

Adopted 6/2/83
Includes Amendments of
10/4/83, 2/1/85, 6/30/93

94-31583

BYLAWS OF SAGE MEADOW HOMEOWNERS ASSOCIATION

ARTICLE I - NAME AND LOCATION OF CORPORATION

The name of this corporation is Sage Meadow Homeowners Association. Its principal office is the address of the current Secretary and the mailing address is P.O. Box 1384, Sisters, Oregon 97759. (Amended 6/30/93)

ARTICLE II - DEFINITIONS

Section 1. Terms: All terms defined in the Amended Protective Covenants and Conditions - Sage Meadow Subdivision, shall be so defined herein.

Section 2. Declarations: The "Amended Protective Covenants and Conditions - Sage Meadow Subdivision" shall be that instrument filed October 27, 1977 in Volume 260, Page 817, Deed Records, Deschutes County, Oregon, amended January 13, 1978, in Volume 265, Page 946, Deed Records, and February 21, 1978, in Volume 268, Page 21, Deed Records, Deschutes County, Oregon.

ARTICLE III - MEMBERSHIP

Section 1. Members: Members of the corporation shall be every lot owner in Sage Meadow. There shall be no other qualification for membership. Membership shall terminate upon the transfer of a fee simple title to a lot or a contract purchaser's interest by a contract purchaser.

Section 2. Place of Membership Meetings: Meeting of the members shall be held at the principal office or place of business of the corporation or at such suitable place convenient to the members as may be designated by the Board of Directors.

Section 3. Annual Membership Meetings: The annual meetings of the members shall be held annually between May and October at a convenient time (amended 6/30/93).

Section 4. Special Membership Meetings: Special meetings of the members may be called at a time by the Chairman of the Board of Directors upon resolution by the Board of Directors or written request of at least 25 percent of the members.

Section 5. Notice: It shall be the duty of the Secretary to mail, at least 15 but not more than 60 days prior to a meeting, a notice of each annual or special membership meeting stating the purpose of the meeting and the time and place of the meeting to each member at the address of the member in the records of the corporation, or the address supplied by such member of the corporation for the purpose of notice.

Record & Return To: Sage Meadow Homeowners Assoc.
P.O. Box 1384
Sisters, Oregon 97759

Section 6. Quorum: Except as hereinafter provided, to the presence either in person or by proxy of members entitled to cast at least 20 percent of the total votes of the corporation shall constitute a quorum for the transaction of business at all meetings. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a member or members. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

Section 7. Voting: At every meeting of the members, each member present, whether in person or by proxy, shall have the right to cast one vote for each lot owned by such person. Fractional voting will be allowed for those lots having multiple ownership. If a majority of the owners of such lot cannot agree, the vote for such lot will be counted fractionally.

Section 8. Proxies: A member may vote in person or by proxy executed in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically terminate upon termination of membership.

ARTICLE IV - BOARD OF DIRECTORS

Section 1. Role: The business, property and affairs of the corporation shall be managed by a Board of Directors as provided for in the Articles of Incorporation.

Section 2. Number: The number of members of the Board of Directors shall be not less than three (3) and no more than nine (9) who shall serve for a term of three years, it being the intention that approximately one-third of the directors be elected each year at the annual meeting. If the number of members of the Board of Directors is increased at any annual meeting, the additional members shall be elected in equal numbers for one, two or three years, and if the number is reduced at any annual meeting, the terms of the remaining members shall be adjusted as may be necessary to provide an equal number serving one, two or three year terms.

Section 2.1 Areas of Representation: (Amendment of 2-1-85) Upon expanding the Board to nine members, it shall be the intent that there be representatives from the following geographic areas of Sage Meadow:

BOARD MEMBER #	GEOGRAPHIC AREA	MAINTENANCE CLASS
1	Block 1	Paved
2	Block 2	Paved
3	Block 3	Paved
4	Block 4	Paved
5	Block 5	Paved
6	Block 6 & 7	Paved

7	Block 8	Paved
8	Block 9	Paved
9	Lundy Road (lots 2 through 5 Block 1)	Unpaved

In the event that Lundy Road shall become maintainable as a paved road, there shall be one representative from each of the nine blocks in Sage Meadow. No duly elected Board member shall be removed from office before expiration of his/her term solely for the reason of enacting this amendment. It further shall provide a mix approximating equal representation of resident and non-resident property owners. This consideration shall be subordinate to area representation suggested above. Further, no duly elected Board member shall forfeit his/her position due to change in resident or non-resident status.

Section 3. Vacancies: The Board of Directors shall have the power to fill vacancies in its own membership by a vote of a majority of the remaining directors. Such new membership shall hold office until the next annual meeting of the corporation.

