

THE VILLAS AT ELK RUN HOMEOWNERS ASSOCIATION, INC.  
POLICY REGARDING DISPUTE RESOLUTION

Adopted February 13, 2012

The following procedures have been adopted by The Villas at Elk Run Homeowners Association, Inc. ("Association") pursuant to the provisions of C.R.S. 38-33.3-209.5 at a regular meeting of the Board of Directors.

Purpose: To provide a more efficient means of resolving disputes or claims involving the Association and/or the Association's governing documents and to reduce the costs and fees associated with dispute resolution.

WHEREAS, the Colorado Common Interest Ownership Act, in C.R.S. 38-33.3-124, encourages common interest communities to adopt protocols that make use of mediation in resolving disputes between the Association and one or more unit owners.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy governing the resolution of disputes:

1. Dispute Resolution Procedures. Except as otherwise provided in this Policy, the following procedures will be followed in all disputes or claims involving the Association and/or the Association's governing documents.

A. Prior to proceeding with any claim, the party asserting the claim ("Claimant") shall give written notice of such claim to all opposing parties ("Respondent"), which notice shall state plainly and concisely:

- (i) the nature of the claim, including all persons involved and Respondent's role in the claim;
- (ii) the legal or contractual basis of the claim (i.e. the specific authority out of which the Claim arises); and
- (iii) the specific relief and/or proposed remedy sought.

B. After the Respondent receives the notice of claim, the parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the claim by good faith negotiation. Such efforts may include inspections of the Claimant's or the Respondent's Unit for purposes of evaluating any alleged violation. Any party may be represented by attorneys and independent consultants to assist in the negotiations and to attend meetings.

C. If the parties do not resolve the claim through negotiations within sixty (60) days after submission of the claim to the Respondent, the Claimant shall have an additional sixty (60) days to submit the Claim for mediation. In the event the parties are unable to agree on a mediator, a mediator shall be appointed upon application of either party to the District Court of Pitkin County. In such event, the Claim shall be deemed to be submitted upon filing the petition for appointment of the mediation.

D. If the Claimant fails to submit the claim to mediation within such time, or fails to appear at the mediation, the claimant shall be deemed to have waived the claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such claim. However, nothing in this Policy shall release or discharge Respondent from any liability to any person other than Claimant.

E. Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the parties. If a termination of the mediation occurs, the mediator shall issue a written statement advising that the parties are at an impasse.

F. Unless otherwise agreed, each party shall bear its own costs of the mediation, including attorneys fees, and each party shall share equally all charges of the mediator.

G. Upon termination of mediation if no resolution is reached, if Claimant desires to pursue the claim, Claimant shall thereafter be entitled to file an action in any court having jurisdiction in Pitkin County for final resolution of the Claim.

H. In any action, the court shall award the substantially prevailing party its reasonable costs and attorneys' fees.

2. Exclusions. Unless all parties to the actions outlined below otherwise agree, the following disputes or claims shall not be subject to the provisions of this policy:

A. An action by the Association relating to the collection or enforcement of the obligation to pay assessments or other charges set forth in the Association's governing documents; and

B. An action by the Association to obtain a temporary restraining order or preliminary or permanent injunction (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to enjoin any immediate threat to persons or property; and

C. Any action between or among unit owners, which does not include the Association as a party, if such action asserts a claim which would constitute a claim for relief independent of the Association's governing documents; and

D. Any action in which any indispensable party is not the Association, its officers, directors, or committee members, or a person subject to the Association's governing documents, or their officers, directors, partners, members, employees and agents; and

E. Any action to enforce a settlement agreement made under the provisions of this policy.

3. Judicial Enforcement. If the parties agree to a resolution of any claim through negotiation or mediation in accordance with this policy, and any party thereafter fails to abide by the terms of such agreement, then any other party may file its action in court to enforce such agreement without the need to again comply with the procedures set forth in this policy. In such event, the party taking action to enforce the agreement shall be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties as the court may determine) all costs incurred in enforcing such agreement, including without limitation, reasonable attorneys fees and court costs.

4. Statute of Limitations. The Claimant need not follow the procedures set forth above, if the Claimant would be prejudiced by the running of or lapse of an applicable statute of limitation or statute of repose. In addition, no claim may be initiated after the date when institution of legal or equitable proceedings based on such claim would be barred by the applicable statute of limitation or statute of repose.

5. Interaction With Enforcement Policy. It is not the intent of this policy to supersede any of the provisions of the Association's Enforcement Policy. Nor is the intent of this policy to require the Association to follow the procedures set forth herein before having the ability to bring enforcement action or impose fines or other sanctions under the Enforcement Policy.

The Villas at Elk Run Homeowners Association, Inc.

By: *Tue C. Wilson*  
President

This Policy Regarding Dispute Resolution was adopted by the Board of Directors on the 13 day of February, 2013 effective the 1st day of March, 2013, and is attested to by the Secretary of The Villas at Elk Run Homeowners Association, Inc.

*Kelly Ish*  
Secretary