

TWO RIVERS HOMEOWNERS ASSOCIATION

GOVERNANCE POLICY FOR

**RESOLUTION OF DISPUTES ARISING BETWEEN
THE ASSOCIATION AND OWNERS**

(all capitalized terms used herein and not defined herein shall have the meaning given to them in the Declaration of Covenants, Conditions and Restrictions for Two Rivers Homeowners Association)

This governance policy shall be applicable to the Board of Directors and the Owners and this governance policy shall remain in effect until otherwise rescinded, modified, or amended by a majority of the Board.

A. Policy to Encourage Resolution of Disputes Without Litigation:

1. ***Excluded Claims.*** Notwithstanding any other provisions of this Governance Policy, the following claims are not Claims for purposes of this Governance Policy and are ***not*** subject to the provisions of this Governance Policy (i.e., the procedures stated in this Governance Policy do not apply), unless all parties to the matter otherwise agree to submit the matter to the procedures set forth herein:
 - (a) any suit by the Association to collect assessments or other amounts due from any Owner;
 - (b) any suit or action by the Association that involves the protest of real property taxes;
 - (c) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of this Declaration (relating to creation and maintenance of community standards);
 - (d) any suit that does not include the Declarant or the Association as a party, if such suit asserts a Claim that would constitute a cause of action independent of the Governing Documents; and
 - (e) any dispute in which a party to the dispute is not a party bound to and has not agreed to submit to the procedures set forth herein.
2. ***Dispute Resolution Procedures.***
 - (a) Notice. If a party that is bound by the procedures set forth herein desires to assert a Claim (the party asserting the Claim is referred to in this Governance Policy as

the "Claimant") against the other ("Respondent") it must do so by giving written notice ("Notice of Claim") by mail or personal delivery to each Respondent, stating plainly and concisely:

- (i) the nature of the Claim, including the persons involved and the Respondent's role in the Claim;
 - (ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);
 - (iii) the Claimant's proposed resolution or remedy; and
 - (iv) the Claimant's desire to meet with the Respondent to discuss, in good faith, ways to resolve the Claim.
- (b) Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. The Board may appoint a representative to assist the parties in negotiating a resolution of the Claim if a written request, accompanied with a copy of the Notice of Claim, is submitted to the Board by either the Claimant or Respondant.
- (c) Mediation.
- (i) If the parties have not resolved the Claim through negotiation within 30 days of the date of the Notice of Claim (or within any other agreed upon period), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or another recognized independent entity providing dispute resolution services in the Eagle County area. The Claimant and the Respondent shall each present the mediator with a written summary of the Claim and timely pay any fees of the mediation service.
 - (ii) If the Claimant does not submit the Claim to mediation within such time, or does not appear for and participate in good faith in the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.
 - (iii) If the parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or otherwise initiate proceedings on the Claim, as appropriate.

- (iv) Each party to the mediation shall bear its own costs of the mediation, including attorneys' fees, and each party shall pay an equal share of the mediator's fees.


- (d) Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party to the settlement agreement may file suit or otherwise initiate proceedings to enforce such agreement without the need to comply again with the procedures set forth in this section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

B. Modification of Governance Policy:

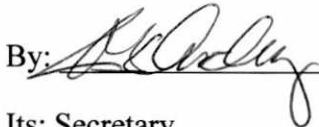
Subject to the Governance Policies for the Adoption and Amendment of Policies, Procedures, and Rules and the notice requirements therein, the Board may modify, amend, supplement or rescind this Governance Policy.

This policy was adopted on by resolution of the Board of Two Rivers Homeowners Association on April 23, 2015, is effective of even date therewith, and complies with the Colorado Common Interest Ownership Act as of that date. If the policy contained herein becomes in conflict with the laws of the State of Colorado shall be rendered void. The governance policy set forth herein is not intended to enlarge or create any fiduciary duties. Except for acts of fraud or bad faith, no director shall incur any liability under this policy.

TWO RIVERS HOMEOWNERS ASSOCIATION,
a Colorado nonprofit corporation

By: 
Its: President

ATTEST:

By: 
Its: Secretary