

WILDHORSE AT PROSPECT ASSOCIATION, INC.
A Colorado nonprofit corporation

POLICIES AND PROCEDURES FOR COLLECTING DELINQUENT ASSESSMENTS

The Wildhorse at Prospect Association, Inc. (the "Association") is a residential common interest association of owners that was organized under the provisions of the Colorado Revised Nonprofit Corporation Act. The Association is also subject to many of the terms and provisions of the Colorado Common Interest Ownership Act ("CIOA"). Under Section 209.5 of CIOA, the Association is required to adopt written policies and procedures for collecting delinquent assessments.

Under the Association's Declaration, the Executive Board has the delegated power to adopt and amend budgets for revenues, expenditures and reserves of the Association as well as to collect assessments. This power includes the right to impose interest and late payment charges and to recover attorney fees and other legal costs of collecting and enforcing payment of delinquent assessments.

Past due assessments create a statutory lien under CIOA which automatically attaches to the affected unit and which is preserved by recordation of a statement of lien. This statutory lien may be foreclosed in the same manner as any other lien or charge against real property, and the unit may be sold at a foreclosure sale in order to satisfy the delinquent assessments. The Declaration also establishes that the assessment obligation is a personal obligation of the owner of the unit. Therefore, the Association's collection remedies include the right to institute a personal civil suit against the owner of the unit in order to obtain a judgment for damages against the owner for the amount of the delinquent assessments along with late charges, interest, attorney fees and costs.

This statement of policies and procedures for the collection of delinquent assessments has been adopted by the Executive Board effective upon the date specified in the attached Statement of Action.

Underlying Philosophy

The Association must operate in a fiscally responsible manner. Without insisting on the prompt payment of all assessment obligations levied by the Association, the ability of the Association to provide services under the Declaration could be impaired. Consequently, the Executive Board has determined that it will vigorously enforce all of the Association's available remedies to collect delinquent assessments. These remedies will be applied in a nondiscriminatory manner.

Standard Billing and Payment Procedures

All periodic statements for assessment obligations are mailed to or delivered to owners on a quarterly basis in advance. For example, a statement for the fiscal year quarter of November through January would be sent in November and posted in the Association's ledger as being due on November 1.

Periodic statements for personal or "house" charges are sent in arrears for the previous three months. These charges include restaurant charges, massages, utilities, telephone and other services for which the Association has made payment in advance as a convenience for owners.

Each statement is due and payable in full at the time it is sent or delivered. A payment is considered to be delinquent if it has not been paid in full within 90 days. However, the general manager's staff will contact owners as a matter of courtesy when a payment is not received within 60 days from the date it is due.

When any payment becomes delinquent by more than 90 days, the general manager will attempt to expedite payment. In addition, the Association's rules and regulations provide for interest to be imposed on delinquent accounts. Such interest will be established by the Executive Board at a rate not to exceed twenty-one percent per year.

After a payment is delinquent for a period of 120 days, the general manager is authorized to commence collection proceedings.

Collection Procedures

The first step in the collection procedure involves the preparation, execution and recording of an assessment lien statement. The Association has a very clear statutory lien power under the provisions of CIOA, and the recordation of the Association's lien statement becomes a lien and encumbrance against the affected unit. The lien statement will describe and summarize all assessments which are due and owing as of the date of the lien statement and contain a description of accrued interest and all attorney fees and costs.

Under the terms of the Association's Declaration, the Association is entitled to impose late fees as well as interest on all delinquent assessments. In addition, the Association may add amounts to the assessment indebtedness for expenses incurred by the Association for attorney fees and costs which relate to the collection process. Late fees will be reasonably determined by the Executive Board from time to time. Interest is imposed on all past due assessment obligations at a rate not to exceed twenty-one percent per year.

Lien Foreclosure

After a lien statement has been recorded and any portion of the assessment obligation described in such statement remains unpaid for a period of 60 days after the date on which the lien statement was recorded, the general manager is authorized to forward the matter to the Association's attorney for the commencement of a judicial foreclosure proceeding. The lien foreclosure proceeding will be filed in the Gunnison County District Court and will request the foreclosure and sale of the affected unit in order to satisfy the lien indebtedness. In a judicial foreclosure proceeding, the owner of the affected unit will be personally served with a copy of the district court summons and complaint. Depending upon the location where the affected owner is served, a responsive pleading must be filed within either 20 days (for service inside the State of Colorado) or 30 days (for service outside the State of Colorado) in order to prevent the entry of a judgment by default and an order of sale. Where the court orders a unit to be sold in a judicial foreclosure proceeding, the sales proceeds will be utilized to pay the assessment lien and any other liens which are subordinate to the assessment lien.

