent (40%) of the front yard landscaping shall be non-living materials, unless otherwise approved by the ACC and the Town of Timnath. The same standard shall apply to back yards. Landscaping work/installation can be accomplished by a professional landscaping designer/contractor, by a construction contractor or by residence owner(s). The Owner of each Lot (other than Declarant, as defined in the Covenants or a builder with the express written approval of the Declarant) shall install landscaping on such Lot within one hundred eighty (180) days after acquisition of such Lot by such Owner if said acquisition occurs between April 1 and October 1; if said acquisition does not occur between such dates, then such landscaping shall be installed by such Owner by the following October 1. The ACC may request additional information and/or resubmittal, as it deems appropriate. Sprinkler systems must be installed to irrigate landscaping in the front lawn. The semi-arid climate makes watering necessary. It is recommended that watering be done in the early morning or evening. One of the most common tendencies is to over-saturate the Lot. We urge each Owner to conserve water and as a result minimize problems on their own Lots as well as on adjacent Owner's Lots

caused by over-watering. This can be accomplished by watering at shorter cycles more often during the course of the day. The following are some facts to consider in selecting the type and location of the irrigation system you are going to use:

- a) Size and shape of areas to be watered.
- b) Type of turf or ground cover.
- c) Available water supplies and pressure.
- d) Environment of the area-wind, rain, temperature, exposure, and grades.
- e) Low spraying irrigation devices may help to minimize wasted water due to wind.
- f) Installation of an irrigation system directly adjacent to front sidewalks may eventually cause undermining and deterioration to concrete and paved areas.
- g) Type of soil and its ability to accept water. Local nurseries or do-it-yourself sprinkler stores have detailed information concerning the type and installation of irrigation systems.
- h) Drip irrigation systems are recommended for tree and shrub areas.

Weeds on all Lots (including, without limitation, Lots owned by builders) shall be kept mowed/cut (weeds must be mowed/cut when they exceed four (4) inches in height).

Private Irrigation System: Irrigation water for each lot is provided by the Serratoga Falls #1 and #3 Metropolitan District and each residence shall be required to adhere to watering rules and regulations set by the District. A separate irrigation water fee will be paid by each lot owner for the maintenance of the private irrigation system, including the cost of administration and a reasonable reserve for depreciation.

Lattice Work: Lattice work shall require prior ACC approval. Any lattice work shall be incorporated within the "general" landscaping theme and must be maintained in good condition and appearance. Lattice work may not be attached to any fencing. Lattice work is permitted on rear decks or trellises but shall NOT be permitted on the front elevation of the Lot/home.

Lights and Lighting: Lights and Lighting shall be of conventional style with illumination patterns which do not cause a nuisance to neighboring properties. Light/lighting for use in landscaping shall require prior ACC approval (see "Landscaping").

Ornaments: Ornaments, such as fountains, statuary, artificial plants, wagon wheels or equipment, or other ornamental features commonly known as "yard art" shall not be placed or allowed to remain where visible from streets unless the same have been approved by the ACC. The ACC may require removal of any ornamental feature placed in the front yard which is not in keeping with community standards for good taste and architectural integrity.

Painting: All exterior painting of residences shall be kept in good condition and in the color approved with the original construction submittal. Color changes thereafter must be prior approved by the ACC. A master approval for paint colors may be provided for each building in the community. No two adjoining homes may have the identical paint color scheme

Patio Coverings: Patio coverings must be approved by ACC. They must be constructed of wood or materials generally recognized as complementary to the residence and must be similar or generally recognized as complementary in color to the primary residence color.

Paving: Paving can be performed with a variety of materials and used to enhance the resident landscaping or to create patio areas, walkways, stoops, porches, landscaping trim, etc. Approved paving materials are as follows: neutral tone concrete, flagstone, stepping stones, pre-cast patterned or exposed aggregate concrete pavers, and colored or natural rock. All material must be installed/located so as not to block any existing drainage pattern of the Lot. All paving will require prior ACC approval.

Play and Sports Equipment: Play and sports equipment requires prior ACC approval. In general, all play equipment, trampolines and other sports equipment shall only be allowed in the rear of a residence and the ACC may require reasonable screening from the street. Play structures are to be maintained in a “like-new” condition and shall be promptly removed if the structure falls into disrepair or becomes unsightly due to degradation of any of the component materials.

Playhouses: Playhouses require prior ACC approval. Playhouses shall not exceed eight (8) feet in height at the peak, shall have no more than one hundred and twenty (120) square feet of interior floor space, and shall be located in the rear yard of the residence. Basic design, materials, colors and roof materials must match the residence. Playhouses are to be incorporated into, and at least partially screened by, landscaping and should not unreasonably obstruct adjacent neighbor's corridor views. “Play and Sports Equipment” also applies.

Pools: All swimming pools shall require prior ACC approval. Moveable small children type (twelve (12) feet in diameter or less and eighteen (18) inches in depth or less) swimming pools need not receive ACC approval. Swimming pools may be located only in the rear of residence and must be an integral part of the deck or patio area. They should be located in such a way that they are not immediately visible to adjacent property owners. It is strongly recommended that some form of protection be installed surrounding any and all swimming pools (such as fencing – also subject to ACC approval) to protect against accidental drowning.

Recreation Vehicles/ Campers: Recreational vehicles and/or campers shall not be parked on the streets of the property or stored on any Lot unless fully contained within a garage. Notwithstanding the foregoing, recreational vehicles/campers may be parked upon the driveway of the Lot or upon the street immediately adjacent to the Lot for a period not to exceed forty-eight (48) continuous hours at a time; and no such parking shall be allowed which exceeds more than a total of six (6) days during a thirty (30) day period.

Retaining Walls: Retaining walls require prior approval of ACC. Retaining walls may be used to accommodate or create abrupt changes in grade. Such walls should be properly anchored to withstand overturning forces. Stonewalls should be made thicker at the bottom than at the top to achieve stability. To avoid destructive freeze-thaw action, all retaining walls should incorporate weep holes into the wall design to permit water trapped behind them to be released. Walls shall not be located so as to alter the existing drainage patterns, and shall provide for adequate drainage over or through (by means of weep holes) the wall structure. Also see "Landscaping".

Roofing: Approval is not required for re-roofing with the same material and color as originally installed on the home or accessory structure. Approval is required for all changes to an alternate roofing material, if not originally installed on a home either attached or detached or an accessory structure and must maintain an appearance that is similar to the surrounding homes. Owners wishing to change the roofing materials or color of the roof on their homes must receive prior approval. In the case of a neighborhood or Filing that primarily has one consistent roofing color, such as “weathered wood,” requested changes to roof color selections will be discouraged.

Roof Top Equipment: No roof top equipment is allowed (see also "Air Conditioning Equipment" and "Antennae"). Lighting rod(s) are permissible. Decorative roof mounted weather vanes require prior ACC approval.

Satellite Dishes: Microwave and/or satellite television dishes are permitted as long as they are mounted or placed on the side or rear of residence with prior approval by ACC and are appropriately screened, or architecturally integrated into residence. The types of receiving equipment which do not require architectural review and approval include: (i) a “dish” antenna which is thirty-nine (39) inches or less in diameter and is designed to receive direct broadcast satellite service including direct to home satellite service; or (ii) an antenna which is thirty-nine (39) inches or less in diameter or diagonal measurement and is designed to receive video programming services via broadband radio service (wireless cable). Also see "Antennae".

Seasonal Decorations: Seasonal decorations are permitted with the following qualifications and conditions: (i): Christmas decorations shall not be displayed prior to November 15 and must be removed by January 15 of the following year; (ii) other holiday decorations shall be removed within one week after

the celebrated holiday; (iii) no decorations shall be displayed in such a manner as to be offensive to the neighborhood or create a public nuisance.

Sheds: The following rules apply:

- **Materials:** Storage shed materials should be the same character and quality of the house, and use the same colors. If the storage shed comes in a different color than the house, it should be repainted. The roofing shall match that of the main structure, both in type and color. Resin or plastic sheds are not allowed.
- **Maximum Size:** 10 foot x 12 foot.
- **Maximum Peak Height:** The maximum height at the peak of the roof shall be 10 feet.
- **Setback from Property Line:** A 3 to 4 foot setback from the property line is required in order to take care of drainage and access for maintenance. The storage shed should be capable of being maintained without going over onto a neighbor's property and creating.
- **Anchored:** Any storage shed in the community should be adequately anchored to a concrete pad to eliminate the hazard of flying objects during a storm.
- **Screening:** Depending on the location on the lot, screening may need to be provided, particularly if the storage shed can be viewed from the street.
- **Use:** Storage shall not be used for workshop purposes.
- **Special Exception** A special exception may be granted by the ACC to the above restrictions, as long as such exception does not materially deviate from the existing standards.
- **ALL APPROVALS ARE SUBJECT TO TOWN OF TIMNATH REQUIREMENTS**

Signs: All signs require ACC prior approval, except temporary real estate "For Sale", "Open House" or "For Rent" signs. These temporary signs advertising property for sale shall be no larger than five (5) square feet in the aggregate. Signs may be placed only on the Lot for which the sign is intended, and off-site lead-in signs in city right of way shall be only allowed from 5:00 p.m. on Fridays until 9:00 p.m. on the following Sunday. Builder signage will be regulated by the Declarant and is exempt from this provision. All trade signs, which include, but are not limited to, landscaping, remodel, painting and roofing may only be displayed while work is in progress and must be removed upon completion of the job. There will be no more than one sign per Lot permitted. Sold signs must be removed within twenty-four (24) hours after closing, unless otherwise required by law. No political sign may be placed on any Common Area owned or maintained by the District, unless first receiving written consent of the Board of Directors. Owners and occupants may have one political sign per candidate or ballot issue placed on their Lot. Political signs shall be the smaller of what may be allowed by the Town of Berthoud sign ordinance or thirty-eight (38) inches by forty-eight (48) inches; and Owners and occupants may have one political sign per candidate or issue installed on their Lot no earlier than forty-five (45) days before the day of an election and must be removed no later than seven (7) days after the election day.

Solar Panels: Require prior ACC approval. Where possible, back-up generators shall be placed so as not to create a noise nuisance for adjacent property owners during self-test cycles.

Street Trees:

The Overall Site and Landscape Plan for Kitchel Lake is provided within the approval documents of the Town of Timnath as required by the Preliminary and Final Development Plans for the community. The documents were prepared by TB Group, located at 444 Mountain Avenue, Berthoud, Colorado 80513.

In accordance with such plan, there are trees required to be installed by the developer in and adjoining common areas of Kitchel Lake, and trees to be installed by the Builder in the street right of way adjacent to Builder Lots prior to the Certificate of Occupancy for any residence. Street trees that adjoin a Builder lot are the responsibility of the Builder.

Certain aspects of the Street Tree Requirements require specific attention and are highlighted below:

All Street Trees shall be provided with adequate irrigation from each individual Lot adjacent to the right of way where such tree(s) are located. All irrigation expense and maintenance shall be at the cost of the Builder/Owner.

Street Trees shall be maintained in a healthy condition free of disease and shall be pruned as necessary by the respective Builder/Owner in order to preserve the health of such trees.

Street and ornamental trees shall be adhere to the planting and location requirements of the Town of Timnath. There shall be a minimum clearance of three (3) feet on each side of fire hydrants, and no vegetation other than turf or ground cover planted in front of fire department connections.

Street Trees shall be the species indicated and the size noted on the plans prepared by TB Group, and shall be shown on the Landscape Plans required by the ACC. No substitutions shall be permitted without the advance express written permission of the ACC.

Replacement of trees shall be the responsibility of the Builder/Owner, in accordance with the above requirements.

Builder/Owner installed trees shall be warranted by the Contractor or the Landscape Contractor for one (1) year after installation.

No substantial impediment to visibility shall be created by any tree between the height of three (3) feet and eight (8) feet at any street intersection within a site triangle beginning at the point of intersection of the edges of the driving surface, then to forty (40) feet along both intersecting edges and then along a transverse line connecting these points.

Builder/Owner installed trees shall be warranted by the Contractor or the Landscape Contractor for one (1) year after installation.

Swamp Coolers: Swamp coolers are not allowed.

Swing Sets: Swing sets require prior ACC approval.

Television Antennae: Television antennae are not allowed to be mounted anywhere on the exterior of residence. Also see "Antennae" and "Satellite Dishes".

Temporary Structures: Temporary structures are not allowed without express prior written approval of the ACC and in accordance with Section 3.4 of the Covenants. See also "Accessory Buildings, Storage Buildings".

Trash (garbage) Containers, Enclosures and Pickup: Approval is required for any trash or garbage enclosure. Refuse, garbage, trash, lumber, grass, shrub or tree clippings, plant waste, compost, metal, bulk materials, scrap, refuse or debris of any kind may not be kept, stored or allowed to accumulate on any Lot except in sanitary containers or approved enclosures. No garbage or trash cans or receptacles shall be maintained in an exposed or unsightly manner (except that a container for such materials may be placed outside at such times as may be necessary to permit garbage or trash pickup.) Trash may be placed on the street for pickup after 7:00 p.m. the night before that such trash is to be picked up. Trash containers shall be properly stored the evening of pickup.

