

**POLICY OF  
SAGE MEADOWS HOMEOWNERS ASSOCIATION  
REGARDING ALTERNATIVE DISPUTE RESOLUTION (ADR)**

**SUBJECT:** Adoption of a procedure regarding alternative dispute resolution.

**PURPOSE:** To adopt a standard procedure to be followed for alternative dispute resolution.

**AUTHORITY:** The Declaration, Articles and Bylaws of the Association and Colorado law.

**EFFECTIVE DATE:** \_\_\_\_\_

**RESOLUTION:** The Association hereby adopts the following Policy and Procedures:

1. General. It is the general policy of the Association to encourage the use of Alternative Dispute Resolution to resolve disputes involving the Association and an Owner. Alternative Dispute Resolution (“ADR”) is defined as a procedure for settling a dispute by means other than litigation, such as mediation, non-binding arbitration, or binding arbitration.
2. Policy. ADR, mediation, if agreed upon by the parties, may be pursued by the Association or an Owner before any lawsuit is filed by one party against the other. Notwithstanding, the Association shall not be required to mediate or arbitrate any dispute related to covenant enforcement, collection or foreclosure of the Association’s lien. Any ADR is subject to the following:
  - (a) ADR shall not be required if time constraints prevent accomplishing ADR.
  - (b) ADR will not be pursued by the Association if an Owner refuses to participate in the process.
  - (c) At the time the parties agree to use ADR, the parties shall also agree on the form of ADR to be used. If the parties cannot agree on the form of ADR to be used, ADR shall be in the form of mediation.
  - (d) Any ADR pursued must be done so using a trained mediator, arbitrator, or facilitator having some familiarity with the governance of community associations.
  - (e) Any ADR must be conducted in compliance with the Uniform Arbitration Act and/or the Dispute Resolution Act, as applicable.

- (f) If ADR is to be pursued, the Owner shall execute an agreement with the Association prior to the commencement of the ADR process which tolls any applicable statute of limitations while the parties are attempting to resolve the dispute through ADR.
3. Selection of Mediator/Arbitrator. If the parties to the ADR cannot agree, within 30 days of the request for ADR, on the facilitator, mediator, arbitrator, or other qualified person to conduct the ADR, then, within 10 days,
    - (a) Each party shall choose a qualified person as defined in this Policy, and those so selected shall then appoint a third qualified person to be determined in their sole discretion.
    - (b) In the event a party fails to select a qualified person as specified in subsection (a) above, the person selected by the other party shall be deemed acceptable to both parties and shall act as the facilitator, arbitrator, or mediator.
  4. Costs. The costs of ADR shall be split equally. In the event an Owner fails to pay the Owner's share of the cost of the ADR, such 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.
  5. Definitions. Unless otherwise defined in this Policy, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
  6. Supplement to Law. The provisions of this Policy 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.
  7. Deviations. The Board may deviate from the procedures set forth in this Policy if in its sole discretion such deviation is reasonable under the circumstances.
  8. Amendment. This Policy may be amended from time to time by the Board of Directors.

**PRESIDENT'S**

**CERTIFICATION:** The undersigned, being the President of Sage Meadows Homeowners Association, a Colorado nonprofit corporation, certifies the foregoing Policy was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on \_\_\_\_\_ and in witness thereof, the undersigned has subscribed his/her name.

**Sage Meadows Homeowners Association, a  
Colorado nonprofit corporation**

By: \_\_\_\_\_  
Its: President