Section 4. Election: At least thirty (30) days before the date of the annual meeting, the secretary shall furnish the nominating committee with the names of the members of the Board of Directors whose terms will expire at such annual meeting. Directors whose terms expire may be re-elected.

Section 5. Absences: (Amended 10-4-83) A member of the Board of Directors who is absent without reasonable excuse for three consecutive meetings or for more than one-half of the meetings in any calendar year, may be removed from office by a majority vote of the directors present at a regular or special meeting provided that director has been notified in writing prior to the meeting.

Section 6. Removal of Directors: Directors may be removed from office before their term expires by a majority vote of all members, whether voting by proxy or in person, at a special meeting called for the purpose of such removal or at a general meeting.

Section 7. Compensation: No director shall receive any compensation for any service he or she may render to the corporation as a director. However, any director may be reimbursed for his or her actual expenses which are incurred in performance of his/her duties as director or may receive compensation for services to the corporation in a capacity other than as a director.

Section 8. Manner of Election: Prospective directors will run for a specific vacancy. After nominations from the floor at the annual meeting or by a nominating committee appointed by the chairman of the Board of Directors, a secret written ballot will be taken of all members or their proxies for each vacancy. Cumulative voting is not permitted. The person receiving the most votes for each vacancy shall be elected. Voting may be

by show of hands unless at least three members shall request that written ballots be used.

ARTICLE V - MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Frequency of Regular Meetings: (Amended 10-4-83) The Board of Directors will meet semi-annually (Amended 6/30/93) whenever possible including immediately after the annual membership meeting at such place and time as the board of Directors shall designate. Immediately after each annual meeting of the members, the directors elected at such meeting and those holding over shall hold a meeting for the purpose of electing officers as hereinafter provided and for the transaction of such other business as may come before the meeting. No prior notice of such meeting shall be required to be given to the directors.

Section 2. Special Meetings: Special meetings may be called by the chairman at the request of a least two directors, or at the chairman's discretion. These special meetings may be held at such reasonable times and places as the chairman may determine and shall be limited to only those items of business described in the notice of such special meeting.

Section 3. Notices: No notice need be given for a meeting held pursuant to Section 1 above. Notice of special meetings must be given at least two days prior to the time of the meeting and shall include all business to be considered at such meeting. Attendance at a meeting shall constitute a waiver of notice thereof.

Section 4. Quorum: A majority of the directors shall constitute a quorum. Directors may take any action without a meeting which is in their power by obtaining written approval of all the directors to such action.

Section 5. Action Without Meeting: Any action required or permitted to be taken by the Board of Directors under any provision of law or these Bylaws may be taken without a meeting if all members of the board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such directors. Any certificate or other document filed under any provision of the Oregon Non-Profit Corporation Law which relates to action so taken shall state that the action was taken by unanimous written consent of directors to so act, and such statement shall be prima facie evidence of such authority.

Section 6. Waiver of Notice: When all the directors are present at any directors' meeting, however called or noticed, and sign a written consent thereto on the records of such meeting, or, if a majority of the directors are present, and if those not present sign in writing a waiver of notice of such meeting, whether prior to or after the holding of such meeting, which said waiver shall be filed with the secretary of the corporation, the transactions thereof are as valid as if had at a meeting regularly called and noticed.

ARTICLE VI - POWERS AND DUTIES OF BOARD

Section 1. General Powers: The Board of Directors shall have power to exercise all powers, duties, and authority vested in or delegated to the corporation and not reserved to the membership by provisions of these Bylaws, the Articles of Incorporation and the Amended Protective Covenants and Conditions - Sage Meadow Subdivision.

Section 2. Assessment: The Board of Directors shall have the power, as more fully provided in the Amended Protective Covenants and Conditions - Sage Meadow Subdivision, to fix the amount of assessments against each lot and give the owner subject thereto written notice of such assessment at least 60 days (amended 2-1-85) prior to the due date thereof, and to cause to be prepared a roster of property subject to assessment with assessments applicable to each such property and to keep such roster in the corporation's office subject to inspection by any owner.

Section 2.1 Non-payment of Assessment: In the event of non-payment of an assessment, the Board of Directors may direct the association treasurer to file in the office of the Deschutes County Clerk within 120 days after such delinquency, a statement of delinquent assessments, together with interest and the costs of filing the lien. The treasurer will be instructed to apply a rate of interest of 10% accruing from the date the assessment became delinquent and continuing until final payment of the assessment (amended 10-4-83).

Section 2.1A Regular Annual Assessments: Annual assessments are limited to an assessment base of \$100.00 per lot per year beginning January 1, 1985. The assessment base shall be increased or decreased on January 1, 1986, and on January 1 of each year thereafter by a percentage equal to the percentage change of the Consumer Price Index from January 1, 1985.