Tree Houses: Shall NOT be permitted.

Underground Installations: ACC approval is required.

Utility Equipment: Installation of utilities or utility equipment requires approval. Pursuant to the Covenants, pipes, wires, poles, utility facilities must be kept and maintained, to the extent reasonably possible, underground or within an enclosed structure.

Utility Trailers: Utility trailers shall not be parked on the streets of the property or stored on any Lot unless fully contained within a garage. Notwithstanding the foregoing, recreational vehicles/campers may be parked upon the driveway of the Lot or upon the street immediately adjacent to the Lot for a period not to exceed forty-eight (48) hours at a time; and no such parking shall be allowed which exceeds more that a total of 6 days during a thirty (30) day period.

Vehicles: No bus, large commercial or construction type of vehicles shall be parked, stored or kept on any Lot except where reasonably necessary during construction of improvements or residences. No abandoned or inoperable vehicles shall be stored or permitted to remain unless fully enclosed within a garage. An “abandoned or inoperable vehicle” is one that has not been moved under its own power for more than one week, or is incapable of being moved.

Parking upon any common area shall be regulated by the District.

The following may not be parked or stored within the community, unless such parking or storage is within the garage, or is otherwise exempted by Colorado law:

- Oversized vehicles, longer than a standard twenty (20) foot long driveway;
- Commercial vehicles (not including work vehicles that are passenger cars or light duty trucks or vans);
- Trailers;
- Camping trailers;
- Boat trailers;
- Hauling trailers;
- ATV's or UTV's;
- Snowmobiles;
- Boats, or accessories thereto;
- Self-contained motorized recreational vehicles; or
- Any other oversized types of vehicles or equipment as prohibited by rule or regulation.

The above may be parked as a temporary expedience (but not to exceed a forty-eight (48) hour period) for loading, delivery of goods or services or emergency. The Board may adopt rules and regulations regarding registration of such vehicles in order to enforce this restriction and the time limitations contained herein. This restriction shall not apply to commercial vehicles temporarily located within the community which are necessary for the construction or for the maintenance of any common elements or construction of new homes.

No parked vehicle may impede the safe and efficient use of the streets by residents, obstruct emergency access to/from the community, or interfere with the reasonable needs of other residents to use their driveway, the common drive or guest parking, if any. Street parking between 2 a.m. and 6 a.m. is prohibited except as noted above.

No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting or servicing of any kind of vehicle, trailer or boat may be performed or conducted outside of garages. Minor repairs may be performed, provided they may be completed the day commenced, and all equipment and parts are removed upon completion of the work. No vehicles may be left unattended on jacks or jack stands.

Vehicles parked on public streets are subject to the parking regulations of the Town of Timnath and if any vehicle is parked in violation of such regulations, the Board may place a notice on the vehicle specifying the nature of the violation and stating that after twenty-four (24) hours the vehicle will be reported to the Town of Timnath for further action.

Wells: Shall NOT be permitted.

Windows and Window Tinting: Approval is required, unless the windows are being replaced with the exact style and color as previously installed and approved on the home. The use of mounting bars for all replacement windows is optional, but in all cases shall be consistent with each side's exterior elevation. For instance, if the Owner is replacing their windows in the front of the home only (the front elevation), then all the windows must have or not have the mounting bars. Any mounting design except for the standard checkerboard shall first be submitted for approval. Any type of window material except for standard glass shall first be approved (glazed, opaque, glass blocks etc.). For window tinting and window replacement applications, only non-glare or non-reflective tints will be considered. A sample of the material shall be provided with the Application for approval.

The following fine policy and fee schedule will govern all infractions of the Rules & Regulations outlined above:

FINE POLICY and SCHEDULE

INTENT

A. In accordance with the Covenants, and other governing documents, the District has adopted the Rules & Regulations to promote the health, safety, and welfare of the Owners and the maintenance and aesthetic appearance of the community for the preservation of property values and the assets of the District.

B. While many violations are resolved through a courtesy/warning notice there are instances when further action is required. Fines are intended to bring properties into conformance with the Covenants, Architectural Guidelines, Rules & Regulations, and any other regulations set forth by the District (collectively, the "Governing Documents") in a timely manner while providing due notice and appeal rights to property owners.

C. In order to gain compliance, the District intends to impose and collect monetary penalties as authorized by 6.2.2 in the Covenants and reserves the right to enforce the community's restrictions in any other legal manner.

NOTICE OF VIOLATION

A. Notice Required: Upon an Owner's first violation of any provision of the Governing Documents, the District shall provide a written Courtesy/Warning ("Warning") to the Owner to allow the Owner the right to cure said violation as stated in the Warning.

B. Courtesy/Warning Notice: A Warning of the first violation shall be mailed via certified mail to the Owner and contain, at a minimum, the following information:

- The alleged violation of the Governing Documents;
- The date of the violation or the date the violation was observed;
- The first and last name of the person who observed the violation or the name of the management person confirming the violation;
- A statement that the violation must be cured within ten (10) days of the date of the Warning, and failure by the Owner to cure the violation within ten (10) days shall result in a fine in accordance with the Fine Policy and Schedule of Fines ("Schedule") in effect at the time of the violation; and
- The Owner's right to appeal the violation.

C. Right of Appeal: An Owner who receives a Warning regarding a violation may appeal the violation by sending a written response via certified mail to the District's address (as listed on the Warning of contact form recorded with the county recorder) within ten (10) days of the date of the Warning.

NOTICE AND IMPOSITION OF FINES

A. Notice of Imposition of Fine: If the Owner fails to cure the violation within ten (10) days of the date of the Warning, the District shall send the Owner a Notice of Imposition of Fine ("Notice") via certified mail, which Notice shall state that the Owner has been assessed a fine for the violation in accordance with the Schedule, and that failure by Owner to cure the violation within the period stated in the Notice shall result in additional fines to the Owner.

B. Further Failure to Comply: Additional Notices citing Owner's failure to cure the violation shall be mailed to the Owner at the frequency and fine rate stated in the Schedule. Each Notice shall indicate the current fine, pass due fines and late fees, if any, the date that the violation must be cured to avoid additional fines, and Owner's right to appeal.

CONTINUING VIOLATIONS

- A. In the case of repeat and persistent violations, this system of fines may ultimately lead to prosecution of non-responsive violators. Fines will not take the place of legal action but will be used as an additional remedy. Fines shall not exceed the level, if any, established by state law.
- B. In addition, the District shall have the right to remedy the violation and seek reimbursement from the Owner for collection costs and reasonable attorney fees and costs incurred as a result of such failure to comply with the Governing Documents without the necessity of legal proceedings.
- C. The Governing Board may take legal action against the Owner at any time after a fourth has been sent to the Owner, when accrued fines equal or exceed \$250, or if the District determines, in its sole discretion, that immediate legal action is necessary to preserve the health, safety, and welfare of the Owners. Pursuant to State law, in any legal action pursued hereunder, the court shall award reasonable attorney fees, costs, and costs of collection to the prevailing party.
- D. To ensure that the District is aware of continuing violations, the Management Company shall list the violating Owner on the Executive Session agenda when a fourth Notice has been sent to the Owner, when accrued fines equal or exceed \$250, or when the Management Company believes immediate action by the District is necessary to preserve the health, safety and welfare of the Owners. At such time, the District shall deliberate as to whether the District should take other appropriate action against the Owner as provided herein.

RECURRENCE OF VIOLATION

Any recurrence of the same violation within six (6) months of the original violation, as noted in the Notice, shall make the Owner subject to the imposition of a fine. Such fine shall be levied at the current rate of a 2nd violation in accordance with the Schedule then in effect. Such violations shall be considered a continuing violation and no notice shall be provided to the Owner.

FAILURE TO PAY

- A. Fines shall be due and payable within thirty (30) days of the notice. Fines not paid within thirty (30) days shall be charged a late fee.
- B. All rights and remedies of the District are cumulative and not exclusive, and the District shall have all rights and remedies to levy and collect fines which may be available to it under the Governing Documents and applicable law.
- C. Until paid by the Owner, all fines, fees, and charges assessed against the Owner pursuant to the Schedule, as amended from time to time, including, but not limited to, the cost of collecting fines, fees, and charges such as collection agents and attorney fees, shall constitute a lien on and against the property in accordance with the Covenants and Title 38, Article 33.3 of the Colorado Revised Statutes.
- D. Fee Schedule:
 - Late Fee Charge: A late fee of \$15.00 will be assessed on every account that is not paid in full within the thirty (30) days reference above. The late fee charge may be amended from time to time by resolution of the District.
 - Bad Check Charge: For each check that for any reason is returned to the District unpaid, the Owner shall owe the District a "bad check" charge of \$35.00. The bad check charge may be amended from time to time by resolution of the Governing Board.
 - Collection Fees: The Owner shall be responsible for all collection costs incurred by the District as part of the collection process, including, but not limited to, attorney fees, collection agent fees, and court costs.

APPEAL PROCESS

A. Notice

1. Any Owner who receives a Notice may appeal such violation to the District by providing the District, via certified mail, a written request for a hearing. Such request must be submitted to the District within ten (10) days of the date of the Notice. Fines set forth in any Notice from the District will continue to accrue during the appeal process so that the appeal process is not used to delay effective enforcement of the Governing Documents, as defined in the Schedule noted above.
2. If a timely request for a hearing is submitted by the Owner, the District shall set a date and time for the hearing and notify the Owner in writing of the date and time of the hearing.

B. Appeal Process

1. The hearing shall be held before the Governing Board in executive session.
2. The Governing Board President shall summarize the appeal request before the Governing Board and introduce all parties.
3. The Owner shall be afforded ten (10) minutes to state his or her case and to present to the Governing Board any evidence that is applicable to the Lot owner's appeal.
4. Each Governing Board member shall have an opportunity to question the Owner regarding the appeal.
5. Upon completion of the question and answer period, the Governing Board President will state that the appeal has been heard and the Governing Board will make their decision in closed session. In reaching a decision, the Governing Board may take into account the Owner's statements and evidence presented, the Owner's willingness to work towards compliance, and any other factors that may be pertinent as determined by the Governing Board.
6. The Governing Board may continue the hearing if it determines that additional information is required from the Owner before making an informed decision. The Governing Board shall notify the Owner in writing of the date and time of the continued hearing and the additional information that the Owner must present on the continued hearing date.
7. The minutes of the meeting shall contain a written statement of the results of the hearing and the fine, if any, imposed. The Owner shall be given written notice of the results of the hearing within ten (10) days from the date of the hearing.

C. Denied Appeals

1. All decisions of the Governing Board are final and may not be further appealed through the District.
2. If the Governing Board denies the Owner's appeal, the Owner must bring the violation into compliance and pay all outstanding fines and charges accrued to date within the time period specified in the written notice received from the Governing Board regarding the Governing Board's decision. Failure to cure the violation within the designated time period stated therein shall constitute a continuing violation and subject the Owner to subsequent fines at the rate and frequency noted in the Schedule, which additional fines shall not be subject to the appeal process.
3. The Governing Board may, in its sole discretion, take legal action against the Owner at any time after an Owner's appeal has been denied and the Owner has accrued fines equal to

or greater than \$250 or the Governing Board determines that immediate legal action is necessary to preserve the health, safety, and welfare of the Owners.

Schedule of Fines

Fines may be levied as shown in Attachment B, attached hereto. The Governing Board may amend the Schedule from time to time as it deems necessary by a majority vote of the Governing Board.

Further Questions or Concerns

For further questions regarding rules and regulations, submittal procedures or process, or the fine policy and schedule, please visit the website www.heritageridgemd.com or contact Danaly Howe, Centennial Consulting Group, LLC, 2619 Canton Court, Suite A, Fort Collins, CO 80525. Phone: (970) 484-0101. Email: heritageridge@ccgcolorado.com. Website: www.heritageridgemd.com.

SERRATOGA FALLS METROPOLITAN DISTRICT #1 AND #3

Architectural Improvements Request

Pursuant to the Declaration of Covenants, Conditions and Restrictions for Kitchel Lake and the Board of Director's Resolution regarding Rules and Regulations, I/We submit the following application to make improvements:

Date: _____

Address of Property: _____

Name(s) of Owner: _____

Mailing
Address: _____

Phone Number: (Home) _____ (Mobile) _____

Email
Address: _____

Description of Work (Including design, nature of the work, type, size, height, width, color, materials and location of proposed improvements):

_____ Plans, including location, elevations and dimensions, if applicable

_____ Specifications

_____ Samples of Colors

_____ Samples or Description of Materials

_____ Photographs

_____ Other (Please specify) _____

I/We understand that under the Covenants and Rules and Regulations the Committee will act on this request and provide me with a written response of their decision within 30 days of completed submittal. I further understand and agree to the following provisions:

1. No work or commitment of work will be made by me until I have received written approval from the Architectural Control Committee.
2. All work will be done at my expense, and all future upkeep and maintenance will remain at my expense.
3. All work will be done expeditiously once commenced and will be done in good workmanlike manner by myself or a contractor.
work must be completed within one year after the date of approval
4. All work will be performed at a time and in a manner to minimize interference and inconvenience to other owners in the community.

