

# Legato Community Authority

## Policy Regarding Enforcement of Covenants and Imposition of Fines

Adopted December 10, 2024

By virtue of the Agreement Establishing the Legato Community Authority dated February 24, 2021 by and among Legato Metropolitan District Nos. 1-7 (the “Districts”) and the Legato Community Authority (the “Authority”) and pursuant to the Operating Agreement dated February 24, 2021 by and among the Districts and the Authority, the Districts delegated to the Authority the rights and obligations to perform covenant enforcement and design review services for and on behalf of itself and the Districts.

The following procedures and policies have been adopted by the Authority pursuant to House Bill 24-1267 (the “Bill”), at a regular meeting of the Board of Directors (the “Board”).

Purpose: To adopt a policy governing enforcement of covenants and imposition of fines, including notice and fact-finding procedures and the schedule of fines in accordance with the Bill;

NOW, THEREFORE, IT IS RESOLVED that the Authority does hereby adopt the following policy to govern the enforcement of covenants and rules:

1. Power. The Board, or the Board’s delegate, shall have the power and duty to hear and make decisions regarding violations and written complaints filed with the Board pursuant to these policies and procedures. The Board may determine enforcement action on a case-by-case basis and take other actions as it may deem necessary and appropriate to assure compliance with the Declaration of Covenants, Conditions and Restrictions of Legato (the “Declaration”), rules promulgated thereunder, and to create a safe and harmonious living environment.

The Board or the Board’s delegate shall have authority to make a decision regarding violations of the Declaration or rules, including without limitation architectural requirements, and related enforcement actions. Any member of the Board (or any of the Board’s delegate(s)) that has a direct personal or financial interest in the outcome of the complaint process described herein shall recuse themselves from any decision making with respect to such matter, such that the person(s) exercising the Board’s authority is an impartial decision-maker as required by the Bill.

These enforcement provisions may be in addition to other specific provisions outlined in the Authority’s rules and regulations to the extent they are in compliance with applicable law. The Authority may choose a legal remedy or seek assistance from other enforcement authorities, such as police, fire, or animal control.

2. Complaint. A fact-finding process to determine if the Declaration or rules have been violated and enforcement measures and remedies shall be initiated by the filing of a written Complaint with or by the Authority’s Board or the Authority’s managing agent. The Complaint shall state the specific provision(s) of the Declaration or rules alleged to have been violated and as many specifics as are available as to time, date, location and persons involved and may include

photographic or other evidence. If the Board determines that the Complaint is insufficient to provide grounds for further fact-finding, it shall notify the complainant, who shall have seven (7) days to amend the Complaint to render it sufficient. If the complainant does not render the Complaint sufficient within said period of time, the Complaint shall be dismissed without further fact-finding.

3. Notice of Complaint. Upon receipt of a Complaint, the Authority shall send a Notice of Complaint to the person who owns a Unit, as defined in the Bill, (“Unit Owner(s)” and other persons (the “Respondent(s)”) alleged to have violated the Declaration or rules, by prepaid, first class United States mail addressed to the mailing address of the Respondent last appearing in the records of the Authority or to any other mailing address designated in writing by the Respondent. The Notice of Complaint shall: (1) address the details of the Complaint, or include a copy of the Complaint (and provide photographic evidence if included with the Complaint); (2) advise of the action to be taken to cure the alleged violation, the timeline within to cure the alleged violation, and the reasons therefor; and (3) advise of the Respondent's right to be heard by the Board or by a fair and impartial decision maker appointed by the Board by requesting in writing a fact-finding proceeding, which request must be received by the Board within ten (10) days after the notice has been mailed. The Notice of Complaint shall be sent not less than fifteen (15) days before any scheduled fact-finding or other action to be taken. Service shall be deemed delivered and effective three days after mailing.

4. Response to Complaint. A Request for Response in substantially the following form shall be served upon the Respondent at the time of service of the Notice of Complaint. Additional information may be included at the discretion of the Board or the Authority's managing agent.

#### Request for Response

*“You have the opportunity to be heard, orally or in writing, no less than five (5) days before any action to be taken by the Board of Directors or an impartial decision maker appointed by the Board of Directors. To be heard, you must make a written request to be heard or make a written response to the Complaint. The request or the response must be filed with the Board of Directors not later than ten (10) days after this notice was mailed. Your request or response must respond to the charges set forth in the Complaint. If you fail to file a request to be heard or a response within the ten (10) day time period, the Board of Directors may proceed with or without further fact-finding, at its discretion, to make its determination of the allegations contained in the Complaint based on all relevant facts and circumstances. **The Board of Directors may rule that your failure to request to be heard or respond constitutes your admission of the allegations set forth in the Complaint.**”*

Any written response must be delivered to the Authority.

