

**RESOLUTION  
OF THE  
MURPHY CREEK MASTER ASSOCIATION, INC.  
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:** January - 1 - 2007

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

1. Informal Resolution. In the event of any dispute involving the Association and an Owner, the Owner is invited and encouraged to meet with the Board of Directors to resolve the dispute informally and without the need for litigation. If the Owner requests to meet with the Board, the Board shall make a reasonable effort to comply with the Owner's request.
2. Exempted Disputes. Pursuant to Article XIII, Section 6 of the Declaration, the Association is not required to use Alternative Dispute Resolution ("ADR") for any disputes it may have against Owners related to any of the following:
  - (a) Collection of assessments (Article IV of the Declaration);
  - (b) Enforcement of the design standards and prior approval process of the Design Review Committee (Article V of the Declaration); or
  - (c) Enforcement of Lot covenants and restrictions (Article X of the Declaration).

As such, nothing in this Policy shall be construed to require any specific form of alternative dispute resolution, such as mediation or arbitration, or require the parties to meet regarding any of these disputes. Neither the Association nor the Owner waives any right to pursue whatever legal or other remedial actions available to either party. The Association may enforce, as determined in the sole discretion of the Board, Owner violations of Articles IV, V, and X of the Declaration pursuant to any remedies afforded to it in the Declaration and pursuant to Colorado law.

3. Policy. For all other disputes between the Association and Owners not described above in Paragraph 2, the Association and Owners are required to follow the process and procedures required in Article XIII, Sections 3(Owner approval at a meeting), 4 (notice

and quorum requirements at the meeting), 5 (proxies and ballot requirements), 7 (right to inspect and copy procedures), and 8 (mandatory mediation and arbitration) of the Declaration, subject to the following:

- (a) Any ADR pursued must be done so using a trained mediator, arbitrator, or facilitator having some familiarity with the governance of community association.
  - (b) 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 a 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. Failure to Comply with Settlement. If the parties resolve any Claim through negotiation, mediation, or arbitration 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.
5. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
6. 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.
7. Deviations. The Board may deviate from the procedures in this Resolution 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 the Murphy Creek Master Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution 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 10-18-06 and in witness thereof, the undersigned has subscribed his/her name.

**MURPHY CREEK MASTER ASSOCIATION,  
INC.**

a Colorado non-profit corporation,

By: \_\_\_\_\_

Michael Sheleton, President