5. No trash or debris from the project will be placed on property belonging to any other owner, or on District common area.
6. I/We assume all liability and will be responsible for all damage and/or injury which may result from performance of this work.
7. I /We will be responsible for the conduct of all persons, agents, contractors, and employees who are connected to this work.
8. I /We will be responsible for complying with all applicable federal state and local laws, codes, regulations and requirements in connection with this work and will obtain any necessary governmental permits and approvals for the work. I understand and agree that the Serratogsa Falls Metropolitan District #1 and #3 its Board of Directors and its Architectural Review Committee have no responsibility with respect to such compliance and that the Board of Director's or its designated Committee's approval of this request shall not be understood as the making of any representation or warranty that the plans, specification or work comply with any law, code, regulation or governmental requirement.
9. The contractor name and contact number is:

10. In the event of approval, I will notify the Architectural Control Committee in writing when the work is completed so that can inspection can be made to assure that it conforms to what was approved.
11. If approved, work would start on or about _____ and would require _____ days to be completed.

Signature of Applicant

Date

Mail, email or fax to:

Stephanie Johnson
 District Manager
 Centennial Consulting Group, LLC

Phone: (970) 484-0101

Fax: (970) 300-1042

E-mail: kitchellake@ccgcolorado.com

Address:

2619 Canton Court, Suite A
 Fort Collins, CO 80525

Attachment B
SCHEDULE OF FINES:

Violation	Amount of Fine				Assess	CC&R's
	1st	2nd	3rd	Thereafter		
Architectural Committee Review and Approval Required	Warning	\$25	\$50	\$50	Bi-weekly	Article 2 and Rules & Regulations
Architectural Review, Improvement not Conforming to Request/Approval	Warning	\$25	\$100	\$200	Bi-weekly	Article 2 and Rules & Regulations
Residential Use: Professional or Home Occupation	Warning	\$25	\$100	\$200	Bi-weekly	Section 3.2 and Rules & Regulations
Declaration of Covenants, Other Not Listed	Warning	\$25	\$50	\$50	Bi-weekly	Section 3.1 and Rules & Regulations
Drainage & Irrigation	Warning	\$25	\$100	\$200	Bi-weekly	Article 3 and Rules & Regulations
Household Pets	Warning	\$25	\$50	\$50	Bi-weekly	Section 3.3 and Rules & Regulations
Leases	Warning	\$25	\$50	\$50	Bi-weekly	Section 3.12 and Rules & Regulations
Vehicle Parking, Storage and Repairs	Warning	\$25	\$50	\$50	Bi-weekly	Section 3.6 and Rules & Regulations
Light, sound and Orders	Warning	\$25	\$50	\$50	Bi-weekly	Section 3.9 and Rules & Regulations
Nuisances	Warning	\$25	\$50	\$50	Bi-weekly	Section 3.7 and Rules & Regulations
Hazardous Activities	Warning	\$25	\$50	\$50	Bi-weekly	Section 3.8 and Rules & Regulations
Completion of Landscape	Warning	\$25	\$50	\$50	Bi-weekly	Article 3 and Rules & Regulations
Lot Maintenance	Warning	\$25	\$50	\$50	Bi-weekly	Article 3 and Rules & Regulations
Miscellaneous Requirement & Improvements including signage	Warning	\$25	\$50	\$50	Bi-weekly	Section 3.5 and Rules & Regulations
Temporary Structures	Warning	\$25	\$50	\$50	Bi-weekly	Section 3.4 and Rules & Regulations
Trash and Materials	Warning	\$25	\$50	\$50	Bi-weekly	Article 3 and Rules & Regulations

EXHIBIT A-2

WATER RULES AND REGULATIONS
FOR FILING 2, PHASES 1, 2, 3, 4 AND 5 aka "KITCHEL LAKE"

**SERRATOGA FALLS
METROPOLITAN DISTRICT
#1 AND #3**

**WATER RULES AND REGULATIONS
FOR FILING 2, PHASES 1,2,3,4 AND 5
AKA “KITCHEL LAKE”**

2021 Irrigation Season

**Serratoga Falls Metropolitan District #1 and #3
Filing 2, Phases 1,2,3,4 and 5**

WATER - RULES AND REGULATIONS

TABLE OF CONTENTS

ARTICLE I - GENERAL	1
1.1 Authority	1
1.2 Purpose	1
1.3 Policy.....	1
1.4 Scope	2
1.5 Intent of Rules and Regulations	2
1.6 Amendment	2
1.7 Miscellaneous.....	2
ARTICLE II - DEFINITIONS	4
2.1 Applicant	4
2.2 Board	4
2.3 Constructor	4
2.4 Contractor.....	4
2.5 Customer	4
2.6 District.....	4
2.7 District Engineer	5
2.8 Dwelling Unit.....	5
2.9 Equivalent Dwelling Unit	5
2.10 Gender	5
2.11 Inspector	5
2.12 Manager.....	5
2.13 Permit	5
2.14 Person	6
2.15 Rules and Regulations.....	6
2.16 Service District.....	6
2.17 Service Line	6
2.18 Shall or May	6
2.19 Singular and Plural.....	6
2.20 Stub-out.....	6
2.21 Tap or Connection.....	7
2.22 Tap Fee.....	7
2.23 Water Main and/or Main Line.....	7

2.24 Irrigation Water System	7
2.25 Any Other Term	7
2.26 Districts	7
ARTICLE III - OWNERSHIP AND OPERATION OF FACILITIES	8
3.1 Responsibilities of Service District.....	8
3.2 Liability of District.....	8
3.3 Rights and Authority	8
3.4 Ownership of Facilities	9
3.4.1 Ownership of Irrigation Water Facilities	9
3.4.2 Ownership of Irrigation Water Meters.....	9
3.5 Inspection Powers and Authority of District Agents	9
3.6 Modification, Waiver and Suspension of Rules.....	9
ARTICLE IV - USE OF IRRIGATION WATER SYSTEMS.....	10
4.1 Unauthorized Tampering with Systems	10
4.1.1 Unauthorized Use.....	10
4.1.2 Malicious Damage to System	10
4.1.3 Violators Prosecuted	10
4.1.4 Violators Fined.....	10
4.2 Use of Irrigation Water System.....	10
4.2.1 Notice of Changes and Repairs of Leaks	10
4.2.2 Cross Connection Control.....	11
4.2.3 Stop and Waste Type Valve.....	11
4.2.4 Safety Devices.....	11
4.2.5 Irrigation Water Meters Required	11
4.2.6 Required Use of Irrigation Water System.....	12
4.2.7 Sumps and Water Wells Prohibited	12
4.2.8 A Pressure Reducing Valve	12
4.3 Inactive Service.....	12
4.3.1 Notice of Changes and Repairs of Leaks	12
4.3.2 Cross Connection Control.....	13
4.3.3 Stop and Waste Type Valve.....	13
ARTICLE V - APPLICATION FOR SERVICE	13
5.1 Inclusions	13
5.2 Service Outside the District	13
5.3 Application for Service	14
5.3.1 Sprinkler System	14

5.3.2	Winter Taps.....	14
5.3.3	Additional Tap Information Required.....	14
5.3.4	Reassessment of Tap Fees.....	14
5.4	Denial of Application.....	15
5.5	Cancellation of Application.....	15
5.6	Moved or Destroyed Buildings.....	15
5.6.1	Abandoned Service Line.....	15
5.7	Change in Customer’s Equipment, Service or Use of Property.....	15
5.7.1	Unauthorized Connection Fee.....	16
5.7.2	Inspection Required.....	16
5.7.3	Redetermination of Tap Fees.....	16
5.8	Unauthorized Connections and Fees.....	16
5.9	Revocation of Service.....	17
5.10	Revocation of Tap Rights.....	17
5.11	Turn-ons/Turn-offs of Service.....	18
ARTICLE VI - CONSTRUCTION OF SERVICE LINES.....		18
6.1	Compliance with Rules and Regulations.....	18
6.2	Inspection and Tapping Charges.....	18
6.3	Separate Service Lines Required.....	19
6.4	Construction and Connection.....	19
ARTICLE VII - MAIN LINE EXTENSIONS.....		20
7.1	Compliance with Rules and Regulations.....	20
7.2	Main Line Extensions by the Service District.....	20
7.3	Procedure for Main Line Extension by the Service District.....	20
7.3.1	Performance Bonds and One Year Warranty.....	20
7.4	Procedure for Main Line Extension by Developers.....	21
7.4.1	Application for Approval.....	21
7.4.2	Deposits with the District.....	21
7.4.3	Performance and Payment Bonds.....	21
7.4.4	Special Structures Designed by Service District Engineer.....	22
7.4.5	Oversizing of Main Lines.....	22
7.4.6	Documentation Required.....	22
7.4.7	Contract Required.....	22
7.5	Main Line Sizes.....	22
7.6	Locations of Main Line Extensions.....	22
ARTICLE VIII - RATES AND CHARGES.....		23
8.1	General.....	23

8.2	Application of this Article.....	23
8.3	Classification of Customers	23
8.3.1	Single-Family Residential Unit.....	23
8.3.2	Multi-Family Unit	23
8.3.3	Hotel, Lodge, Motel, Accommodation Unit	23
8.3.4	Commercial, Industrial Service.....	24
8.4	Tap Fee	24
8.4.1	Prepaid Tap Fees	24
8.4.2	Factors and Usage	24
8.4.3	Disputed Tap Application	24
8.5	Transfer of Tap Fees	24
8.5.1	Common Owner of Property	25
8.5.2	Good Credit.....	25
8.5.3	No Previous Connection to System	25
8.5.4	Payment of Difference	25
8.5.5	Approval in the Discretion of Service District	25
8.6	Water Charge	25
8.7	Amended Tap Fees.....	26
8.8	Amended Water Charges	26
8.9	Payment of Water Charges	26
8.10	Penalty for Late Payment	27
8.11	Foreclosure Proceedings/Attorney's Fees	27
8.12	Certificate of Amounts of County Treasurer	28
8.13	Required Equipment - Radio Frequency Units	28
ARTICLE XI - HEARING AND APPEAL PROCEDURES		28
9.1	Application.....	28
9.2	Initial Complaint - Resolution.....	29
9.3	Hearing	29
9.4	Conduct of Hearing.....	29
9.5	Findings.....	30
9.6	Appeals to the Board.....	30
APPENDIX A - SERVICE LINE CONSTRUCTION.....		A-1
A.1	Rules and Regulations.....	A-1
A.2	Standards for Service Lines	A-1
A.3	Excavation.....	A-2
A.4	Tapping the Main	A-2

A.5 Inspections..... A-2
A.6 Water Service Lines A-3

APPENDIX B - IRRIGATION WATER TAP FEE & SERVICE CHARGES
SCHEDULE AND CONSERVATION RULES B-1

ARTICLE I
GENERAL

1.1 Authority

The Serratoga Falls Metropolitan District No. 1 and No. 3 (the “Districts”) are the Service Districts for a governmental subdivision of the State of Colorado and a body corporate with those powers of a quasi-municipal corporation, that are specifically granted for carrying out the objectives and purposes of the District.

1.2 Purpose

The purpose of this consolidated body of Rules and Regulations is to ensure an orderly and uniform administration of irrigation water operations in the Serratoga Falls (aka Kitchel Lake) of Larimer County, Colorado. These Rules and Regulations apply *only* to the Irrigation Water System (as defined herein); not to the potable water system, as that will be managed and controlled by East Larimer County Water District (“ELCO”).

1.3 Policy

The Serratoga Falls Metropolitan District #1 and #3 are a political subdivision and quasi-municipal corporations of the State of Colorado possessing all of the powers of a special district under Colorado law, whether specifically granted, reasonably implied, or necessary or incidental to those powers specifically granted for carrying out the objectives and purposes of the District. The authority of the District to adopt by-laws, rates, rules and regulation is expressly conferred by Colorado statute. The Board of Directors of the District expressly finds and determines that the adoption of the following rates, rules, and regulations is necessary for the health, safety, prosperity, security, and general welfare of the inhabitants of the District and those within the District’s service area and will insure an orderly and uniform administration of the District affairs.

The Board of Directors of the District hereby declares that the Rules and Regulations hereinafter set forth will serve a public use and are necessary to promote the health, safety, prosperity, security, and general welfare of the inhabitants of the District.

1.4 Scope

These Rules and Regulations shall be treated and considered as comprehensive regulations governing the operations and functions of the District.

