

SAGE CREEK HOMEOWNERS' ASSOCIATION, INC.
CODE OF REGULATIONS

ARTICLE I
Name and Location

§1. Name. The name of the corporation shall be Sage Creek Homeowners' Association, Inc. (the "Association").

§2. Location. The principal office of the Association shall be located in Delaware County, in the Township of Genoa, as provided in the *Articles of Incorporation*.

ARTICLE II
Meeting of Members

§1. Members. Declarant (Developer) SJDJ, LLC, its successors or assigns, Builders who acquire title to any Lot within the subdivision for the purpose of constructing a residential dwelling, with the strict purpose of reselling the Lot to an Owner, and each record owner of a lot located in Sage Creek Subdivision shall be a member of the Sage Creek Homeowners' Association, Inc.

§2. Annual Meeting. The regular annual meeting of the members shall be held on September 1, of each calendar year hereafter, or on such other date and at such time during each calendar year as the Board of Directors may schedule annually.

§3. Special Meetings. A special meeting of the members may be called by the President, by the Board of Directors acting with or without a meeting, or by at least twelve (12) Members eligible to vote, upon delivery to the President or Secretary of a request in writing for a meeting.

§4. Place of Meetings. Meetings of the members shall be held at such place as is designated by the Board of Directors.

§5. Notice of Meetings. Written notice of any meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, to each member entitled to vote, addressed to the member's address supplied by such member to the Association for the purpose of notice. Such notice shall be mailed at least 15 days, but not more than 30 days, prior to the date for such meeting and shall specify the place, date and time of the meeting, and, in the case of a special meeting, the purpose of the meeting. Notices shall be mailed only to those members who are shown to be members on the records of the Association 10 days prior to the mailing of such notices.

§6. Waiver of Notice. Any member, either before or after any meeting, may waive any notice thereof required by law, the *Articles of Incorporation*, or these regulations. Waivers must be in writing and filed with the Secretary of the Association and entered upon the records of the meeting. Notwithstanding the foregoing, notice of a meeting will be deemed to have been waived by any member who attends such meeting and who does not, before or at the commencement of the meeting, protest the lack of proper notice.

§7. Quorum. At any meeting of the members, the presence of twelve (12) members eligible to vote, in person or by proxy, shall constitute a quorum for the transaction of business, except when a greater number is required by law. If, however, such quorum shall not be present or represented at the meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At any reconvened meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

§8. Proxies. Proxy voting shall be permitted. All proxies shall be in writing and filed with the Secretary not later than twenty four (24) hours prior to the scheduled time of the meeting. Each proxy shall be revocable and shall automatically cease upon conveyance by any member of his Lot, or upon suspension of any member's privileges as provided in these regulations.

§9. Absentee Ballot. Absentee voting shall be permitted. All absentee ballots shall be in writing and distributed by the Association through ordinary mail to all Lot owners no later than thirty (30) days prior to a meeting. Absentee ballots must be received by the Association, at an address provided in writing to all Lot owners, within 24 hours of a meeting. Any ballot(s) received after this time will not be counted. Ballots may be submitted to the Association by electronic methods, if available.

§10. Organization. At each meeting of the members, the President or, in his absence, the Vice President, or in the absence of both, a Chairman chosen by a majority vote of the members present and entitled to vote, shall act as Chairman, and the Secretary, or, in his absence, any person appointed by the Chairman, shall act as Secretary for the meeting.

§11. Order of Business. The order of business at all meetings of the members shall be as follows:

1. Roll call

A Quorum Being Present:

2. Begin procession of the meeting or waiver thereof;
3. Reading of the minutes of the preceding meeting and action thereon, unless dispensed with by unanimous consent;
4. Report of the Board of Directors, if any;
5. Reports of the officers, if any;
6. Reports of committees, if any;
7. Election of directors, if any;

8. Unfinished business, if any; and
9. New business, if any.

The order of business at any meeting may be changed by the affirmative vote of members possessing a majority of the voting power of the members present and entitled to vote.

§12. Voting Rights. Each member shall be entitled to cast the number of votes provided by Article VIII of the *Articles of Incorporation*. Each member may vote in person, by proxy, or by absentee ballot. The Board of Directors may fix a date, not exceeding thirty (30) days prior to the date of any meeting of members, as a record date for the determination of the members entitled to vote at such meeting. Only the members of record on the date so fixed shall be entitled to vote at such meeting. If a record date is not fixed by the Board of Directors, any person who becomes a member before a meeting of the members is convened shall be entitled to vote at such meeting. Voting for the election of directors shall be by written ballot, but all other votes shall be conducted orally unless otherwise directed by the Board of Directors.