Suit for Money Judgment

Under the terms of the Association's Declaration, the Association also has the right to institute a civil action against the owner of the affected unit seeking a personal judgment against the owner for money damages in the amount of the delinquency along with all late fees, interest, costs and attorney fees. In some instances, the Association may choose to commence the suit for a personal judgment as part of its judicial foreclosure proceedings. In this instance, the complaint in the judicial foreclosure proceeding will also contain a separate claim against the owner for a personal judgment. In other instances, the Association may determine that it is more effective to file a civil action for a personal judgment against the owner and temporarily forego any judicial foreclosure remedy. This election of remedies is a matter which is within the sole discretion of the Executive Board, and decisions of this nature will be made on a case by case basis.

Suspension Of Voting Rights

Under both CIOA and the Association's rules and regulations, the Association has the authority to suspend the voting rights of an owner of a unit who has failed to pay a delinquent assessment. Voting rights may be suspended only after referral of the issue by the Executive Board to the owners at a duly called meeting and the subsequent approval of the suspension by a two-thirds vote of the owners present at such meeting. When suspension of voting rights has been approved in this manner, the owner of the affected unit will not be permitted to vote on any matters which come before the Association at any regular or special meeting of the owners.

Mediation

Under the provisions of CIOA, the Association and an owner have the right to jointly agree to submit any dispute to mediation proceedings. However, it is the decision of the Executive Board that mediation is not an effective remedy for collecting delinquent assessments. Consequently, the Association will not consent to mediating any dispute arising out of a controversy involving delinquent assessments.

Attorney Fees and Costs

The terms of CIOA provide that in any litigation between the Association and an owner, the court may award attorney fees and costs to the prevailing party. This means that if the Association prevails in litigation against an owner, the attorney fees, expenses and court costs incurred by the Association will be awarded as part of any judgment against the owner. This also means that the Association's attorney fees, expenses and court costs will be awarded as part of any assessment lien foreclosure proceedings in which the Association prevails.

In the event that a court should find that an owner has not violated the terms of the Declaration by failing to pay assessments, the court may award the owner reasonable attorney fees and costs incurred in defending against the Association's claims.

WILDHORSE AT PROSPECT ASSOCIATION, INC.
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CODE OF CONDUCT AND CONFLICTS OF INTEREST POLICY
EXECUTIVE BOARD

The Wildhorse at Prospect Association (the "Association") is a common interest association of owners that was organized under the provisions of the Colorado Revised Nonprofit Corporation Act (the "Act") and is subject to the terms and provisions of the Colorado Common Interest Ownership Act ("CIOA"). Under Section 209.5 of CIOA, every condominium association is required to adopt responsible governance policies. One of these written policy statements must include a description of the method by which members of the Executive Board ("Board") handle conflicts of interest. Section 310.5 of CIOA applies the conflict of interest standards and requirements of the Act to members of the Board.

This policy statement concerning conflicts of interest has been adopted by the Board of the Association in order to ensure that the Board members, and all individuals appointed to committees of the Board, maintain a high standard of ethical conduct in the performance of the Association's operations and adhere to the conflict of interest standards and requirements in the Act. In this fashion, the owners will be able to have confidence in and respect for the Association's leadership.

A. **Definitions.** In this policy statement, the words and phrases below will have the following meanings.

1. "Person" shall mean any director or member of a committee with Board delegated powers and shall also include, without limitation, any officer of the Association or any manager, attorney or accountant employed by the Board.

2. "Owner" shall mean a member of the Association who owns a dwelling unit.

3. "Interested person" shall mean any director, principal officer, or member of a committee with Board delegated powers who has a financial interest in any relevant transaction.

4. "Member" means an owner or a member of a committee with Board delegated powers.