1.5 Intent of Rules and Regulations

It is intended that these Rules and Regulations shall be liberally construed to affect the general purposes set forth herein, and that each and every part thereof is separate and distinct from all other parts. No omission or additional material set forth in these Rules and Regulations shall be construed as an alteration, waiver or deviation from any grant of power, duty or responsibility, or limitation or restriction, imposed or conferred upon the Board of Directors by virtue of statutes now existing or subsequently amended, or under any contract or agreement existing between the District and any other governmental entity. Nothing contained herein shall be so construed as to prejudice or affect the right of the District to secure the full benefit and protection of any law which is now enacted or may subsequently be enacted by the Colorado General Assembly pertaining to the governmental or proprietary affairs of the District. Any ambiguity, conflict, omission or question of interpretation of these rules and regulations shall be determined in the sole discretion of the District's Board of Directors.

1.6 Amendment

It is specifically acknowledged that the District shall retain the power to amend these Rules and Regulations, with respect to the District, to reflect those changes determined to be necessary by the Board of Directors of the District. Prior notice of these amendments shall not be required to be provided by the District exercising their amendment powers pursuant to this Section. These rules and regulations may be altered, amended or added to from time to time and such alterations, additions or amendments shall be binding and of full force and effect as of the date of their adoption by the District's Board of Directors.

1.7 Miscellaneous.

1.7.1 Usage and Titles. All words and phrases shall be construed and understood according to the common and approved usage of the language, but technical words and phrases and such others as may have acquired a particular and appropriate meaning in the law shall be construed and understood according to such particular and appropriate meaning. The title of any heading in these rules and regulations

shall not be deemed in any way to restrict, qualify, or limit the effect of the provisions set forth in the section or subsection set forth under each heading.

1.7.2 Severability. Should any section, subsection, sentence, clause or phrase of these rules and regulations be judicially determined invalid or unenforceable, such judgment shall not effect, impair, or invalidate the remaining provisions of these Rules and Regulations, the intention being that the various sections and provisions hereof are severable.

1.7.3 Prior Offenses. Nothing in these rules and regulations shall affect any offense or act committed or done, or any obligation, penalty or forfeiture incurred by any person or under any contract or right established or occurring before the effective date of these Rules and Regulations.

1.7.4 No Damage for Failure to Enforce. Nothing herein contained shall create any right to damages against the District, their directors, officers, agents or employees for the District's failure to enforce any or all of these rules and regulations.

1.7.5 Availability of Service. Water service shall be available only in accordance with these Rules and Regulations and on the basis of the charges established therefore and subject to all penalties and charges for violation thereof, or any statutes applicable and subject to the availability of facilities and capacity.

1.7.6 Control and Operation of Facilities. All water Facilities and property of the District shall be under the management of the District Manager and the control of the Board of Directors. No other person shall have any right to enter upon, inspect, operate, adjust, change, alter, move, or relocate any portion of the District's Facilities without the District's prior written consent.

1.7.7 Inspections. All inspections, observations, testing and reviews performed by the District whether of private premises to ensure compliance with these Rules and Regulations or of the District's property and facilities, are performed for the sole and exclusive benefit of the District. No liability shall attach to the District by reason of any such inspections, observations, testing or reviews or by reason of any denial or issuance of any approval or permit for any work subject to the authority or jurisdiction of the District.

1.7.8 Ownership. The District exercises all rights and responsibilities attendant to the full ownership of the District's water Facilities and, in the future, shall accept

ownership responsibilities only for additional facilities which have been formally conveyed to and accepted by the District.

ARTICLE II
DEFINITIONS

Unless the context specifically indicates otherwise, the meaning of the terms used herein shall be as follows:

2.1 Applicant

“Applicant” means any person who applies to the Service District (as defined herein) for a service connection or service disconnection, main line extension or other such service agreement, or who attempts to have real property included within, or excluded from the Districts, as the case may be.

2.2 Board

“Board” and “Board of Directors” means the Board of Directors of the District or Service District.

2.3 Constructor

“Constructor” means the landowner, developer, subdivider or agency actually paying for the construction of the lines.

2.4 Contractor

“Contractor” means any person, firm or corporation authorized by the District to perform work and to furnish materials within the District.

2.5 Customer

“Customer” means any entity authorized to connect to and use the District’s Irrigation Water System under a permit issued by the Service District.

2.6 District

“District” or “Service District” means the Serratoga Falls Metropolitan District #1 and #3.

2.7 District Engineer

“District Engineer” means that person or firm that has been authorized by the District to perform engineering services for the District.

2.8 Dwelling Unit

“Dwelling Unit” means one or more habitable rooms arranged, occupied, or intended or designed to be occupied by not more than one family with facilities for living, cooking, sleeping and eating.

2.9 Equivalent Dwelling Unit

“Equivalent Dwelling Unit” or “Single Family Equivalent Dwelling Unit” means a use which is estimated to have an impact upon the Irrigation Water System equal to that of the average usage of a Dwelling Unit.

2.10 Gender

The use of any gender shall be applicable to all genders.

2.11 Inspector

“Inspector” means that person who, under the direction of the Manager, shall inspect all water connections, excavations, installations of and repairs to the Irrigation Water System and facilities of the District to ensure compliance with the Rules and Regulations.

2.12 Manager

“Manager” of the District means the person or entity retained by the Board to administer and supervise the affairs of the District and its employees.

2.13 Permit

“Permit” means the written permission to connect to or enlarge the use for the Irrigation Water System of the District pursuant to the Rules and Regulations of the District.

2.14 Person

“Person” means any entity of any nature, whether public or private.

2.15 Rules and Regulations

“Rules and Regulations” means the Rules and Regulations of the District, including all amendments and policies as set forth in the District minutes and resolutions.

2.16 Service District

“Service District” means the Serratoga Falls Metropolitan District No. 3, which District shall be responsible for the installation, operation, and maintenance of the Irrigation Water System in all of the Serratoga Falls Metropolitan Districts No. 1 and #3. (the “Districts”).

2.17 Service Line

“Service Line” means any privately owned and maintained pipe, line or conduit used or to be used to provide irrigation water service from water main, whether the pipe, line or conduit is connected or not.

2.18 Shall or May

Whenever “shall” is used herein, it shall be construed as a mandatory direction.

Whenever “may” is used herein, it shall be construed as a permissible, but not mandatory direction.

2.19 Singular and Plural

As pertains to these Rules and Regulations, the singular includes the plural and the plural the singular where ever applicable.

2.20 Stub-out

“Stub-out” shall mean any connection to a main line which extends from the main line and which is intended to facilitate service line connection to the Irrigation Water System, either directly to the main line or indirectly through a private main.

2.21 Tap or Connection

“Tap” or “Connection” means the connecting of the service line to the Irrigation Water System, either directly to a main line, or stub-out from the main line, or indirectly through a private main line, which service line extends beyond the easement line or property line into the lot intended to be served, whether or not actually connected to the structure’s Irrigation Water System.

2.22 Tap Fee

“Tap Fee” means the payment to the District of a fee for the privilege of connecting a particular use to the Irrigation Water System.

2.23 Water Main and/or Main Line

“Water Main and/or Main Line” means any pipe, piping, or system of piping used as a conduit for water in the District’s Irrigation Water System and owned by the District.

2.24 Irrigation Water System

“Irrigation Water System” means any water main line, appurtenances, accessories or portion thereof owned and maintained by the District in connection with the management and control of irrigation water within the Districts’ boundaries.

2.25 Any Other Term

Any other term not herein defined shall be defined as presented in the “Glossary - Water and Sewage Control Engineering”, A.P.H.A., A.W.W.A., A.S.C.E. and F.W.S.A., latest editions.

2.26 Districts

“Districts” mean the Serratoga Falls Metropolitan District #1 and #3 and represents the service area to be provided irrigation water by the Service District.

ARTICLE III
OWNERSHIP AND OPERATION OF FACILITIES

3.1 Responsibilities of Service District

Except as otherwise provided by these Rules and Regulations, the Service District is responsible for the operation and maintenance of the Irrigation Water System, which operation and maintenance shall be carried out in a sound and economical manner, in accordance with these Rules and Regulations. It shall not be liable or responsible for inadequate service or interruption of service brought about by circumstances beyond its control.

3.2 Liability of District

It is expressly stipulated that no claim for damage shall be made against the District by reason of the following: Breakage of main lines; interruption of water service and the conditions resulting therefrom; breaking of any service line, pipe, cock, or meter; failure of the water supply; shutting off or turning on water; making of connections or extensions; damage caused by water running or escaping from open or defective faucets; burst service lines or other facilities not owned by the District; damage to sprinkler systems, appliances, or other apparatuses, devices or equipment used for irrigation of property, resulting from shutting water off, or for turning it on, or from inadequate, excessive or sporadic pressures; or for doing anything to the system of the District deemed necessary by the Board of Directors or their agents.

3.3 Rights and Authority

The District shall have no responsibility for notification to customers of any of the foregoing conditions. All irrigation water users within the Districts shall be obligated to connect to District's Irrigation Water System. The District reserve the right to discontinue, temporarily, service to any property, at any time, for any reason deemed necessary or appropriate.

The District shall have the right to revoke service to any property for violations of these Rules and Regulations in accordance with the procedures set forth in these Rules and Regulations.

3.4 Ownership of Facilities

All existing and future main lines and treatment works connected with and forming an integral part of the Irrigation Water System shall become and are the property of the District, unless any contract with owner or customer provides otherwise. Said ownership will remain valid whether the main lines and treatment works are constructed, financed, paid for, or otherwise acquired by the District, or by other persons.

3.4.1 Ownership of Irrigation Water Facilities. For irrigation water, the District owns and is responsible for the maintenance of the water service line, up to and including the curb stop valve or the customer's property line, whichever is closer to the water main. The customer is responsible for the maintenance of the remaining portion of the service line serving his property.

3.4.2. Ownership of Irrigation Water Meters. Notwithstanding the above, all irrigation water meters and shut-off valves shall become and are the property of the District. Said ownership shall remain valid whether the meters and/or shut-off valves are installed, financed, paid for, repaired or maintained by another person or whether the meters and/or shut-off valves are located on a privately owned and maintained service line.

3.5 Inspection Powers and Authority of Service District Agents

Authorized employees or agents of the Service District, bearing proper credentials and identification, shall be permitted to enter upon all properties at all reasonable times for the purpose of inspection, observation, measurement, sampling, and testing, in accordance with the provisions of these Rules and Regulations. Failure to permit such inspections, observations, measurements, samplings and/or testings upon the request, in writing, of the Manager may result in a finding that permission is being denied to avoid discovery of a violation which may result in the disconnection of service to the property of the party failing to permit such activity.

3.6 Modification, Waiver and Suspension of Rules

The Board or the Manager, acting on instructions of the Board, shall have the sole authority to waive, suspend, or modify these Rules and Regulations, and any such waiver, suspension or modification must be in writing, signed by the Board or the Manager. Such waiver shall not be deemed an amendment of the Rules and Regulations. No waiver will be deemed a continuing waiver.

ARTICLE IV
USE OF IRRIGATION WATER SYSTEMS

4.1 Unauthorized Tampering with Systems

4.1.1 Unauthorized Use. No unauthorized person shall uncover, use, alter, disturb, or make any connection with, or opening onto, use, alter, or disturb the Irrigation Water System without first obtaining a written permit from the Service District. Unauthorized uses of or tampering with the District's Irrigation Water System include, but are not limited to, change in customer's equipment, service or use of property, as defined in Section 5.7, an unauthorized turn-on or turn-off of irrigation water service, burying valve boxes, and modifying any irrigation water meter.

4.1.2 Malicious Damage to System. No person shall maliciously, willfully, or negligently, break, damage, destroy, cover, uncover, deface or tamper with any portion of the District's Irrigation Water System.

4.1.3 Violators Prosecuted. Any person who shall violate the provisions of this Section 4.1 shall be prosecuted to the full extent of Colorado law.

4.1.4 Violators Fined. Any person violating any of the provisions of these Rules and Regulations shall become liable to the District for payment of a \$1,000.00 fine, plus any expense, loss or damage occasioned by reason of such violation. Such costs shall constitute a perpetual lien upon the violator's property, as allowed by Section 32-1-1001, C.R.S., *as amended*, or a perpetual lien upon the property concerning which the violator was receiving services at the time of the violation in question, whichever the Manager deems appropriate. See Section 5.8 regarding unauthorized connections.

4.2 Use of Irrigation Water System

4.2.1 Notice of Changes and Repairs of Leaks. The customer shall notify the Service District prior to any expansion or addition to the service or use of the property served by the District's Irrigation Water System upon any change of ownership of said property. Each customer shall be responsible for all costs associated with the construction and maintenance of the length of the service line to the curb stop or property line, whichever is closer to the main. Service lines shall be constructed in accordance with these Rules and Regulations.

Leaks or breaks in the service line shall be repaired by the customer within seventy-two (72) hours of obtaining knowledge of a leak or from the time of notification of such condition by the Service District. If satisfactory progress toward repairing said leak has not been completed within the same time period, the Manager shall shut off the service until the leaks or breaks have been repaired; in addition, the Service District shall have the right to effect the repair, and the costs therefore shall constitute a lien on and against the property of such customer, security payment of such cost, as provided for by Section 32-1-1001, C.R.S.