5. Fact-Finding Proceeding. If the Respondent files a written request to be heard or a response to the Complaint, the Board shall set the matter for further fact-finding, which may be the next regularly scheduled meeting of the Board, but in no event sooner than fifteen (15) days

after mailing a Notice of Fact-Finding. Each fact-finding proceeding shall be held at the scheduled time, place and date. The Board may grant continuance(s) for good cause. The Board may: (a) exercise its discretion as to the specific manner in which fact-finding proceeding shall be conducted; (b) question witnesses and review evidence; and (c) act as it may deem appropriate or desirable to permit the Board to reach a just decision. Neither the Complainant nor the Respondent must be in attendance at the fact-finding proceeding, but both are encouraged to attend. Any party may elect not to present evidence at the fact-finding proceeding. Action taken by the Board shall be fair, impartial and reasonable taking into consideration all of the relevant facts and circumstances. Without limiting the generality of the foregoing, the members of the Board (or appointed delegates) involved in the fact-finding and decision-making processes shall only include those members who do not have any direct personal or financial interest in the outcome such that the Board (with all interested parties recusing themselves, if necessary), such that the Board (or appointed delegates) constitutes an “impartial decision maker” as that term is defined in the Bill. Each fact-finding proceeding shall be open to attendance by all residents of the Authority.

6. Notice of Fact-Finding. If the Respondent files a written request to be heard or a response to the Complaint, a Notice of Fact-Finding in substantially the following form shall be mailed to the Respondent at least fifteen (15) days prior to the fact-finding proceeding date. Additional information may be included in the Notice of Fact-Finding at the discretion of the Board.

#### NOTICE OF FACT-FINDING PROCEEDING

You are hereby notified that a fact-finding proceeding will be held before the Board at \_\_\_\_\_ on \_\_\_\_\_, \_\_\_\_\_, at \_\_\_\_\_ a.m./p.m. upon the charges made in the Complaint or letter previously sent to you on \_\_\_\_\_.

7. Decision. If a request to be heard is not made, the Board shall render its decision based on the information contained in the Complaint and any written response, considering all of the relevant facts and circumstances. If a request to be heard is made, after all testimony and other evidence has been presented to the Board at a fact-finding proceeding, the Board shall render its decision(s) taking into consideration all of the relevant facts and circumstances. The Board's decision shall have an effective date no sooner than five (5) days after the fact-finding proceeding.

8. Cure Period for Violations. If the Authority determines that a Unit Owner committed a violation of the Declaration or rules following a fact-finding proceeding or a deemed No-Contest plea to the Complaint, the Authority shall, through U.S. first class mail, or certified mail, return receipt requested, provide the Unit Owner written notice of the violation informing the Unit Owner that the Unit Owner has thirty (30) days to cure the violation or that the Authority, after conducting an inspection and determining that the Unit Owner has not cured the violation, may fine the Unit Owner in the amounts set forth below. If the Unit Owner cures the violation within the thirty (30) day cure period set forth herein, the Unit Owner may notify the Authority of the cure and, if the Unit Owner sends with such written notice visual evidence that the violation has been cured, the violation is deemed cured on the date that the Unit Owner sends the notice. If the Unit Owner's notice does not include visual evidence that the violation has been cured, the

Authority shall inspect the Unit, as defined in the Bill, as soon as practicable to determine if the violation has been cured. If the Authority does not receive notice from the Unit Owner that the violation has been cured, the Authority shall inspect the Unit within seven (7) days after the expiration of the thirty (30) day cure period to determine if the violation has been cured. If after the inspection, and whether or not the Authority received notice from the Unit Owner that the violation has been cured, the Authority determines that the violation has not been cured the Authority may take legal action as provided herein once the cure period has elapsed.

(a) Violations that Threaten Public Safety or Health. Notwithstanding the foregoing to the contrary, if the Authority reasonably determines that a violation threatens the public safety or health, and if permitted by applicable law, the Authority shall provide the violating Unit Owner with notice that the Unit Owner has seventy-two (72) hours to cure the violation. If, after an inspection of the Unit, the Authority determines that the Unit Owner has not cured the violation within the seventy-two (72) hour period, the Authority may impose fines on the Unit Owner every other day in the amount of Fifty Dollars (\$50) each, and may take legal action (subject to the prohibition on foreclosure set forth in the Bill) against the Unit Owner for the violation.