5. "Conflicting interest transaction" shall mean a contract, transaction, or other financial relationship between the Association and an interested person or between the Association and an entity, trust or estate in which the interested person or a member of the interested person's family is a director or officer or has a financial or beneficial interest.

6. "Compensation" shall mean and include direct and indirect remuneration as well as gifts or favors that are substantial in nature.

B. **General Rules.**

1. No person shall accept a gift or favor made with the intent of influencing a decision or action on any Board or Association matter.
2. No person shall intentionally misrepresent facts to any owners or Board members for the purpose of advancing a personal cause or influencing owners to place pressure on the Board to advance such person's personal cause.
3. No person shall interfere with the system of management established by the Board and the management company.
4. No person shall interfere with the duties of any staff member of the Association or the management company.
5. No person shall accept or participate in the making of any loan by the Association to any of its directors or officers or any manager, attorney or accountant employed by the Board.

C. **Procedures.**

1. **Duty to Disclose.** In connection with any actual or possible conflicting interest transaction, an interested person must disclose the existence and material facts relating to his or her financial interest to the directors and committee members with Board delegated powers considering the proposed transaction or arrangement.

2. **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest, the Board or committee members shall decide if a conflict of interest exists. The interested person shall abstain from voting upon this question.

3. **Procedures for Approving Conflicting Interest Transactions.**

3.1 The chairperson of the Board or committee shall make an initial determination as to whether it is appropriate to investigate alternatives to the proposed transaction or arrangement in order to ascertain whether the Association can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflicting interest transaction.

3.2 If it is determined by the chairperson of the Board or committee that it is appropriate to vote on the proposed transaction, the question shall be put to a vote of the directors or members entitled to vote thereon.

3.3 In conducting the voting, a director or member who is an interested person shall not be prohibited from voting.

3.4 The approval of the conflicting interest transaction shall only take place under one of the following scenarios:

3.4.1 The material facts as to the interested person's relationship and the conflicting interest transaction are disclosed or are known to the directors entitled to vote thereon, and the directors in good faith authorize, approve or ratify the conflicting interest transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; or

3.4.2 The material facts as to the interested person's relationship and the conflicting interest transaction are disclosed or are known to the directors entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the directors entitled to vote thereon; or

3.4.3 The directors make an independent determination that under all prevailing circumstances the conflicting interest transaction is fair to the Association.

4. Violations of the Conflicts of Interest Policy.

4.1 If the Board or any committee with Board delegated powers has reasonable cause to believe that a director or member has failed to disclose actual or possible conflicts of interest, it shall inform the director or member of the basis for such belief and afford him or her the opportunity to explain the alleged failure to disclose.

4.2 If, after hearing the response of the director or member and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the director or member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action.

D. Records of Proceedings. The minutes of the Board and all committees with Board delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflicting interest transaction, the nature of the financial interest, any action taken as a result, and the Board's or committee's decision.

2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

E. Annual Statements. Each director, principal officer and member of a committee with Board delegated powers shall annually receive a copy of the current conflicts of interest policy statement.

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POLICY STATEMENT
CONDUCT OF MEETINGS

Executive Board Meetings

The Executive Board (the “Board”) for the Wildhorse at Prospect Association, Inc. (the “Association”) conducts at least one regular meeting each year, and special meetings are scheduled from time to time during each year. Notice of each regular and special meeting is provided on the Association's website. Meetings are normally held at the Association's offices, and attendance by teleconference is permitted. Directors are expected to attend all scheduled Board and committee meetings, as well as the annual meeting of the owners. Directors are also expected to review the materials provided to them in advance of each meeting.

The Board is responsible for its own agenda. The president and a representative of the management company prepare an agenda of items to be discussed during the course of each meeting. Each member of the Board may also suggest issues to be discussed. The president determines the nature and extent of information to be provided regularly to the directors before each Board or committee meeting.

A representative of the management company and Association counsel are expected to be present at all meetings of the Board. Any owner may attend a scheduled Board or committee meeting. However, owners and third parties may be excluded from any Board meeting that is being conducted by the president in executive session where the Association counsel is present. Each Board meeting shall be conducted in accordance with the procedural requirements of the Colorado Revised Nonprofit Corporation Act.