4.2.2 Cross Connection Control. Each customer is responsible for complying with the Colorado Department of Health's Cross Connection Control Manual with the additional requirement that all fire protection systems must utilize a "reduced pressure principle" type back-flow preventer valve.

4.2.3 Stop and Waste Type Valve. No stop and waste type valves are permitted in conjunction with a customer's service line unless approved by the District. It is the responsibility of the customer to bury the service line with sufficient cover to prevent it from freezing or slope service pipe downhill towards Stop and Waste Valve.

4.2.4 Safety Devices. Each person having sprinkler systems, appliances, apparatuses, and/or other devices on his premises for irrigation, depending on pressure or water in pipes, or on a continual supply of water, shall provide, at his own expense, suitable safety devices to protect himself and his property against a stoppage of water supply or loss of pressure. The District expressly disclaims any liability or responsibility for any damage resulting from a customer's failure to provide such appropriate protection.

4.2.5 Irrigation Water Meters Required. At such time that it becomes cost effective, the District shall charge for water usage pursuant to irrigation water meters installed to serve each unit. No connection shall be made to the District's Irrigation Water System without an irrigation water meter having been installed to serve the subject unit. All irrigation water meters shall have devices for remote reading. The type of irrigation water meter and location of the meter shall be subject to the approval of the Service District. The Service District shall be empowered to install the initial meter and shall have the right to test, remove, repair or replace any and all irrigation water meters. It shall be the duty of each customer to notify the Service District office if his irrigation water meter is operating defectively. If any meter is suspected to be defective, the Service District shall diligently pursue repair or replacement of said meter at the District's expense unless the defect is a result of frost or faulty installation by the owner. In this case the cost for repair or

replacement shall be added to the customer's service charge bill. The irrigation water meters referred to in this Section and throughout these Rules and Regulations are separate from the water meters measuring the use of potable water from ELCO.

During the interim period prior to repair and until such time as the District utilizes meters to charge for irrigation water usage, the following policy shall be enforced: The customer shall be given notice, by first-class mail, that the Service District suspects that the irrigation water meter is defective. The customer shall be given thirty (30) days in which to respond, which response shall include scheduling with the Service District an appointment for a meter inspection and replacement. If the customer fails to respond, the customer will be placed on the unmetered rate, effective with the following billing cycle.

The customer shall be given a second notice, by first-class mail, that the Service District suspects that the irrigation water meter is defective. The customer shall be given thirty (30) days in which to respond, to the second notice, which response shall include scheduling an appointment for a meter inspection and replacement. If the customer fails to respond to the second notice, the Service District may disconnect the water service and charge the customer the base irrigation water rate while the service is disconnected.

4.2.6 Required Use of Irrigation Water System. It is unlawful to irrigate land other than with the District's irrigation water unless approved by the Service District.

4.2.7 Sumps and Water Wells Prohibited. After the effective date of these Rules and Regulations the construction of any water well or sump within the District is prohibited, unless accepted in writing by the Service District. The District's existing water well is exempted from this requirement.

4.2.8 Pressure Reducing Valve ("PRV"). A PRV may be installed in service lines immediately after the irrigation water meter, on the private property of the customer, ensuring that the irrigation water meter and any sprinkler or other type of irrigation system are protected from fluctuating water main delivery pressures. The pressure setting of the PRV shall not exceed 150 PSI without written permission from the Service District.

4.3 Inactive Service.

4.3.1. Definition. Inactive Service means that the water service line for the Licensed Premises is connected to a Water Main but the water service meter is not set and the water service line is not used to deliver water to the Licensed Premises. Inactive Service occurs where the service line is constructed initially only to the valve at the

property line.

4.3.2 Availability. Available to applicants within the boundaries of the Districts or any contracting entity.

4.3.3 Inactive Charges. The monthly charge for Inactive Water Service shall be \$15.00 per tap and shall commence twelve (12) months after the date the application for Inactive Service is granted and shall continue until such time as water service is activated or the inactive water tap is invalidated.

ARTICLE V APPLICATION FOR SERVICE

5.1 Inclusions

Service will be furnished, subject to the District's Rules and Regulations, to property included within one of the Districts. It shall be incumbent upon the applicant to furnish satisfactory evidence of inclusion whenever such evidence is requested by the District. Satisfactory evidence shall consist of tax receipt, or certification in lieu thereof, received from and signed by the County Treasurer. A person owning land within and without the boundaries of one of the Districts who desires service to land currently located without the boundaries of the District must include all of his land to be serviced by the District's Irrigation Water System into the boundaries of the applicable district. A formal request for inclusion within one of the Districts shall be made to such district, on its standard form. Any additional costs or legal fees which may occur shall be assessed and paid prior to approval of inclusion by the board of directors for the applicable district. Until paid, such costs and fees shall be a lien upon the property in question.

5.2 Service Outside the Districts

No service shall ever be provided to property outside of the Districts, except upon the express written consent of the District. Charges for furnishing service outside of the Districts shall be at the discretion of the Board of Directors, but no service shall be furnished to property outside of the Districts unless the charge therefore equals at least the cost of service, plus the estimated mill levy and tap fees for which such property would be responsible if it were a part of the Districts. In

every case where the District furnishes service to property outside the Districts, the District reserves the right to discontinue the service when, in the judgment of the Board of Directors, it is in the best interest of the District to do so.

5.3 Application for Service

Application for service must be filed with the Service District on forms provided by the Service District and accompanied by appropriate fees prior to any action to connect to the Irrigation Water System. Only upon authorized approval of the application and a receipt therefore may a connection to the Irrigation Water System be made. The location of the irrigation water meter and the remote reading device shall be indicated on all applications for service.

5.3.1 Sprinkler System. If a water sprinkler system for lawn irrigation is to be used, it must be metered and meet the requirements of all applicable Town, County and State codes.

5.3.2 Winter Taps. Taps may be made by appointment, during the winter months, at the Service District's sole discretion, provided that the tap location is heated.

5.3.3 Additional Tap Information Required. All information requested on the tap application form must be completed. In addition, the water meter location and arrangement, and a diagram of the curb stop valve box location must be included. A site plan or improvement plan shall accompany the tap permit application showing the location of the area to be irrigated relative to property lines.

5.3.4 Reassessment of Tap Fees. Should any information disclosed on the application prove at any time to be false, or should the applicant omit any information, the Service District shall have the right to reassess the tap fee originally charged at the rate current to the discovery by the Service District of the false or omitted information, and/or disconnect the service in question, and/or back-charge the property in question for service fees that may be due and owing, and/or charge any other or additional fee or penalty specified in these Rules and Regulations. Any reassessment shall be due and payable, together with any penalties or other additional fees charged, and together with interest at the maximum legal rate on the entire balance, upon and from the date of the original application.

5.4 Denial of Application

The Service District reserves the exclusive right to deny application for service when, in the opinion of the Service District Board, the service applied for would create an excessive seasonal, or other, demand on the facilities. Denial may also be based upon an unresolved obligation between any of the Districts and the applicant, inadequate documentation of easements for main lines serving the property, or any other reason as determined by the Board of Directors or Manager.

5.5 Cancellation of Application

The Service District reserves the right to revoke any prior approval of an application before service has been provided, and thereafter for any violation of these Rules and Regulations.

5.6 Moved or Destroyed Buildings

When a building is moved or destroyed, the original tap authorization shall remain, provided that a written request is made to, and approved by, the Board of Directors or Manager prior to cessation of payment of service charges.

5.6.1 Abandoned Service Line. When a service line is abandoned permanently, the property owner or customer shall inform the district of this abandonment, so the District may install a valve on the water supply off at the main line (corporation stop valve).

5.7 Change in Customer's Equipment, Service or Use of Property

No expansion of or addition to the customer's service or use of property served shall be made without the prior notification of and approval by the Service District. Any such change which, in the opinion of the Service District, will increase the burden placed on the District's Irrigation Water System by the customer shall require a redetermination of the tap fee and monthly service charge, and a payment by the customer of any additional tap fee and monthly service charge resulting from the redetermination. Subject to Section 5.6, above, tap fees previously paid with respect to the property in question shall be credited against the redetermined tap fee so that only the unpaid portion of any redetermined tap fee shall be due; provided, however, that redeterminations resulting in a conclusion that the tap fee, if assessed currently, would be in an amount less than that originally paid shall not result in a refund to the customer; and provided further that when an expansion or

change in use occurs which results in additional fees due, a credit for the existing use right shall be given.

5.7.1 Unauthorized Connection Fee. Any violation of this Section shall result in the assessment of an unauthorized connection fee, as provided by Section 5.8 of these Rules and Regulations, and the Service District shall take those steps authorized by these Rules and Regulations and Colorado law regarding the collection of said fees. (Also, see Section 4.1 Unauthorized Tampering with Systems.)

5.7.2 Inspection Required. Any customer believed to have changed equipment, service, or use of his property, in violation of this Section, shall be notified of such belief by the Service District, and shall be afforded twenty (20) days from the date upon which the notice is mailed in which to respond to the Service District's notice. Any response by the customer must include permission to make such inspection of the property in question as the Board of Directors or Manager or his representatives deem necessary to establish clearly the nature of equipment, service and use of the property in question. Failure to respond may result in the Service District discontinuing service to the property.

5.7.3 Redetermination of Tap Fees. Inspection shall be made of the property in question. Following inspection, the Manager shall make a determination as to the change in the customer's equipment, service or use of the property in question, and shall redetermine any additional tap fees and service charges due. In the event the decision of the Board of Directors or Manager is deemed unsatisfactory to the customer, the customer may present a complaint in accordance with the Hearing and Appeal Procedures, Article IX, of these Rules and Regulations.

5.8 Unauthorized Connections and Fees

No person shall be allowed to connect onto the Irrigation Water System or to enlarge or otherwise change equipment, service or use of property without prior payment of tap fees, approval of application for service, and adequate supervision and inspection of the tap by the Service District employees or agents. Any such connection, enlargement, or change without payment, approval, supervision and inspection shall be deemed an unauthorized connection. Upon the discovery of any unauthorized connections, the then-current tap fee shall become immediately due and payable, and the property shall automatically be assessed an additional unauthorized connection fee equal to the then current tap fee per equivalent dwelling unit, as liquidated damages toward the District's costs associated with such unauthorized connections.

The Service District shall send written notice to the owner of the property benefited by such connections stating that an unauthorized connection has been made between the subject property and the District's facilities. The owner shall then have twenty (20) days from the date the notice is mailed to pay the then- current tap fee or proceed in accordance with the provisions of Section 5.7.2 of these Rules and Regulations.

5.9 Revocation of Service

Service shall be revocable by the Service District upon non-payment of any valid fees or charges owing to the Service District. In the event of non-payment, the customer shall be given not less than twenty (20) days advance notice in writing of the revocation, which notice shall set forth:

1. The reason for the revocation;
2. That the customer has the right to contact the Service District, and the manner in which the Service District may be contacted for the purpose of resolving the obligations; and
3. That there exists an opportunity for a hearing in accordance with Article IX of these Rules and Regulations.

If payment of the outstanding obligation or a request for a hearing is not received by the Service District within twenty (20) days of the date of mailing of the revocation notice, the Manager shall disconnect the service and the customer shall be assessed the cost of the disconnection. While the service is disconnected, the customer shall continue to be assessed the base service charges for irrigation water.

5.10 Revocation of Tap Rights

The right to connect the District's Irrigation Water System and receive services under Section 5.3, above, shall be revocable by the District upon non-payment of any District's fees owing to the District and remaining unpaid for a period of thirty (30) days, and whether or not the customer owning the right to connect has actually connected to the District's Irrigation Water System. Such revocations shall be conducted in accordance with Section 5.9, above. If the right to connect to the District's Irrigation Water System is revoked, the customer may reacquire such tap rights only by reapplying for service in accordance with Section 5.3,

above, and after paying all fees due and owing the District and the then-current tap fees charged by the Service District under these Rules and Regulations.

5.11 Turn-ons/Turn-offs of Service

All turn-ons and turn-offs of irrigation water service through a shut-off valve on a service line that has been connected to the District's Irrigation Water System pursuant to a written permit issued by the Service District shall be performed only by Service District personnel regardless of the ownership of the shut-off valve or service line and regardless of the circumstances respecting the turn-on or turn-off. The Service District shall assess a single turn-off/turn-on charge in the amount of \$50.00 for any such turn-off and turn-on performed except when initial service is provided and when the service is performed for customers requiring maintenance to their service lines, in which case there shall be no charge. The Service District will provide this service only for a tap for new construction, one time prior to the occupancy of the building located on the property served.

All other requests for a turn-off or turn-on of the District's service may be granted or denied by the Board of Directors or Manager in the Board's or Manager's sole discretion. In new construction, at the time the irrigation water meter is set, service charges begin unless the Service District is requested to perform the turn-off. In this event the customer will be charged \$50.00 when service is turned on.

ARTICLE VI CONSTRUCTION OF SERVICE LINES

6.1 Compliance with Rules and Regulations

The requirements of these Rules and Regulations, and the Appendices attached hereto, are applicable to the construction of all service lines.