(b) Once an Owner cures a violation, the Authority shall notify the owner: (A) that the Owner will not be further fined with regard to the violation; and (B) of any outstanding fine balance that the Owner still owes the Authority.

9. Enforcement, Attorneys' Fee and Fines. The Authority may enforce the Declaration or rules by any means available to the Authority, including the levy of fines, suspension of rights, certification of delinquent fines to the county treasurer, or a lawsuit to force compliance and may seek injunctive relief or damages, may use any self-help remedies authorized by the Declaration in accordance with applicable law, and may seek from any violator reimbursement of all reasonable attorney's fees and costs incurred by the Authority. Notwithstanding the foregoing, in the event a Unit Owner is found not to be responsible for the alleged violation during the fact-finding process described in Section 5 above, the Authority shall not allocate to such Unit Owner any of the Authority's costs or attorney fees incurred in asserting or hearing the claim. If the violation involves damage to Authority property, the violator shall pay the costs of repair or replacement. In the event the Board determines the violator habitually violates the Declaration or rules (defined below), the Board may revoke the violator's privileges for a period commensurate with the offenses and exercise any other remedies available under the Bill or other applicable law.

Fines may be levied for violations of the Declaration or rules as follows:

(a) The Board shall apply the following penalty schedule relating to specific violations of the Declaration or rules:

<u>Number of offenses in a 12 month period</u>	<u>Fine Amount</u>
First offense:	Warning
Second offense:	\$50.00
Third offense:	\$100.00
Fourth (and subsequent) offense:	\$150.00

Continuous offense:	\$150.00/month offense continues, to the extent permitted by applicable law.
Repetitive offense:	\$150.00/offense for repetitive offender, to the extent permitted by applicable law.

- (b) A repetitive violation is the same violation that occurs on multiple occasions, i.e., leaving out trash containers. An Owner who accumulates more than four (4) violations within a twelve (12) month period will be deemed to be a “repetitive offender.” For repetitive offenders, the Board may impose the maximum fine specified above, at the discretion of the Board. A continuous violation is the same covenant being violated, which violation is continuous in nature without being cured, such as painting a residence without approval in an unacceptable color. Continuous violations, or violations which have an indefinite commencement or termination date, shall be subject to the maximum fine specified above, at the discretion of the Board.
- (c) The record Owner of real estate subject to the Declaration shall have the primary obligation to pay fines imposed for actions of their tenants, family members, and guests and all such fines may be, in addition to any other remedies provided by law, referred to the treasurer of the county where such real estate is located for collection in the same manner as taxes, as further described in the Bill.


10. Modification. The Board reserves the right, from time to time, to amend or repeal these policies and procedures, subject to any limitations placed on the Board in the Declaration or by law.

11. Miscellaneous.

- (a) Failure by the Authority to enforce any provision of these policies and procedures shall in no event be deemed to be a waiver of the right to do so thereafter.
- (b) The provisions of these policies and procedures shall be independent and severable. The invalidity of anyone or more of the provisions hereof by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which other provisions shall remain in full force and effect.
- (c) The use of the singular herein shall include the plural, the use of the plural shall include the singular, and the use of any gender shall include all genders. The captions are inserted only as a matter of convenience and are in no way to be construed to define, limit or otherwise describe the scope of these policies and procedures.

- (d) These policies supersede any previous policies concerning enforcement of covenants or rules enacted by the Board.

Legato Metropolitan Community Authority

By:   
By: Casey Fanganello (Jan 2, 2025 11:16 MST)  
Name: Casey Fanganello  
Its: President

Attest

Emma Burns  
Emma Burns (Jan 3, 2025 08:49 MST)  
Secretary

This Policy Regarding Enforcement of Covenants and Imposition of Fines was adopted by the Board of Directors on the 10th day of December, 2024, effective the 1st day of January, 2025, and it is attested to by Emma Burns, as Secretary of the Board of Directors.

Emma Burns  
Emma Burns (Jan 3, 2025 08:49 MST)  
Title: Secretary









# FINAL Legato Enforcement- Fine Policy January 1, 2025 (00776525).DOCX

Final Audit Report

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