

**RESOLUTION OF THE
TANOVA AT ELK MEADOW MASTERHOMEOWNERS ASSOCIATION
REGARDING ALTERNATIVE DISPUTE RESOLUTION (ADR)**

AUTHORITY: The Master Declaration, Articles and Bylaws of the Tanoa at Elk Meadows Association, and Colorado law.

EFFECTIVE DATE: December 4, 2006

RESOLUTION:

The Tanoa Homeowners Association hereby adopts the following Policy:

1. General.

It is the policy of the Association to encourage the use of Alternative Dispute Resolution, as a means other than litigation, to resolve Claims and Disputes involving the Association and an Owner.

2. General policy

a) In the event of any dispute between the Association and an Owner, except for those Exempted Claims defined below, the Association and the Owner shall agree to resolve the dispute using negotiation and mediation procedures, as set forth in this Resolution, prior to filing suit in a court or initiating proceedings before any administrative tribunal.

b) ADR shall not be used by the Association if an Owner refuses to participate in the process.

c) This Policy of ADR, if entered into by the Association and Owners, is enforceable under the applicable law of the State of Colorado. If any settlement is specifically agreed to by both parties that settlement shall be final and binding.

3. Exempted Claims and Disputes. The following shall be exempt from the provisions of this policy:

a) Any action by the Association against an Owner to collect assessments and associated fees and fines, and liens and foreclosure proceedings.

b) Any claim of the Association which if not pursued by the filing of a lawsuit would be deemed barred due to the applicable statute of limitations.

4. Procedure for All Other Claims and Disputes.

All Claims or Disputes other those listed as Exempted Claims and Disputes shall be resolved using the following procedures in lieu of litigation:

A) Negotiation.

i) The Association or any Owner having a claim or dispute (Claimant) against an Owner or the Association (Respondent), shall notify the Respondent in writing of the Claim, stating:

- The nature of the Claim, including the date, time, location, persons involved, and the Respondent's role in the Claim.
 - The basis of the Claim (i.e. the provisions of the Declaration, the Bylaws, the Articles, Rules or Regulations or the authority out of which the Claim arises.
 - What the Claimant wants the Respondent to do or not to do to resolve the Claim.
- ii) The Association and Owner shall arrange to meet in person within 30 days of the receipt of the Claim Notice (or at some time agreeable to both parties). A quorum of the Homeowners Board Members shall be present. Persons who can give evidence regarding the Claim shall be permitted to attend and give testimony as time allows at the discretion of the Board.
- iii) The Homeowners Board shall respond to the Owner in writing within 30 days of the meeting stating the Board's decision on the Claim.

B) Mediation

- i) If the parties do not resolve the Claim through Negotiation within 30 days of the date of the negotiation meeting (or within such other period as may be agreed upon by the parties), the Claimant shall have 20 days to submit the Claim to mediation. If Claimant does not submit the Claim to mediation within the aforementioned 20 Days, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be released and discharged from any and all liability to the Claimant on account of the Claim.
- ii) If the parties do not settle the Claim within 45 days after the submission of the matter to the mediation process, or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings (Termination of Mediation). The Termination Mediation notice shall set forth when and where the parties met, that the parties are at an impasse, and the date that mediation was terminated.

5. Selection of Mediator.

If parties to the ADR cannot agree on the facilitator or mediator, or other qualified person to conduct the ADR, then,

- a) Each party shall choose a person they consider to be qualified, and those so selected shall appoint a third person to be determined in their sole discretion.
- b) In the event a party fails to select a person to be mediator as specified in a) above, the person selected by the other party shall be deemed acceptable to both parties and shall act as the facilitator or mediator.

6. Costs.

The costs of mediation shall be split equally among the parties involved in the ADR. In the event an Owner fails to pay the Owner's share of the cost of the ADR, the amount shall be considered an Assessment against such Owner's Unit, and may be collected by the Association as an Assessment pursuant to the Declaration and Colorado Law.

7. Failure to Comply with Settlement. If the parties resolve any Claim through negotiation or mediation, as set forth above, and the other party fails to abide by the terms of such agreement or award, then the other party may file suit or initiate administrative proceedings to enforce such agreement or award without need to comply with the provisions of this Policy. In such event, the party taking action to enforce the agreement or award shall be entitled to recover from the non-complying party all costs incurred in enforcing such agreement or Award, including without limitation, attorney fees and costs.

8. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the community.

9. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

10. Amendment. This policy may be amended from time to time by the Board of Directors.

PRESIDENT'S CERTIFICATION:

The undersigned, being President of the Tanoa at Elk Meadow Master Homeowners Association, a Colorado nonprofit corporation, certifies that the foregoing Resolution was approved by the Board of Directors of the Association, at a duly called and held Meeting of the Board of Directors of the Association on December 4, 2006 and in witness thereof, the undersigned has subscribed his/her name.

Tanoa at Elk Meadow Master Homeowners
Association, a Colorado nonprofit corporation,

By: John J. Moore (Current THOA President)
On behalf of the THOA Board