Meetings of the Owners

There is one scheduled meeting of the owners each year. This annual meeting normally takes place during the month of December. During this meeting, the owners will elect directors and transact any other business that may be appropriate. The president and a representative of the management company will prepare an agenda for the meeting.

Under the Association Bylaws, special meetings of the owners may be called by the president, the Board, or upon the written request of 20% of the owners. Each meeting of the owners is held at the Association offices or at such other location as the Board may determine. Notice of the annual meeting or any special meeting will be provided in accordance with the Association Bylaws and will also be posted on the Association's website. In voting on any matter, cumulative voting is not permitted. Each meeting will proceed in accordance with the applicable requirements of the Colorado Revised Nonprofit Corporation Act.

WILDHORSE AT PROSPECT ASSOCIATION, INC.
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POLICY STATEMENT
PROCEDURES FOR ENFORCEMENT OF COVENANTS AND RULES

The Wildhorse at Prospect Association, Inc. (the "Association") is governed by its recorded Declaration and all supplements thereto. Article 7 (a) and Article 8 (c) of the Declaration require each owner to comply with the provisions of the Declaration and all covenants and rules adopted by the Association. Article 7 (a) states as follows:

Compliance with Association Documents. Each Owner shall comply with every provision, covenant, condition, restriction and easement contained in the Association Documents as well as in the Master Declarations. The obligations, burdens, and benefits of membership in the Association concern the land and shall be covenants running with each Owner's Dwelling unit for the benefit of all other Dwelling Units and for the benefit of Declarant's adjacent properties, if any.

Article 8 (c) of the Declaration states as follows:

Compliance with Rules. Each Owner shall comply strictly with the provisions of this Declaration, the Articles of Incorporation, the Bylaws of the Association, the Rules and Regulations adopted by the Association and the decisions and resolutions of the Association adopted pursuant thereto as the same may be amended from time to time. Failure of any Owner or occupant to comply with any of the governing documents shall be grounds for an action to recover sums due for damages or injunctive relief or both, and for reimbursement of all costs and attorneys fees incurred in connection therewith, which action shall be maintainable by the Management Company or the Executive Board in the name of the Association on behalf of the Owners or, in a proper case by an aggrieved Owner or the Declarant.

Under the Association's governing documents, power is delegated to the Executive Board to adopt rules and procedures to enforce compliance with the governing documents of the association by civil suit or otherwise and to also take steps to promptly collect any assessment delinquencies and seek damages from an owner in any appropriate case.

The Association is governed under the provisions of the Colorado Common Interest Ownership Act (CIOA). Under CIOA, the Executive Board is also empowered to determine and impose fines upon owners who fail to comply with the Association governing documents, but only after adopting procedures for scheduling a prior notice and hearing concerning the alleged noncompliance. The Association has not elected to exercise this power at the present time.

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POLICY STATEMENT
AVAILABILITY OF ASSOCIATION RECORDS FOR COPYING
AND INSPECTION BY OWNERS

The Wildhorse at Prospect Association, Inc. (the "Association") is governed under the provisions of the Colorado Common Interest Ownership Act (CIOA). Section 317 of CIOA requires common interest community associations to keep detailed financial records in order to facilitate the delivery or transmission of written statements to permitted persons or organizations describing the amount of unpaid assessments currently levied against any owner's unit. Section 317 also requires associations to keep permanent records of the minutes of all meetings of unit owners and the Executive Board (or any committee of the board) as well as a record of all actions taken by the owners or the Executive Board (or any committee of the board) by written ballot or by consent in lieu of a meeting. Section 317 also requires associations to maintain a list of all owners and their current addresses along with the voting percentage which is applicable to each owner's unit.

All of the above records are maintained in written form in the Association's offices. In addition to these records, the Association also complies with other provisions of Section 317 of CIOA and maintains copies at its offices of the Association's declaration, articles of incorporation, bylaws, written communications to owners over the past three years regarding Association matters, a list of the names and business or home addresses of the current directors and officers, the most recent annual financial reports for the Association, and all audits or reviews of the Association's financial statements conducted during the immediately three preceding years.

All of these records are maintained in the Association's offices in a form that makes them reasonably available for examination and copying by any owner or authorized agent of an owner. The Association is entitled to charge a fee, not to exceed its actual cost per page, for making copies of any of these records.

