

**KNOLLS VILLAGE TOWNHOUSE ASSOCIATION
POLICY REGARDING DISPUTE RESOLUTION**

Adopted June 5, 2007

The following procedures have been adopted by The Knolls Village Townhouse Association ("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. 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 lot 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, such that a mediator must be appointed by the District

Court, 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; provided, nothing herein 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 Claimant desires to pursue the claim, Claimant shall thereafter be entitled to initiate final, binding arbitration of the claim with the American Arbitration Association or such other forum as may be agreed upon by the parties. Any award rendered may be entered in and enforced by any court having jurisdiction over the claim. Unless otherwise mutually agreed to by the parties to the claim, there shall be one arbitrator who, to the extent feasible, shall have expertise in the area(s) of dispute.

H. The award of the arbitrator shall be accompanied by detailed written findings of fact and conclusions of law. Except as may be required by law or for confirmation of an award, neither a party nor the arbitrator may disclose the existence, content, or results of any arbitration without the prior written consent of all parties to the claim. Any award shall be enforceable in accordance with C.R.S. 13-22-201 et seq., as amended from time to time.

2. Exclusions. Unless all parties thereto 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 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, except that, once any temporary restraining order or preliminary injunctive relief is obtained, resolution of any permanent injunction claims shall be through arbitration as set forth herein; 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.

E. Any action to enforce a settlement agreement or arbitration award 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. 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.

The Knolls Village Townhouse Association

By: (signed) Loren Rohl
President

Attest

(signed) Cheryl Sher
Secretary

This Policy Regarding Dispute Resolution was adopted by the Board of Directors on the 5 day of June, 2007, effective the 5 day of June, 2007, and is attested to be the Secretary of The Knolls Village Townhouse Association.

(Signed) Cheryl Scher
Secretary