By Consumer Price Index, it is meant the CPI-U (Consumer Price Index for all Urban Consumers) for cities (1967=100) as established and published by the Bureau of Labor and Statistics of the United States Department of Labor for Portland, Oregon. The CPI-U is based on the price of food, clothing, shelter, fuels, transportation fares, charges for doctor's and dentist's services, drugs, and other goods and services that people buy for day-to-day living. If, at the time required for the determination of the assessment, the CPI-U is no longer published or issued, the Board of Directors shall use such other index as is then generally accepted and recognized for similar determinations of purchasing power. (This section amended 2-1-85)

Section 2.1B. Special Assessments: Prior to fixing any assessment other than the regular annual assessment described in Article VI, Section 2.1A, the Board of Directors shall mail notice of its intention to assess to each lot owner. The notice shall explain the purpose of the assessment, a statement of the need, a cost estimate, and the amount of the proposed special assessment against each lot. Membership approval must be obtained by ballot or by petition. If by ballot, approval of 51% of those voting is required. If by petition, the signatures of 51% of the membership is

required for approval. (This section amended 2-1-85)

Section 3. Other Powers: The Board shall have the power to declare vacant the office of a member of the Board of Directors as per Article IV, Section 5 of these Bylaws. The board shall have the power to employ employees and officials and prescribe their duties and fix their compensation.

Section 4. Duties of the Board of Directors: It shall be the duty of the Board of Directors to: (a) cause to be kept a complete record of all of its acts and the proceedings of its meetings and to cause to be presented at the annual meeting the members a report reviewing the business and affairs of the corporation for the past year; (b) procure and maintain adequate insurance on property owned, leased, or otherwise used by the corporation; (c) cause, at it's discretion, all officers or employees having fiscal responsibilities to be bonded with sufficient surety for the faithful performance of their official duties with the premium on such bond to be paid by the corporation; (d) to perform all other responsibilities given to it by the Amended Protective Covenants and Conditions - Sage Meadow Subdivision; and (e) to perform all other powers and duties granted by law.

Section 5. Liability and Indemnification of Directors. The directors shall not be liable to the corporation or the unit owners for any mistake of judgement, negligence, or otherwise except for their own willful misconduct or bad faith. The corporation shall indemnify and hold harmless each director and the manager or managing agent, if any, against all contractual liability to others arising out to contracts made by the Board of Directors, manager, or managing agent on behalf of the corporation unless any such contract shall have been made in bad faith or contrary to the provisions of the Amended Protective Covenants and Conditions - Sage Meadow Subdivision filed herewith or of these Bylaws. Each director and the manager or managing agent, if any, shall be indemnified by the corporation against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been a director, manager, or managing agent and shall be indemnified upon any reasonable settlement thereof; provided, however, there shall be no indemnity if the director, manager, or managing agent is adjudged guilty of willful nonfeasance, misfeasance, or malfeasance in the performance of his or her duties.

ARTICLE VII - OFFICERS: ELECTION AND DUTIES

Section 1. Specified Officers: The officers of the corporation shall be a president, a treasurer, a secretary and/or a secretary/treasurer who shall be elected by the Board of Directors annually after the annual meeting. All officers shall be members of the Board of Directors. All officers shall serve for one year or until their successors are elected.

Section 2. Removal, Resignation, and Vacancies: The Board of Directors shall have the power at any time to fill vacancies among the officers, and officers so elected to fill such vacancies shall serve until the next

annual meeting of the corporation or until their successors are elected.

Section 3. Duties of Officers:

(A) President. The president shall preside at all meetings of the members of the Board of Directors; shall appoint the members of all committees and shall be an ex-officio member of all such committees; shall sign papers as may be required by the office or as may be directed by the Board of Directors; shall make such reports and recommendations to the Board of Directors and to the members of the corporation at any regular or special meeting, concerning the work and affairs of the corporation, as in his/her judgement may be necessary for their information and guidance; may require such reports from the treasurer, secretary and executive director as in his/her judgement are necessary, and shall perform such other duties as may be incidental to the office.

(B) Secretary. The secretary shall issue in writing or in person all notices of meetings of members of the corporation and Board of Directors; notify individuals elected to office or to membership of the corporation and of the Board of Directors, including and accurate record of attendance of members; notify the nominating committee of persons dropped from membership in the corporation for non-attendance or other cause; furnish the nominating committee with a list of officers and members of the Board of Directors; shall be custodian of all records and papers as shall be kept by the treasurer as herein provided; shall sign such papers as may be required by his/her office or as directed by the Board of Directors; and shall perform such other duties as may be incidental to the office.