6.2 Inspection and Tapping Charges

All taps shall be made by the Service District or its authorized representative and all service lines shall be inspected by a representative of the Service District. All irrigation water service lines are to be tested under normal operating pressure. Constructors of service lines shall call the Service District to schedule an open ditch inspection of all service lines. If said inspection is not made within twenty-four (24) hours of the call, excluding weekends and holidays, construction may proceed. There shall be a charge for all inspections as determined from time to time by the Service District Board. Further information regarding inspections and

the charges for inspections may be obtained from the Board of Directors or at the Manager's office.

6.3 Separate Service Lines Required

A separate and independent service line shall be provided for every lot, and shall be installed at the expense of the property owner. There shall be one irrigation water meter installed for each separate lot served. A curb stop will be on metro district property, adjacent to each lot. Service line will extend onto property upstream of meter and curb stop.

6.4 Construction and Connection

The contractor shall notify the Service District when the service line is ready for inspection and connection to meter on lot. Homeowners can only connect to the system through this meter set up. One working day notice is required. The connection shall be made to the main by Service District personnel. All contractors, plumbers, and others doing work on any main, service lines, or structures in the Districts shall comply with County, State, or local regulations on excavation, backfill, compaction, and restoration of surface. All permits, fees, and licenses shall be paid for by the contractor, plumber, or others doing work in the Districts, prior to the start of construction.

All excavations for service installation shall be adequately guarded with barricades and lights so as to protect the public from hazard. Streets, sidewalks, parkways, and other public or private property disturbed in the course of the work shall be restored in a manner satisfactory to the District. All daily inspection fees on construction required by any governmental agency, including the District, shall be paid by the plumber, contractor, or others doing work for the District.

ARTICLE VII
MAIN LINE EXTENSIONS

7.1 Compliance with Rules and Regulations

Main line extensions shall comply with the requirements of these Rules and Regulations and District's standard specifications for service line construction.

7.2 Main Line Extensions by the Service District

The Service District has the right to construct all main lines within the Districts. Developers who desire to construct such main lines prior to the date planned by the Service District for their construction may do so as provided in Section 7.4 herein.

7.3 Procedure for Main Line Extension by the Service District

The Service District may construct any main line if the Board deems it in the best interest of the District to do so. All main line extensions which are so authorized shall be bid, as provided by State law, and contracted for by the Service District Board or by the Developer with the Board's approval, with the constructor installing the main lines being responsible to the Service District Board. The Service District or the Developer, shall supervise construction activity and coordinate all matters pertaining to the completion of the subject project, including periodic and final payments to the constructor, inspection, and as-built drawings.

7.3.1 Performance Bonds and One Year Warranty. Pursuant to Section 38-26-105 and 38-26-106, C.R.S., performance and payment bonds equal to the contract price at a minimum shall be furnished to the Service District by the constructor on all construction contracted by the Service District. All main lines constructed by the Constructor shall be accepted by the Service District upon completion of construction, subject to a one (1) year warranty period during which the constructor shall promptly, without cost to the District, correct any defective work. All inspection fees required by any governmental authority, including the District, shall be paid by the constructor or Developer.

Developers who have completed construction of main line extensions shall, before the main lines are accepted by the Service District, deed the main lines and all appurtenances to the District free and clear of all liens and encumbrances. Prior to the acceptance of the main lines by the District,

the Constructor shall provide to the Service District reproducible as-built drawings.

7.3.2 Procedure for Main Line Extension by Developers

The Service District has no obligation to extend any main line. In the discretion of the Board of Directors or Manager, the Service District may permit an applicant to construct, at the sole expense of the applicant, main lines prior to their construction by the Service District. The applicant shall enter into a written main line extension agreement with the Service District prior to proceeding with any extension.

7.3.2 Application for Approval. All applicants desiring to construct a main line within the District shall first make formal application to the Board of Directors or Manager for approval. This application shall be in writing, and shall contain a legal description of the property to be served by the main line and plans for such extension, and any other information required by the Service District in its discretion. The staff shall then submit the recommended plans, with appropriate documentation, to the Board of Directors or Manager for final approval. Said plans shall be reviewed for compliance with the District's specifications, and with other specifications and requirements appropriate to the situation. The cost of such study for compliance shall be borne by the applicant.

7.3.3 Deposits with the Service District. Prior to the execution of the main line extension agreement with the Service District, applicant shall deposit with the Service District such reasonable amount as may be necessary to compensate the District for engineering fees, legal fees, and other costs, except direct construction costs, anticipated to be incurred by the District as a result of the application and the construction of the main line.

7.3.4 Performance and Payment Bonds. All contracts entered into by applicant for construction of any part of a main line shall be assignable to the Service District.

All main lines shall be constructed according to applicable District, County, and State specifications. All main line extensions within the Districts shall be made under the supervision of the Service District staff or Developer. Similarly, all inspection fees on mains required by any governmental agency, including the District, shall be paid by applicant. Such costs are subject to cost recovery

7.3.5 Special Structures Designed by Service District Engineer. Special structures such as pumping stations, pressure reducing valves, meter vaults, etc., required to ensure proper operation of the extensions, shall be constructed from designs of the Service District or Developer's engineer as may be approved by the Service District Board.

7.3.6 Oversizing of Main Lines. The applicant shall be responsible for oversizing main line extensions as required by the Service District, at the District's expense, subject to future cost recovery by the District from future extenders. Specifically, a future extender may be required to reimburse the District or Developer the cost of oversizing, including reasonable interest, upon connecting a further extension.

7.3.7 Documentation Required. Applicants who have completed construction of main lines shall, before the main lines are accepted by the District, deed the main lines and appurtenances to the District, free and clear of all liens and encumbrances, and furnish to the Service District bonds which shall cover all maintenance for one (1) year from the date of acceptance of the main lines by the District. Prior to the acceptance of the main lines by the District, the applicant shall provide the Service District with:

1. All easements necessary accompanying the main lines;
2. Four (4) mylar as-built drawings; and
3. A statement of the certified costs of the main lines.

7.3.8 Contract Required. No reimbursement or recovery of costs shall be permitted for main line extensions, except as provided by fully executed contracts with the Developer and assigned to the District. The District shall, in its sole discretion, determine when reimbursement may be made for main line extensions, however the tap fee for each residential lot shall be disbursed to Developer immediately upon payment as reimbursement for the non-potable system installation.

7.4 Main Line Sizes

The size of the main line required to serve any area served by the District's Irrigation Water System shall be determined by the Service District.

7.5 Locations of Main Line Extensions

Main lines shall be installed in roads or street rights-of-way, as well as in easements granted to the District. Where required, facilities must cross land not

being subdivided, or where such land is under the applicant's control for the granting of public rights-of-way, each applicant who desires service will, in consultation with, and with the approval of the Service District, plat and grant to the District appropriate rights-of-way and easements in which will be constructed such facilities.

The Service District shall maintain sole discretion over the location of any main line extensions, including control over any parallel lines.

ARTICLE VIII RATES AND CHARGES

8.1 General

The information contained in this Article is pertinent to all charges of whatever nature to be levied for the provision of irrigation water service. Said rates and charges as herein established are in existence and effect at this time except as otherwise indicated, and shall remain in effect until modified by the Board under the provisions of these Rules and Regulations, and under the applicable statutes of the State of Colorado. Nothing contained herein shall limit the Board from modifying rates and charges, or from modifying any classification.

8.2 Application of this Article

The rates, charges, and other information shown herein shall apply only to customers inside the Districts, and shall in no way obligate the District with respect to services provided outside the boundaries of the Districts.

8.3 Classification of Customers

For the purpose of levying fair, reasonable, uniform, and equitable charges, the following classifications and related definitions are provided:

8.3.1 Single-Family Residential Unit. Includes single-family unit; a patio home is included under the definition of single-family residential unit.

8.3.2 Multi-Family Unit. Includes duplex and clustered units, such as multi-family apartments, condominiums and townhomes.

8.3.3 Hotel, Lodge, Motel, Accommodation Unit. Includes accommodation rooms or suites of rooms or apartments designed for short-term commercial rental.

All other auxiliary uses, i.e., restaurants, bars, athletic facilities, public restrooms, are included under Section 8.3.4.

8.3.4 Commercial, Industrial Service. All non-residential uses which are not included under Sections 8.3.1, 8.3.2 or 8.3.3.

8.4 Tap Fee

A tap fee shall be charged to all irrigation water service customers of the District. Such fee is the applicant's proportionate share of the Irrigation Water System cost in relation to the applicant's use and may be used by the District for purposes of paying all or any part of the costs associated with the District's operation and maintenance expenses, including, without limitation, the District's ground maintenance services, such services to include, but not be limited to, the irrigation and landscaping of the Districts' open spaces, and any other budgeted general fund expenditures of the District. It shall be assessed and paid upon the date of the initial transfer of title of any property within Serratoga Falls Metropolitan District #1 and #3, to any purchaser in which a Single-Family Residential Unit or Multi-Family Unit shall be constructed on such property. Tap fees shall be assessed as provided for in the schedule of fees and charges attached hereto as Appendix B; provided, however, that:

8.4.1 Prepaid Tap Fees. Tap fees may be prepaid, and tap permits issued, anytime in advance of connection, in which case the commencement of service charges shall be governed by Section 8.6 of these Rules and Regulations. No refund of tap fees will be paid.

8.4.2 Factors and Usage. The fees and charges reflected in Appendix B are based upon factors of usage and physical structure, and upon the application by the Manager of the District of those factors to the facts and circumstances surrounding the application.

8.4.3 Disputed Tap Application. If a dispute arises between the Service District and the applicant regarding the calculation of tap fees or the nature and use of the structure as it applies to Appendix B, the dispute will be settled in accordance with Article IX of these Rules and Regulations.

8.5 Transfer of Tap Fees

No tap fee paid on behalf of one property, or any portion thereof, may be transferred to any other property unless:

8.5.1 Common Owner of Property. The owner requesting the transfer is the common owner of the property for which the tap fee has been paid and the property to which the transfer of the tap fee, or portion thereof, is being requested. Both properties are in the Serratoga Falls Metropolitan District #1 or #3.

8.5.2 Good Credit. The owner requesting the transfer has no outstanding unpaid accounts with the District and has previously maintained a good credit with the District.

8.5.3 No Previous Connection to System. The property to which the tap fee initially applied has never been connected to the District's Irrigation Water System.

8.5.4 Payment of Difference. The owner requesting the transfer shall pay to the Service District the difference between the tap fee which would otherwise be charged on the date the transfer is requested for the property to which transfer is being sought, and the tap fee previously paid, but in no event shall the Service District make a credit or refund. In the event an owner transfers only a portion of the total sum previously paid as a tap fee, the owner shall retain a credit, subject to the provisions of Section 5.10, for any non-transferred portion of the previously paid fee.

8.5.5 Approval in the Discretion of Service District. Any approval of a request for a transfer of a tap or fees shall be in the sole discretion of the Service District.

8.6 Water Charge

An annual Water Charge shall be charged as reflected in the Schedule of Fees and Charges, attached hereto as Appendix B. The annual Water Charge shall be assessed as of March 16, 2021, and as of each March 16 in the years thereafter, if the property currently receives irrigation water service from the District. The annual Water Charge is based on the period of the Irrigation Season for irrigation water service that is turned on to the property on which the building is located after March 16, 2021 for the 2021 Irrigation Season or after the start of the Irrigation Season in any year thereafter. Unless otherwise determined by the District, the Irrigation Season shall be the period of May 1 through October 15, 2020.

The annual Water Charge may be used by the District for purposes of paying all or any part of the costs associated with the District's operation and maintenance

expenses including, but not limited to, the operation and maintenance of the District's irrigation system, the District's ground maintenance services, such services to include, but not be limited to, the irrigation and landscaping of the Districts' open spaces, and any other budgeted general fund expenditures of the District.

8.7 Amended Tap Fees

In those situations where a prospective user applies for a permit for service to a property or use not defined in the preceding Article; or where, in the Manager's opinion, said property represents a classification not contemplated in the establishment of the previously defined tap fee, the Board of Directors or Manager shall, in their/his sole discretion, establish a fair, reasonable, and equitable tap fee for said property.

8.8 Payment of Water Charges

Payment of the annual Water Charge shall become due, owing and payable upon the date of written notification by the District that said Water Charge is due. Where the customer believes said statement is in error, the customer must file, in writing, a notice to the Service District of the presumed error, and request a clarification from the Manager. Upon review by the Manager, and resubmittal and/or revision of the statement, payment shall be due no later than ten (10) days from the billing date of the resubmitted statement.

8.9 Penalty for Late Payment

At any time, the customer is fifteen (15) days tardy in payment of any charges due the District, the Service District shall assess an interest charge at the rate of one percent (1%) per month on the unpaid balance. The Service District shall further have the right, in its sole discretion, to terminate service to any customer who becomes thirty (30) days or tardier in payment for scheduled services, following the opportunity for a hearing as outlined herein.

The Service District shall assess to any customer who is tardy in payment of his account, all legal, court, disconnection, and other costs necessary to or incidental to the collection of said account.