A membership list of owners may not be obtained or used by any person for any purpose unrelated to a unit owner's interest as a unit owner without the prior written consent of the Executive Board. In addition, a membership list of owners may not be used under any circumstances for a commercial purpose or for the solicitation of money or property unrelated to an Association election. A membership list of owners may not be sold or purchased under any circumstances.

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INVESTMENT POLICY

This policy statement of the Wildhorse at Prospect Association, Inc. (the "Association") is one of several governance policy statements relating to the governance by the Association of the Wildhorse at Prospect condominium complex in Mt. Crested Butte, Colorado. This governance policy statement describes the investment policies and procedures which are intended to govern the investment activities and practices for all capital reserve funds of the Association. This investment policy has been approved and adopted by the Executive Board of the Association.

The primary objective to be accomplished under this investment policy is to preserve capital and minimize any potential for capital losses. The Executive Board is charged with the responsibility of overseeing both the implementation and administration of the investment policy. In discharging this duty, the Executive Board will delegate to the Association manager all necessary authority to administer the Association's investment policy and manage all investments of the Association's funds. In this connection, the manager shall make investment decisions in a manner that is consistent with the directions of the Executive Board and with this investment policy.

The manager shall also be responsible for monitoring the status of all invested funds and reporting to the Executive Board on a quarterly basis. Each report shall provide a summary of the performance of all investments and shall also include copies of the most recent brokerage and deposit account statements for investment and other accounts held in the name of the Association.

The manager shall make investment decisions and discharge his or her duties in good faith and with the care of an ordinarily prudent person under similar circumstances. In carrying out any decision or activity, the manager shall act in a manner which he or she reasonably believes to be in the best interests of the Association. The manager may rely on information, opinions and reports (including financial statements and other financial data) that have been prepared by accountants and other professionals, as well as other information which may be relevant.

In making specific investment decisions, the manager shall be guided by the current and anticipated cash flow needs of the Association as determined from time to time. This process shall include an analysis of the Association's current budgetary requirements and any approved capital repair or replacement projects.

The manager may, in turn, delegate certain investment and management functions to an established investor representative such as a brokerage company or bank. The manager shall take all appropriate steps to assure that time and brokerage deposits of the Association are insured to the maximum extent under existing deposit and investor insurance coverage. Securities may be held in street name or custody by the brokerage firm or bank. All investment accounts shall be maintained in the name of the Association. Disbursements from any such account shall be made only upon authorization by the Executive Board. A copy of this policy statement shall be delivered to any investor representative utilized by the Association.

WILDHORSE AT PROSPECT ASSOCIATION, INC.
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POLICY STATEMENT
PROCEDURES FOR ADOPTION AND AMENDMENT
OF
POLICIES, PROCEDURES AND RULES

The Wildhorse at Prospect Association, Inc. (the "Association") is governed by its recorded Declaration and all supplements to the Declaration as well as the Association's bylaws. The Association is also governed by the provisions of the Colorado Common Interest Ownership Act (CIOA). The Association is empowered under its Declaration and under its bylaws to adopt and amend policies, procedures and rules at any meeting of the owners or by action of the Executive Board (the "Board") at any regular or special meeting or by Board action taken without a meeting.

Under the provisions of CIOA, the Board may adopt policies, procedures and rules only during a regular or special meeting. Members of the Association and their representatives are entitled to attend and speak at any regular or special meeting of the Board. However, the Board may impose reasonable restrictions on this process. The Board may also restrict attendance and hold a closed door session under the circumstances enumerated in CIOA.

The Association, which has been organized as a nonprofit corporation, is also governed by the Colorado Revised Nonprofit Corporation Act (the "Act"). Under the provisions of the Act, any action to be taken at a meeting of the Board may be taken without a meeting as long as each and every member of the Board votes for such action and a notice of the action taken is reduced to writing and signed by all of the members of the Board. An action taken in this manner will have the same effect as if the action had been taken at a regular or special meeting of the Board.

It is the philosophy of the Board that policies, procedures and rules of the Association should only be adopted and amended at a regular or special meeting of the Board. However, the Board reserves the right to take action without a meeting in circumstances which present a clear emergency. The Board has directed the general manager of the Association to take all appropriate steps as required by CIOA to provide owners with advance notice of any regular or special meeting of the Board.

