

**WOODY CREEK TOWNHOMES ASSOCIATION NO. 1 REGARDING
ALTERNATIVE DISPUTE RESOLUTION POLICY**

- SUBJECT:** Adoption of a policy encouraging the voluntary use of alternative dispute resolution procedures to resolve disputes involving the Association, while preserving the legal rights of the Association and its Members.
- PURPOSE:** The purpose of this Alternative Dispute Resolution (“ADR”) Policy is to encourage the informal and voluntary resolution of disputes involving the Association in a timely, efficient, and cost-effective manner, prior to the initiation of litigation, while preserving due process and all legal rights available under Colorado law.
- AUTHORITY:** This Alternative Dispute Resolution Policy (“Policy”) is adopted pursuant to the Declaration, Articles of Incorporation, and Bylaws of the Association, and in accordance with the Colorado Common Interest Ownership Act (“CCIOA”), **C.R.S. §38-33.3-101 et seq.**, including **§38-33.3-124** and **§38-33.3-302(1)(f)**, which encourage the use of alternative dispute resolution procedures in common interest communities.

This Policy is intended to operate in coordination with the Association’s:

- Covenant and Rules Enforcement Policy (2025)
- Conduct of Meetings Policy (2025)
- Collection of Unpaid Assessments Policy (2025)
- Conflict of Interest & Director Ethics Policy (2025)

EFFECTIVE DATE: OCTOBER 1, 2025

(Supersedes Alternative Dispute Resolution Policy adopted February 14, 2014)

RESOLUTION: The Board of Directors of the Association hereby adopts the following Policy based on the findings below

WHEREAS, the Woody Creek Townhomes Association No. 1 (the “Association”) is a Colorado nonprofit corporation created to administer and enforce the covenants, conditions, restrictions, rules, and regulations governing the community; and

WHEREAS, the Board of Directors owes fiduciary duties of care, loyalty, and good faith to the Members of the Association and seeks to resolve disputes in a manner that is fair, reasonable, and consistent with applicable law; and

WHEREAS, the Colorado Common Interest Ownership Act encourages common interest communities to utilize alternative dispute resolution procedures to reduce the cost, delay, and adversarial nature of litigation; and

WHEREAS, the Board of Directors desires to adopt a uniform Alternative Dispute Resolution Policy that promotes informal resolution of disputes while preserving the rights and remedies of the Association and its Members;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby adopts the following Alternative Dispute Resolution Policy, to be effective as provided herein.

1. VOLUNTARY NATURE OF ADR

- a. Participation in alternative dispute resolution under this Policy is voluntary for both the Association and the Member.
- b. Nothing in this Policy shall be construed to require mediation or arbitration as a condition precedent to the exercise of any legal rights or remedies.
- c. This Policy does not waive, limit, or impair any statutory or contractual rights of the Association or any Member.

2. DISPUTES SUBJECT TO ADR

- a. ADR may be considered for disputes involving, but not limited to:
 - i. Interpretation or application of the Association's governing documents;
 - ii. Alleged covenant or rule violations;
 - iii. Assessment or charge disputes (subject to the Collection Policy);
 - iv. Neighbor-to-neighbor disputes involving Association oversight;
 - v. Other matters the Board determines are appropriate for informal resolution.

3. REQUEST FOR ADR

- a. A Member or the Association may request ADR by submitting a written request to the Association or its managing agent.
- b. The request shall briefly describe the nature of the dispute and the relief sought.
- c. The Board shall review the request and determine whether ADR is appropriate under the circumstances.

4. FORM OF ADR

- a. ADR may include informal meetings, facilitated discussions, or mediation with a neutral third party.
- b. Arbitration shall not be required unless separately agreed to in writing by all parties.
- c. The Board may designate a Board member, committee, managing agent, or neutral mediator to facilitate ADR, provided no conflict of interest exists.

5. COSTS AND FEES

- a. Each party shall bear its own costs and attorney's fees associated with ADR unless otherwise agreed in writing.
- b. Costs of a mutually agreed-upon mediator shall be allocated as agreed by the parties or, absent agreement, shared equally.

6. RELATIONSHIP TO ENFORCEMENT PROCEEDINGS

- a. Participation in ADR does not suspend or eliminate the Association's right to proceed with enforcement actions under the Covenant and Rules Enforcement Policy unless the Board expressly agrees in writing to stay enforcement.
- b. ADR discussions shall not replace required notice, hearing, or due process protections under CCIOA.

7. CONFIDENTIALITY

- a. ADR discussions are intended to be informal and confidential to the extent permitted by law.
- b. Statements made during ADR shall not be deemed admissions or binding unless reduced to a written agreement signed by the parties.

8. EXECUTIVE SESSION

- a. ADR discussions involving legal advice, enforcement matters, or Member privacy may be conducted in executive session in accordance with the Conduct of Meetings Policy and CCIOA.

9. NO PRECEDENT

- a. Resolution of a dispute through ADR shall not establish precedent or bind the Association with respect to future disputes or enforcement actions.

10. AMENDMENT

- a. This Policy may be amended by the Board of Directors at a duly noticed meeting.

11. SEVERABILITY

- a. If any provision of this Policy is held invalid or unenforceable, the remaining provisions shall remain in full force and effect.

12. ADOPTION AND EFFECTIVE DATE

- a. This Policy was adopted by resolution of the Board of Directors at a duly noticed meeting and is effective as of:

Meeting Date: 1/4/2026

Effective Date: 10/1/2025

CERTIFICATION

The undersigned certifies that this Policy was duly adopted by the Board of Directors of the Association in accordance with CCIOA and the Association’s governing documents.

Woody Creek Townhomes Association No. 1

A Colorado Non-Profit Corporation

By: 

Title: President

Date: 1/4/2026