Until paid, all such fees, rates, penalties, or charges 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 this state for the foreclosure of mechanics' liens.

8.10 Foreclosure Proceedings/Attorney's Fees

At any time, it becomes necessary after other efforts (letters, posted notices) to collect delinquent payments of any fee or charge imposed by the District under these Rules and Regulations and/or Colorado law, the Service District may then initiate foreclosure proceedings as provided for by Section 32-1-1001 (1)(j), C.R.S. All of the provisions of these Rules and Regulations to the contrary notwithstanding, all customers/users of the District's Irrigation Water System hereby agree to be bound by these Rules and Regulations as a matter of contract and for which there is good and valuable consideration. Further, in the event the Service District shall commence a foreclosure action or proceedings to collect any payments of whatsoever nature due and payable to the District, then in said event the party being foreclosed upon agrees hereby to the payment of any and all costs incurred in connection with said foreclosure proceedings including, but not limited to, reasonable attorney's fees which the court shall tax as a part of the costs of such foreclosure proceedings. In the event payment is made by the customer prior to the foreclosure sale, said attorney's fees and any and all other fees outstanding against the subject account and relating to the subject real property, must also be paid as a pre-condition to the resumption of service to the subject property.

8.11 Certificate of Amounts of County Treasurer

In addition to any other means of collecting delinquent fees, rates, tolls, penalties, charges or assessments made or levied solely for water services (including charges for availability of such service), the Service District may certify the delinquent amounts to the county treasurer for collection in the same manner as property taxes, in accordance with the provisions of statute, as amended. The Service District shall charge a fee for the administrative costs of this collection method, which fee shall be added to all delinquent amounts, including other penalties and interest charges, before certification.

8.12 Required Equipment – Radio Frequency Units

All irrigation water service lines may be metered with a radio frequency unit.

ARTICLE IX HEARING AND APPEAL PROCEDURES

9.1 Application

The hearing and appeal procedures established by this Section shall apply to all complaints concerning the interpretation, application or enforcement of the Rules and Regulations of the District, and contracts related thereto, as they now exist or

may hereafter be amended. The hearing and appeal procedures established by this Section shall not apply to the following complaints:

1. Complaints which arise with regard to personnel matters, which complaints shall be governed exclusively by the District's personnel rules as the same may be amended from time to time.
2. Any other complaint which does not concern the interpretation, application, or enforcement of the Rules and Regulations of the District, or contracts related thereto.

9.2 Initial Complaint - Resolution

Complaints concerning the interpretation, application, or enforcement of Rules and Regulations of the District must be presented to the Board of Directors or Manager, or such representative as they/he may designate. Upon receipt of a complaint, the Board of Directors or Manager or their/his representative, after a full and complete review of the allegations contained in the complaint, shall take such action and/or make such determination as may be warranted and shall notify the complainant of the action or determination by mail within twenty (20) days after receipt of the complaint.

9.3 Hearing

In the event the decision of the Manager or his representative is deemed unsatisfactory to the complainant, a written request for hearing may be submitted to the Manager, or such hearing officer as the Manager may appoint, within twenty (20) days from the date of written notice of the decision was mailed.

Upon receipt of the request, if it be timely and if any and all other prerequisites prescribed by these Rules and Regulations have been met, the Manager or hearing officer shall conduct a hearing at the District's convenience, but attempt to do so within twenty (20) days after the receipt of the request for hearing. The hearing shall be conducted in accordance with and subject to all pertinent provisions of these Rules and Regulations. If the Manager renders a final decision against the customer, the out-of-pocket costs of the hearing shall be assessed against the customer.

9.4 Conduct of Hearing

At the hearing, the Manager or hearing officer shall preside. The complainant and representatives of the District shall be permitted to appear in person, and the complainant may be represented by any person of his choice or by legal counsel.

The complainant or his representatives and the District representatives shall have the right to present evidence and arguments; the right to confront and cross-examine any person; and the right to oppose any testimony or statement that may be relied upon in support of or in opposition to the matter complained of. The Manager or hearing officer may receive and consider any evidence which has probative value commonly accepted by reasonable and prudent persons in the conduct of their affairs.

The Manager or hearing officer shall determine whether clear and convincing grounds exist to alter, amend, defer, or cancel the interpretation, application, and/or enforcement of the Rules and Regulations that are the subject of the complaint. The decision shall be based upon evidence presented at the hearing. The burden of showing that the required grounds exist to alter, amend, defer, or cancel the action shall be upon the complainant.

9.5 Findings

Subsequent to the hearing, the Manager or hearing officer shall make written Findings and an Order disposing of the matter and shall mail a copy thereof to the complainant not later than ten (10) days after the date of the hearing.

9.6 Appeals to the Board

In the event the complainant disagrees with the Findings and Order of the Manager or hearing officer, the complainant may, within twenty (20) days from the date of mailing of the Findings and Order, file with the District a written request for an appeal thereof to the Board of Directors. The request for an appeal shall set forth, with specificity, the facts or exhibits presented at the hearing upon which the complainant relies and shall contain a brief statement of the complaint's reasons for the appeal. In response, the Manager or hearing officer shall compile a written record of the appeal consisting of:

1. Minutes of the hearing;
2. All exhibits or other physical evidence offered and reviewed at the hearing;
3. A copy of the written Findings and Order; and
4. Additional written comments which the Manager of the District may wish to submit in response to the written request for appeal.

APPENDIX A
SERVICE LINE CONSTRUCTION

A.1 Rules and Regulations

The applicant, contractor, and property owner are responsible for knowledge of all provisions of the Rules and Regulations. The items below are restated for emphasis:

Tap Fees Tap fees must be paid prior to the scheduling of any inspections by the Service District.

Service Charges Service Charges begin as of the date of turn on.

Unauthorized Tap ANY CHANGE IN USE, CONVERSION OF ADDITIONAL UNITS OR CONNECTION OF NEW STRUCTURE MADE WITHOUT PAYMENT OF A TAP FEE WILL BE CONSIDERED AN “UNAUTHORIZED TAP.”

The occurrence of an unauthorized tap is subject to a penalty charge, as well as payment of the appropriate tap fee.

Property Owner The property owner shall be held responsible in the event of nonpayment of all fees and charges due the District.

A.2 Standards for Service Lines

Prior to service line construction, the constructor shall familiarize himself with the District standards and specifications. The owner or constructor shall obtain approval for the location of the service line and submit appropriate sets of site and mechanical plans and inform the Service District’s personnel of intended schedule for construction.

Constructors shall apply for all permits. All permits, fees and licenses shall be paid for by the constructor plumber, or other doing the work in the District prior to the start of construction.

A.3 Excavation

All excavation required for the installation of service lines shall be open trench work unless otherwise approved by the Manager.

Pipe laying and backfill shall be performed in accordance with the District's standards and specifications. No excavation shall remain open for more than forty-eight (48) hours and all District mains are required to be covered overnight.

All backfill shall be maintained in a satisfactory condition and all places showing signs of settlement shall be filled and maintained during construction for a period of one year following completion of construction. When an applicant is notified by the Service District that a backfill is hazardous, he shall correct such hazardous conditions at once.

A.4 Tapping the Main

The Service District's representative is authorized to make taps onto the District's irrigation water mains. The applicants of the irrigation water service permit shall notify the Service District when the service is ready for inspection and connection to the main. Appointments for inspection and connection should be scheduled twenty-four (24) hours in advance. Contractor shall provide two (2) workers to assist the Service District in making the taps on to the main.

A.5 Inspections

The applicant for the irrigation service line permit shall notify the Service District when the service is ready for inspection. Appointments for inspection and connection should be scheduled twenty-four (24) hours in advance. The connection shall be made by qualified personnel. All service lines shall be inspected by the Service District's representative, who shall have the authority to halt construction when, in his opinion, the District's Rules and Regulations for proper construction practices are being violated. Whenever any such violations

occur, the Service District's representative shall, in writing, order further construction to cease until all deficiencies are corrected. No service lines shall be covered without the Service District representative's approval. Anyone making any installation without such approval shall be required to remove all soil or any other covering over the service line to allow its inspection.

A.6 Water Service Lines

Alignment of the water service line shall be located so as to take the shortest, most direct route, preferably perpendicular from the main to the building. No water service line shall be laid parallel to any bearing wall which might be thereby weakened. The water service shall be laid at a uniform grade in a straight alignment.

Pressure Test Under supervision of the Service District representative, the water service line is to be water pressure tested at normal operating pressure from the water main before backfill begins.

Required

Curb Stop The service line shall have one or more curb stop control valves located at the property line, or as otherwise approved by the Service District with easy access to the Service District. Curb stop valve boxes must be as specified by the District and accessible from the surface and located at property line. The curb stop valve boxes must be installed prior to the meter and after the meter.

The service line shall be continuous line with no joints if at all possible. Splices are allowed if distance exceeds the length of one hundred (100) feet. There shall be no splices between the curb stop and the main.

Stub-Out When water service lines are stubbed-out to property lines, the stub-out shall be valved off and plugged, with a valve box installed to the ground surface. If no irrigation water stub-out exists, Service District personnel will make all taps up to two (2) inches.

Owner's

Responsibility The Service District is responsible for the maintenance of the water service line, up to and including the curb stop valve or the owner's property line, whichever is closer to the main. The customer is

responsible for the maintenance of the remaining portion of the service line serving the property.

Service Line

Separation A ten (10) foot separation must be maintained between water service lines.

Irrigation Water

Meters And

Remotes

All water service lines shall have a District approved irrigation water meter before irrigation water is turned on. Water meters shall be provided and installed by the Service District. The cost of the meter is included in the tap fee. Irrigation water will remain turned off at curb stop until irrigation water meter is installed. All irrigation water is to be metered, including that used during construction.

Shut off

Valves

Contractor will install shut off valves ahead of PRV and after the spool to facilitate future repairs.

Backflow

Prevention

Backflow prevention devices are required on all facilities where required by the Colorado Department of Health. All devices will be inspected and certified as working properly every year by a certified inspector.

Construction

CONSTRUCTION SHALL BE IN ACCORDANCE WITH ALL APPLICABLE UNIFORM BUILDING CODES AND LOCAL BUILDING CODES.

Irrigation Water

Turn on

Irrigation water turn-on will be made by Service District personnel only. Any service turned on by other than authorized personnel shall be considered illegal system tampering and subject to fees and penalties.

All irrigation water shall be metered.

All meters will be installed by the Service District.

Irrigation water service is turned on and billing begins when the meter is installed.

Appendix B

WATERING SCHEDULE. IRRIGATION WATER SYSTEM – RESTRICTIONS OF USE

If conditions of supply so limit the water supply of the District's water system that unrestricted water use may endanger the adequacy of that supply, the Board of Directors, exercising its discretion in the protection of the public health, safety, and welfare, may adopt the following emergency water use restrictions and such additional regulations and restrictions as are reasonably calculated under all conditions to conserve and protect that supply and to ensure a regular flow of water through the system. Emergency water use regulations and restrictions shall remain in force and effect until the Board determines that the conditions requiring their imposition no longer exist.

- Mon-Wed-Fri 10pm to 2am: Even last number preceded by Odd number
- Tues-Thur-Sat 10pm to 2am: Even last number preceded by Even number
- Mon-Wed-Fri 2am to 6am: Odd last number preceded by Odd number
- Tues-Thur-Sat 2am to 6am: Odd last number preceded by Even number

* Special Permits may be issued to allow for special circumstances, including sod watering

** At such time as the District begins to meter actual water usage of each Single Family Residential Unit and each Multi-Family Unit, the Base Rate plus additional charges shall be imposed in lieu of the Annual Rate.

WATER SERVICE RATES. IRRIGATION WATER SYSTEM

Annual Water Charge: For the 2021 Irrigation Season, a use and proration table is shown on the following page. 2021 use fee is based upon lot sizes.

Unless otherwise determined by the District, the Irrigation Season shall be the period of May 1 through October 15, 2020.

Tap Fee: Per the Tap Fee Schedule approved by the Board of Directors.

KITCHEL LAKE

Kitchel Lake 2021 Water Use Fee Schedule

Lot Size - SQ FT		Cost If Elco	10% Off	Max Allotment - gallons
Min	Max		2021 Rates	
5,000	6,999	\$390.87	\$351.78	57,000
7,000	8,999	\$461.25	\$415.13	75,000
9,000	10,999	\$531.63	\$478.47	93,000
11,000	12,999	\$602.01	\$541.81	111,000
13,000	14,999	\$672.39	\$605.15	129,000
15,000	16,999	\$742.77	\$668.49	147,000
17,000	18,999	\$813.15	\$731.84	165,000
19,000	20,999	\$883.53	\$795.18	183,000
21,000	22,999	\$953.91	\$858.52	201,000
over 23000		\$989.10	\$890.19	210,000

Overage Rate	\$4.62	per 1000 gallons
Invoices Sent	4/1/2021	
First Payment	4/30/2021	
Second Payment	5/31/2021	
Final Payment	6/30/2021	
Late Fee	\$15	per billing cycle
Interest	1% per Month	per billing cycle

EXHIBIT B

FACILITIES AND PUBLIC IMPROVEMENTS



June 14, 2019

Mr. Ken Mitchell
Kitchell Lakes Partners, LLC
1021 Nightingale Drive
Fort Collins, CO 80525

Re: Initial Acceptance – Serratoga Falls Second Filing, Phase 1 (Blocks 2 – 5, 8, and 10).

