

Red Fox Hills Homeowners Association Alternative Dispute Resolution (ADR) Policy

(Adopted pursuant to C.R.S. § 38-33.3-209.5 and § 38-33.3-124)

1. Purpose

This Alternative Dispute Resolution Policy ("Policy") is adopted by Red Fox Hills Homeowners Association ("Association") to establish a fair, efficient, and cost-effective process for resolving disputes between the Association and its members without resorting to litigation whenever possible. The purpose of this Policy is to encourage open communication, early resolution, and the use of mediation or arbitration to minimize legal expenses and preserve community harmony.

2. Authority

This Policy is adopted in accordance with C.R.S. § 38-33.3-209.5(1)(b)(VI) and C.R.S. § 38-33.3-124, which authorize associations to adopt policies for alternative dispute resolution and require that they attempt such procedures before filing suit, except where emergency relief or lien enforcement is necessary.

3. Scope of Policy

This Policy applies to all disputes between:

1. The Association and any unit owner, or
2. Two or more unit owners, where the dispute involves interpretation, enforcement, or alleged violation of the Association's governing documents or the Colorado Common Interest Ownership Act (CCIOA).

This Policy does not apply to:

1. Collection of assessments or enforcement of liens under C.R.S. § 38-33.3-316;
2. Emergency or injunctive relief to prevent immediate and irreparable harm;
3. Matters that are already the subject of pending litigation or administrative proceedings.

4. Good Faith Resolution

Before initiating any formal ADR process, the parties shall make a good-faith effort to resolve the dispute informally through direct discussion, correspondence, or a meeting between the parties. If the dispute remains unresolved after these informal efforts, either party may invoke the formal ADR procedures described below.

5. Mediation

1. Initiation: Either party may request mediation by providing written notice to the other party describing the dispute, relevant facts, and requested relief.
2. Selection of Mediator: The parties shall mutually select a qualified neutral mediator experienced in HOA or real estate matters within 30 days of the request. If the parties cannot agree, either party may request that a mediator be appointed through the Community Associations Institute (CAI) or a recognized mediation organization.

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3. Costs: Mediation costs shall be shared equally unless otherwise agreed in writing. Each party shall bear its own attorney's fees and related expenses.
4. Confidentiality: Mediation sessions are confidential and conducted on a "without prejudice" basis. No statements made in mediation may be used in any later proceeding.
5. Outcome: If mediation results in a resolution, the parties shall sign a written settlement agreement, which will be binding and enforceable in court.

6. Arbitration (Optional)

1. If mediation is unsuccessful, the parties may agree in writing to submit the dispute to binding or non-binding arbitration before a neutral arbitrator.
2. Arbitration shall be conducted under the rules of the American Arbitration Association (AAA) or another mutually agreed-upon process.
3. Unless otherwise agreed, arbitration costs shall be divided equally.
4. The arbitrator's decision shall be final and binding if the parties so agree in advance.

7. Board Authority

The Board of Directors has the authority to:

1. Determine whether a dispute is appropriate for ADR;
2. Represent the Association in mediation or arbitration; and
3. Approve or reject settlement terms on behalf of the Association, consistent with its fiduciary duties.

8. Legal Action

If a dispute is not resolved after completion of mediation (and arbitration, if used), either party may pursue any available legal or equitable remedy. However, participation in good faith ADR is a prerequisite to filing any lawsuit, except for emergency injunctions, assessment collection actions, or situations where ADR would cause unreasonable delay or prejudice.

9. Costs and Fees

Each party shall bear its own legal and professional fees during the ADR process, unless a settlement or arbitrator's decision provides otherwise.

10. Confidentiality

All communications and documents prepared in connection with ADR are confidential and shall not be admissible in any subsequent judicial or administrative proceeding, except as necessary to enforce a settlement agreement.

11. Recordkeeping

The Association shall maintain a record of all ADR requests, mediations, and outcomes for at least five (5) years as part of its official records.

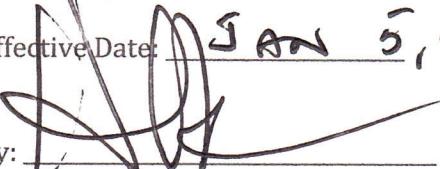
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12. Effective Date

This Policy is effective upon adoption by the Board of Directors and supersedes any prior dispute resolution policy of the Association.

Adopted by the Board of Directors on: JAN 5, 2026

Effective Date: JAN 5, 2026

By: 

Helmuth Naumer, President, Board of Directors
Red Fox Hills Homeowners Association

Attest: 
Jeff Kagan, Secretary