(C) Treasurer. The treasurer shall receive all moneys of the corporation and have custody thereof. Under the direction of the Board of Directors, he or she shall deposit the funds of the corporation in one or more banks selected by the Board of Directors, to be disbursed in accordance with the direction of, and upon the signatures of persons designated by the Board of Directors. He/she shall keep a full account of all moneys received and paid out and shall make such reports thereof to the president, and Board of Directors as they may require. He/she shall receive and have custody of all deeds, securities, notes, contracts and other financial papers of the corporation and shall place them for safe keeping in the safe deposit vaults of a bank designated by the Board of Directors and under such rules as to access as such Board of Directors shall determine. She/He shall keep full accounts of all deeds, securities, notes, and financial papers of the corporation and shall make such reports thereof to the president and Board of Directors as they may require. He/She shall cause the books of account of the corporation to be audited at least once annually by a public accountant approved by the Board of Directors, and shall present at each annual meeting of the members of the corporation a comprehensive financial statement including the report of the accountant. She/He shall sign such papers as may be required by her/his office or as may be directed by the Board of Directors; and shall perform such other duties as may be incidental to the office. He or she may be required by the Board of Directors to give such bonds as they shall determine for the faithful performance of his/her duties. She/He shall keep full accounts of all deeds, securities, notes, contracts and other financial papers of the

corporation and shall place them for safe keeping in the safe deposit vaults of a bank designated by the Board of Directors and under such rules as to access as such Board of Directors shall determine.

(D) Subordinate Officers. The Board of Directors may from time to time appoint such subordinate officers or agents as the business of the corporation may require, including one or more vice presidents, fix their tenure of office and allow them suitable compensation.

ARTICLE VIII - STANDING AND SPECIAL COMMITTEES

Section 1. Appointment: The president shall appoint such committees as she/he may deem necessary from time to time to direct and carry on the duties of the corporation.

Section 2. Membership: All committees shall consist of at least two individuals.

ARTICLE IX - CORPORATE RECORDS AND REPORTS (INSPECTION)

Section 1. Records: The corporation shall maintain adequate and correct accounts, books and records of its business and properties. All of such books, records and accounts shall be kept at its principal place of business in the State of Oregon, as fixed by the Board of Directors from time to time.

Section 2. Inspection of Books and Records: The books, records, and papers of the Association shall at all time during reasonable business hours be subject to inspection by any member or authorized agent at the office of the Association.

Section 3. Contracts, Etc. (How Executed): The Board of Directors, except as in the Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or to any amount.

Section 4. Checks, Drafts, Etc: All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the association, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

ARTICLE X - AMENDMENTS

These Bylaws or the Articles of Incorporation may be amended, repealed, or altered in whole or in part at any regular or special meeting of the Board of Directors called for that purpose by a two-third vote of those present

and voting, provided a copy of the proposed amendments have been given in the notice of the meeting and that such notice has been provided at least ten (10) days prior to the date thereof. Amendments may be proposed by the Board of Directors or by petition signed by at least 20 percent of the members. In case of any conflict between the Amended Protective Covenants and Conditions - Sage Meadow Subdivision and these Bylaws, such Amended Protective Covenants and Conditions - Sage Meadow Subdivision shall control.

ARTICLE XI - MISCELLANEOUS

Section 1. Regulation of Meetings: Roberts Rules of Order, revised, shall govern all meetings of the Board of Directors and all annual meetings when not in conflict with these Bylaws.

Section 2. Notices: All notices to the Association or to the Board of Directors shall be sent to the principal office of the Association, or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any member shall be sent to such address as may have been designated by her or him from time to time, in writing, to the Board of Directors.

Section 3. Waiver: No restriction, condition, obligation, or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 4. Invalidity; Number; Caption: The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws. As used herein, the singular shall include plural, and the plural the singular; the masculine and neuter shall each include the masculine, feminine, and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

Sage Meadow Homeowners Association

By

Title

By

Title

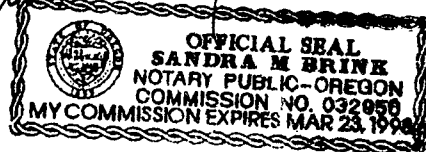
State of Oregon

County of Deschutes

8-1-94

Sandra M. Brink

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348 - 1272

STATE OF OREGON)
COUNTY OF DESCHUTES) SS.

I, MARY SUE PENHOLLOW, COUNTY CLERK AND
RECORDER OF CONVEYANCES, IN AND FOR SAID
COUNTY, DO HEREBY CERTIFY THAT THE WITHIN
INSTRUMENT WAS RECORDED THIS DAY:

94 AUG 11 PM 1:58

MARY SUE PENHOLLOW
COUNTY CLERK

BY M. Bartlo DEPUTY
NO. 94-31583 FEE 5.00
DESCHUTES COUNTY OFFICIAL RECORDS