Dear Mr. Mitchell,

Per your request, and based on site inspections by Town Staff, I am writing this letter for the purpose of granting Kitchell Lakes, LLC Initial Acceptance of the improvements of a portion of the Serratoga Falls Second Filing in Timnath, CO being Blocks 2-5, 8, and 10 of Phase 1. Initial Acceptance, per Section 1.9.14 of the Town's Design Criteria and Construction Specifications initiates the two year warrantee period and allows for issuance of building permits and certificates of occupancy. In this case however, per the Assignment, Assumption, and Addendum to the Amended and Restated Subdivision Improvement Agreement, the two-year warrantee will not begin until all the sidewalk for this area being accepted is installed and accepted by the town. The Construction Security you posted for the construction of this filing can be reduced to include only the sidewalk construction cost along with (in addition to) the appropriate Warrantee Security required thru the warrantee period.

Please note the following with regard to the requirements for Final Acceptance in the future:

"Final Acceptance is defined in section 1.9.15 of the Town's Design Criteria Manual and Construction Specifications as well as by reference to Chapter 24 of the LCUASS. Final Acceptance must be requested by the Developer (no more than 45 days prior to the 2 year warrantee period ending) and the warrantee period does not end until Final Acceptance is granted by the Town."

Please be reminded that even though the landscape improvements for this development are not to be dedicated to the Town (owned and maintained by a HOA or Metro District), they need to be completed in a timely manner and signed off by the Town as being in general compliance with the approved plans. The Town will also require a "letter of approval and acceptance" of the landscape from the HOA or Metro District. The landscape improvements must be completed, approved, and signed off on prior to Final Acceptance.



If you should have any questions regarding this Initial Acceptance please do not hesitate to contact me.

Respectfully,

A handwritten signature in blue ink that reads "Steve F. Humann". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steve F Humann, P.E.



January 10, 2019

Mr. Ken Mitchell
Kitchell Lakes Partners, LLC
1021 Nightingale Drive
Fort Collins, CO 80525

Re: Initial Acceptance – Serratoga Falls Second Filing, Blocks 1 and 14 of Phase 1 and the entirety of Phase 2.

Dear Mr. Mitchell,

Per your request, and based on site inspections by Town Staff, I am writing this letter for the purpose of granting Kitchell Lakes, LLC Initial Acceptance of the improvements of a portion of the Serratoga Falls Second Filing in Timnath, CO being Blocks 1 and 14 of Phase 1 and the entirety of Phase 2. Initial Acceptance, per Section 1.9.14 of the Town's Design Criteria and Construction Specifications initiates the two year warrantee period and allows for issuance of building permits and certificates of occupancy. In this case however, per the Assignment, Assumption, and Addendum to the Amended and Restated Subdivision Improvement Agreement, the two-year warrantee will not begin until all the sidewalk for this area being accepted is installed and accepted by the town. The Construction Security you posted for the construction of this filing can be reduced to include only the sidewalk construction cost along with (in addition to) the appropriate Warrantee Security required thru the warrantee period. There are two remaining punch list items that are anticipated to be addressed within the next 30 days:

1. Street name signs are to be replaced with signs that meet the town requirements
2. Street lights are to be installed

Please note the following with regard to the requirements for Final Acceptance in the future:

"Final Acceptance is defined in section 1.9.15 of the Town's Design Criteria Manual and Construction Specifications as well as by reference to Chapter 24 of the LCUASS. Final Acceptance must be requested by the Developer (no more than 45 days prior to the 2 year warrantee period ending) and the warrantee period does not end until Final Acceptance is granted by the Town."

Please be reminded that even though the landscape improvements for this development are not to be dedicated to the Town (owned and maintained by a HOA or Metro District), they need to be completed in a timely manner and signed off by the Town as being in general compliance with the approved plans. The Town will also require a "letter of approval and acceptance" of the landscape from the HOA or Metro District. The landscape improvements must be completed, approved, and signed off on prior to Final Acceptance.



If you should have any questions regarding this Initial Acceptance please do not hesitate to contact me.

Respectfully,

A handwritten signature in blue ink that reads "Steve F. Humann". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steve F Humann, P.E.



July 20, 2020

Mr. Ken Mitchell
Kitchell Lakes Partners, LLC
1021 Nightingale Drive
Fort Collins, CO 80525

Re: Initial Acceptance – Serratoga Falls Second Filing, Phases 4 & 5

Dear Mr. Mitchell,

Per your request, and based on site inspections by Town Staff, I am writing this letter for the purpose of granting Kitchell Lakes, LLC Initial Acceptance of Phases 4 and 5 of Serratoga Falls Second Filing in Timnath, CO. Initial Acceptance, per Section 1.9.14 of the Town's Design Criteria and Construction Specifications initiates the two-year warrantee period and allows for issuance of building permits and certificates of occupancy. The Construction Security you posted for the construction of this filing can be reduced to include only the appropriate Warrantee Security required thru the warrantee period.

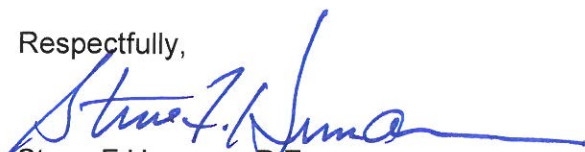
Please note the following with regard to the requirements for Final Acceptance in the future:

"Final Acceptance is defined in section 1.9.15 of the Town's Design Criteria Manual and Construction Specifications as well as by reference to Chapter 24 of the LCUASS. Final Acceptance must be requested by the Developer (no more than 45 days prior to the 2 year warrantee period ending) and the warrantee period does not end until Final Acceptance is granted by the Town."

Please be reminded that even though the landscape improvements for this development are not to be dedicated to the Town (owned and maintained by a HOA or Metro District), they need to be completed in a timely manner and signed off by the Town as being in general compliance with the approved plans. The Town will also require a "letter of approval and acceptance" of the landscape from the HOA or Metro District. The landscape improvements must be completed, approved, and signed off on prior to Final Acceptance.

If you should have any questions regarding this Initial Acceptance please do not hesitate to contact me.

Respectfully,



Steve F Humann, P.E



August 5, 2020

Mr. Ken Mitchell
Kitchell Lakes Partners, LLC
1021 Nightingale Drive
Fort Collins, CO 80525

Re: Initial Acceptance – Serratoga Falls Second Filing, Phase 3

Dear Mr. Mitchell,

Per your request, and based on site inspections by Town Staff, I am writing this letter for the purpose of granting Kitchell Lakes, LLC Initial Acceptance of Phase 3 of Serratoga Falls Second Filing in Timnath, CO. Initial Acceptance, per Section 1.9.14 of the Town's Design Criteria and Construction Specifications initiates the two-year warrantee period and allows for issuance of building permits and certificates of occupancy. The Construction Security you posted for the construction of this filing can be reduced to include only the appropriate Warrantee Security required thru the warrantee period.

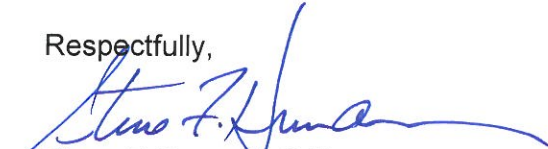
Please note the following with regard to the requirements for Final Acceptance in the future:

"Final Acceptance is defined in section 1.9.15 of the Town's Design Criteria Manual and Construction Specifications as well as by reference to Chapter 24 of the LCUASS. Final Acceptance must be requested by the Developer (no more than 45 days prior to the 2 year warrantee period ending) and the warrantee period does not end until Final Acceptance is granted by the Town."

Please be reminded that even though the landscape improvements for this development are not to be dedicated to the Town (owned and maintained by a HOA or Metro District), they need to be completed in a timely manner and signed off by the Town as being in general compliance with the approved plans. The Town will also require a "letter of approval and acceptance" of the landscape from the HOA or Metro District. The landscape improvements must be completed, approved, and signed off on prior to Final Acceptance.

If you should have any questions regarding this Initial Acceptance please do not hesitate to contact me.

Respectfully,



Steve F Humann, P.E

EXHIBIT C

BUDGET

Serratoga Falls District 3 2023 Budget

General Fund

	2021	2022	2022	2023
Modified Accrual Accounting Basis	Actual	Budget	Estimated	Budget
Beginning Fund Balance	2	1,315	597	980
Income				
District Operations Fees	-	-	-	250,000
Interest Revenue	78	-	39	-
Property Taxes	42,095	79,782	79,782	87,053
Specific Ownership Taxes	3,037	4,787	5,100	5,223
Tax Related Interest	34	-	31	-
Design Review Fees	-	-	-	1,000
Transfer In from Special Fund	-	-	-	-
Total Income	45,244	84,569	84,952	343,276
Expenditures				
<i>General & Administrative</i>				
Management & Accounting Services	-	-	-	41,700
Design Review Fees	-	-	-	1,000
Legal	-	-	-	30,000
Audit/Tax Prep	-	-	-	7,500
Election	-	-	-	7,500
Insurance	-	-	-	6,000
Treasurers Fees	843	1,596	1,596	1,741
Office	-	-	-	450
Dues and Compliance	-	-	-	477
Contingency	-	-	-	1,000
Total General and Administrative	843	1,596	1,596	97,368
<i>Utilities</i>				
Electric	-	-	-	2,500
<i>Landscape</i>				
Landscape Contract	-	-	-	148,500
Landscape Maintenance and Repairs	-	-	-	20,000
Landscape Projects	-	-	-	5,000
Snow Removal	-	-	-	7,000
Sprinklers	-	-	-	20,000
Trees/Bushes	-	-	-	2,500
Total Landscape	-	-	-	203,000
<i>Other</i>				
Reserves	-	-	-	30,000
Intergovernmental Fees	43,806	82,973	82,973	3,500
Total Expenditures	44,649	84,569	84,569	336,368
Excess Revenue (Expenses)	595	-	383	6,908

Serratoga Falls District 3 2023 Budget

Ending Fund Balance	597	1,315	980	7,888
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Serratoga Falls District 3 2023 Budget

Special Revenue Fund				
Modified Accrual Accounting Basis	2021 Actual	2022 Budget	2022 Estimated	2023 Budget
Beginning Fund Balance	-	-	-	-
Income				
Irrigation Water Fees	-	-	-	113,868
Late Fees	-	-	-	-
Interest Charges	-	-	-	-
Total Income	-	-	-	113,868
Expense				
<i>General and Administrative</i>				
Management and Accounting	-	-	-	7,500
Bad Debt Expense	-	-	-	-
Contingency	-	-	-	7,500
Total General and Administrative	-	-	-	15,000
<i>Utilities</i>				
Electric	-	-	-	12,000
<i>Non-potable Water</i>				
Meter Reading Software	-	-	-	2,826
Irrigation System Repairs	-	-	-	15,000
Irrigation System Monitoring	-	-	-	2,500
Utility Locates	-	-	-	3,000
Total Landscape	-	-	-	23,326
Intergovernmental Fees	-	-	-	34,125
Transfer to Operating	-	-	-	-
Total Expenses	-	-	-	84,451
Excess Revenue (Expenses)	-	-	-	29,417
Ending Fund Balance	-	-	-	29,417

Serratoga Falls District 3 2023 Budget

Debt Service Fund

Modified Accrual Accounting Basis	2021 Actual	2022 Budget	2022 Estimated	2023 Budget
Beginning Fund Balance	5,101	6,626	7,410	5,791
Income				
Other Financing Sources	143,000	-	-	-
Interest Revenue	1	-	5	-
Property Tax	176,145	325,142	325,142	348,206
Specific Ownership Tax	14,713	19,509	22,000	20,892
Tax Related Interest	111	-	645	-
Total Income	333,970	344,651	347,792	369,098
Expenditures				
<i>General & Administrative</i>				
Cost of Issuance	142,985	-	-	-
Treasurers Fees	3,523	6,503	6,503	6,964
Bank Fees	16	-	-	-
Paying Agent Fees	-	7,500	7,500	7,500
Total G&A	146,524	14,003	14,003	14,464
<i>Bonds & Interest</i>				
Principal 2021 Bonds	-	-	-	-
Interest 2021 Bonds	6,000	5,000	5,000	354,634
Principal - 2016B Notes	142,472	320,028	320,028	-
Interest - 2016B Notes	36,665	8,646	10,380	-
Total Bonds & Interest	185,137	333,674	335,408	354,634
Total Expenditures	331,661	347,677	349,411	369,098
Excess Revenue (Expenses)	2,309	(3,026)	(1,619)	-
Ending Fund Balance	7,410	3,600	5,791	5,791