At any meeting of the Board where a policy, procedure or rule is proposed to be adopted or amended, the presence (either in person or by other means of electronic communication) of a majority of the directors who are acting and qualified will constitute a quorum for the transaction of business. The votes of a majority of the directors who are present at the meeting shall be necessary to adopt or amend any policy, procedure or rule. The directors, in taking any such action, will be guided by their obligations and duties as described in the governing documents for the Association and under CIOA and the Act. Any policy, procedure or rule which is adopted or amended by the Board shall be published and disseminated to the Association's members. The Association's Declaration requires members and their guests to comply with such policies, procedures and rules. The Declaration and Bylaws for the Association also provide for enforcement remedies on the part of the Association in order to ensure compliance.

WILDHORSE AT PROSPECT ASSOCIATION, INC.
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EXECUTIVE BOARD POLICY GOVERNANCE STATEMENT

**PROCEDURES FOR ADDRESSING DISPUTES ARISING BETWEEN THE ASSOCIATION
AND UNIT OWNERS**

The Wildhorse at Prospect Association, Inc. (the "Association") is a common interest association of owners that was organized under the provisions of the Colorado Revised Nonprofit Corporation Act (the "Act") and is subject to the terms and provisions of the Colorado Common Interest Ownership Act ("CIOA"). Under Section 209.5 of CIOA, the Executive Board (the "Board") is required to adopt responsible governance policies for administration of the Association. One of these written policy statements must include a description of the procedures for addressing disputes arising between the Association and unit owners. Capitalized words and phrases in this policy statement shall have the same meanings ascribed to them in the Association's Declaration.

Disputes can arise within a planned community or condominium association environment in two different contexts. The first context would occur in any situation in which the Association is required to enforce the terms of its governing documents against a non-complying unit owner. Examples of this would be a collection proceeding by the Association to enforce the payment of delinquent assessments or a lawsuit filed by the Association to enjoin or prohibit a unit owner from making impermissible structural changes or improvements to a Dwelling Unit or any Exterior Maintenance Areas or any Limited or Common Areas. The second context would occur in situations where a unit owner has a claim or complaint against the Association. An example of this would be an alleged negligent act of an Association employee which resulted in damage to a unit owner's personal property or Dwelling Unit.

It is the considered judgment of the Board that the use of alternative dispute resolution procedures such as mediation and arbitration will often be useful and efficient tools within the second context described above, and that such procedures will result in less cost and complexity. Accordingly, the Board has determined that the use of alternative dispute resolution procedures will be a mandatory condition prior to the filing of any civil action by a unit owner against the Association in any matter that falls within the second context described above. The Board has investigated the mediation, settlement assistance and arbitration services offered by the Judicial Arbitrator Group, Inc. in Denver, Colorado. This firm provides the assistance of an experienced judicial officer who facilitates claim and settlement proceedings in an informal setting. The firm also conducts arbitration hearings in accordance with either the familiar Rules of Civil Procedure or the rules of the American Arbitration Association. The Board recommends the use of all of the alternative resolution dispute procedures and services offered by the Judicial Arbitrator Group, Inc. for matters which fall within the second context described above.

The Board has also concluded that the use of alternative dispute resolution procedures within the first context described above is not warranted, and that the Association should at all times have direct and clear access to the court system for the enforcement of covenants and provisions contained in its governing documents. As a result, the Board has determined that

alternative dispute resolution procedures shall not be permitted in any situation where the Association is entitled to pursue a civil action or other proceeding in the court system to enforce compliance with the terms of its governing documents or in any situation where the Association is attempting to collect delinquent assessments or other obligations from a unit owner or is pursuing its remedies under CIOA to perfect a statutory lien against a unit for delinquent assessments and foreclose the lien through the court system.

All unit owners and members of the Association and their guests and tenants shall be bound by this policy governance statement. In the event a civil action is threatened or filed against the Association by any unit owner or any guest or tenant of a unit owner arising out of any claim or complaint involving the Association, this policy governance statement may be used by the Association as grounds to compel the unit owner to submit the matter to alternative dispute resolution procedures prior to taking any further action with regard to any threatened or pending civil action.