

**RESOLUTION
OF THE
CHERRYWOOD II HOME OWNERS ASSOCIATION**

ADDRESSING DISPUTES BETWEEN THE ASSOCIATION AND OWNERS

- SUBJECT** Adoption of a policy and procedures to comply with the Senate Bills referenced above regarding dispute handling between the Association and an owner.
- PURPOSE** To describe the Association's policy and procedure regarding disputes between the Association and an owner.
- AUTHORITY** The Declaration, Bylaws, Articles of Incorporation and Colorado Law.
- EFFECTIVE DATE** January 1, 2008
- RESOLUTION** The Association hereby adopts the following procedures regarding disputes between Association and owner:

1. COMPULSORY ARBITRATION

All controversies, claims, and matters of difference, including all questions as to whether the right to arbitrate and question exists, excepting those matters where another method of settlement or enforcement is explicitly stated within the Association's Declaration, settled by arbitration in Louisville, Colorado, according to the rules and practices of the American Arbitration Association from time to time in force, except that if such rules and practices shall conflict with the Colorado Rules of Civil Procedure or any other provision of Colorado law then in force, such Colorado rules and provisions shall govern. This submission and agreement to arbitrate shall be specifically enforceable. Arbitration may proceed in the absence of either party if notice of the proceedings has been given to such party. The parties agree to abide by all awards rendered in such proceedings. Such awards shall be final and binding on all parties to the extent and in the manner provided by the Colorado Rules of Civil Procedure, and the costs of arbitration including reasonable attorney's fees shall be borne by the losing party thereto unless the arbitrators specify otherwise. All awards of the arbitrators may be filed with the Clerk of the District Court of Boulder County, State of Colorado, as a basis of declaratory or other judgment and for the issuance of execution, and at the election of the party asking such filing, with the clerk or one or more other courts, state or federal having jurisdiction over the party against whom such an award is rendered or that person's property. No party shall be considered in default hereunder during the pendency of arbitration proceedings relating to such default.

2. LIMITED LIABILITY; INDEMNIFICATION

Neither the Association nor the Board of Directors shall be liable to the Association or any owner for any action or for any failure to act with respect to any matter, so long as such person or entity was not guilty of fraud or misconduct in taking such action or failing to act.

The Board of Directors or the Association shall not be liable, individually or as a group, to owners, members or otherwise, unless guilty of willful misconduct, bad faith or malicious intent. The Association shall indemnify, defend and hold any member of the Board and any employee or agent of the Association harmless against any liability or claims made by any owner, member or other interested person, unless and until it is determined that any of them acted in bad faith, with malicious motive, or engaged in willful misconduct. Should any of the latter be determined, then the Association's responsibility as to any person so acting shall terminate, and if any expenses or other payments have been made pursuant hereto for the benefit of any person who so acted, then the Association shall have a cause of action against that person for reimbursement for all such payments.

The indemnification authorized by the Bylaws Article IV section 8 shall include payment of (i) reasonable attorney's fees or other expenses incurred in settling any action or proceeding, or incurred in any finally adjudicated legal action or proceeding, and (ii) expenses incurred in the removal of any liens affecting any property of the indemnitee. Indemnification shall be made from assets of the Association, and no owner shall be personally liable for any indemnitee.

3. 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 Laws of the State of Colorado.

4. DEVIATIONS

The Board may deviate from the procedures set forth in this Resolution in its sole discretion such deviation is reasonable under the circumstances.

5. AMENDMENT

This policy may be amended at any time by the Board of Directors.

PRESIDENT'S CERTIFICATION:

The undersigned, being the President of the Cherrywood II HOA, Inc. a Colorado Non-profit Corporation, certifies that the following Resolution was adopted by the Board of Directors of the HOA, at a duly called and held meeting of the Owners and Board on this 1st Day of January 2008 and witness thereof, the undersigned has subscribed his/her name.

CHERRYWOOD II HOA, INC.
A Colorado nonprofit Corporation

By: 
President