

NORTHWOODS CONDOMINIUM ASSOCIATION
A Colorado nonprofit corporation

BOARD OF DIRECTORS POLICY GOVERNANCE STATEMENT

**PROCEDURES FOR ADDRESSING DISPUTES ARISING BETWEEN THE ASSOCIATION
AND UNIT OWNERS**

The Northwoods Condominium Association (the “Association”) is a common interest association of owners that was organized under the provisions of the Colorado Revised Nonprofit Corporation Act (the “Act”) and is subject to the terms and provisions of the Colorado Common Interest Ownership Act (“CIOA”). Under Section 209.5 of CIOA, the executive board or board of directors (the “Board”) of every condominium association is required to adopt responsible governance policies. One of these written policy statements must include a description of the procedures for addressing disputes arising between the Association and unit owners.

Disputes can arise within a condominium association environment in two different contexts. The first context would occur in any situation in which the Association is required to enforce the terms of its governing documents against a non-complying unit owner. Examples of this would be a collection proceeding by the Association to enforce the payment of delinquent assessments or a lawsuit filed by the Association to enjoin or prohibit a unit owner from making impermissible structural changes to the common elements. The second context would occur in situations where a unit owner has a claim of some sort against the Association. An example of this would be damage caused to the unit owner’s personal property as a result of an alleged negligent act by an Association employee.

It is the considered judgment of the Board that the use of alternative dispute resolution procedures such as mediation and arbitration will often be useful and efficient tools within the second context described above, and that such procedures will result in less cost and complexity. Accordingly, the Board has determined that the use of alternative dispute resolution procedures will be a mandatory condition prior to the filing of any civil action by a unit owner against the Association in any matter that falls within the second context described above. The Board has investigated the mediation, settlement assistance and arbitration services offered by the Judicial Arbitrator Group, Inc. in Denver, Colorado. This firm provides the assistance of an experienced judicial officer who facilitates claim and settlement proceedings in an informal setting. The firm also conducts arbitration hearings in accordance with either the familiar Rules of Civil Procedure or the rules of the American Arbitration Association. The Board recommends the use of all of the alternative resolution dispute procedures and services offered by the Judicial Arbitrator Group, Inc. for matters which fall within the second context described above.

The Board has also concluded that the use of alternative dispute resolution procedures within the first context described above is not warranted, and that the Association should at all times have direct and clear access to the court system for the enforcement of covenants and provisions contained in its governing documents. As a result, the Board has determined that alternative dispute resolution procedures shall not be permitted in any situation where the Association is entitled to pursue a civil action or other proceeding in the court system to enforce

compliance with the terms of its governing documents or in any situation where the Association is attempting to collect delinquent assessments or other obligations from a unit owner or is pursuing its remedies under CIOA to perfect a statutory lien against a unit for delinquent assessments and foreclose the lien through the court system.

All unit owners and members of the Association and their guests and tenants shall be bound by this policy governance statement. In the event a civil action is threatened or filed against the Association by any unit owner or any guest or tenant of a unit owner arising out of any claim or complaint involving the Association, this policy governance statement may be used by the Association as grounds to compel the unit owner to submit the matter to alternative dispute resolution procedures prior to taking any further action with regard to any threatened or pending civil action.