§13. Voting Power. Except as otherwise provided herein, a majority of the voting power of members present at a duly called meeting, voting on a matter, will be deemed sufficient to determine that matter. The rules of *Robert's Rules of Order* shall apply to the conduct of all meetings of members except as otherwise specifically provided herein.

§14. New Members. Any person entitled to membership shall make such fact known to the Association. Until such fact is made known to the Association, the member may not vote, receive notice of meetings, nor enjoy any other privileges or benefits of membership in the Association.

§15. Privileges of Membership. Membership shall entitle the holder thereof, or its representatives in the event that the member is not an individual or individuals, to all the privileges of membership, including the rights to vote and to hold office in accordance with the provisions hereof.

ARTICLE III

Directors

§1. Initial Directors. The Directors shall initially be those selected by Declarant. These initial Directors shall be deemed "Transitional Directors" and shall serve in the capacity of Director, until such time that new Directors are elected by the members of the Association. The terms of the three (3) Transitional Directors shall be staggered so that the terms of one-third of the Directors will expire and successors will be elected at each annual meeting of the Association. Thereafter, at such annual meetings, successors to the Director whose term then expires shall be elected to serve three-year terms.

§2. Successor Directors. The number of Directors, all of whom shall be members or representatives of members who are not individuals, shall be three (3). The terms of the three (3) Transitional Directors shall be staggered so that the terms of one-third of the Directors will expire and successors will be elected at each annual meeting of the Association. Notwithstanding

the foregoing, the members, by the vote of members exercising not less than a majority of the voting power of members, may from time to time, change the number and terms of Directors, provided, that in any such event the terms of not less than one-third of the Directors shall expire annually, and there shall be no more than five (5) Directors. Thereafter, at such annual meetings, successors to the Director whose term then expires shall be elected to serve three-year terms.

§3. General Powers of Board of Directors. The power, duties, and authority of the Association shall be exercised, its business and affairs shall be conducted, and its property shall be controlled, by a Board of Directors, except where otherwise required by the law of Ohio, the *Articles of Incorporation*, or these regulations.

§4. Powers of the Board.

The Board of Directors shall have the power to:

- a. Adopt and publish rules and regulations governing: (1) the arbitration of disputes among members arising out of restrictions in the chains of title to such members' Lots, (2) the use of the common areas of the Association and the personal conduct of the members and their guests thereon and penalties for the infraction thereof, (3) budgets for revenues and expenditures and reserve an adequate amount to repair or replace capital items in the normal course of business without the necessity for special assessments, provided the amount set aside shall not be more than 10% of the budget for that year unless the reserve requirement is waived annually by Lot owners exercising not more than a majority of voting power of the members present.
- b. Adopt and amend rules that regulate the enforcement, levying, and collection of assessments and delinquent assessments from members of the Association;
- c. Suspend a member's voting rights during any period in which such member shall be in default (late 30 days or more) in the payment of any assessment levied by the Association or as a result of any member's infraction of the rules and regulations established by the Directors or *Restrictions, Covenants, Conditions, and Agreements Controlling the Use of Lots Located in Sage Creek Subdivision, Delaware County, Ohio*.
- d. Suspend all membership privileges, including holding any office, during any period in which such member shall be in default (late 30 days or more) in the payment of any assessment levied by the Association or as a result of any member's infraction of the rules and regulations established by the Directors or *Restrictions, Covenants, Conditions, and Agreements Controlling the Use of Lots Located in Sage Creek Subdivision, Delaware County, Ohio*.
- e. Declare the position of any Director to be vacant in the event such Director shall be absent without permission from the remaining Board members from three consecutive regular meetings of the Board of Directors;
- f. Foreclose the Association's lien for unpaid assessments, late charges, and/or penalties

against any property for which such debts are not paid within ninety (90) days after due date thereof, or bring an action at law against the party personally obligated to pay the same;

- g. Employ such employees (including, without limitation, a property manager, attorney, accountant, and/or independent contractors) as it deems necessary or appropriate to operate the areas owned by the Association, to defend or assist in managing the Association, and to prescribe the duties of each such employee;
- h. Commence, defend, intervene in, settle, or compromise any civil, criminal, or administrative action/proceeding, that is in the name of, or threatened against, the Association, Directors, officers, or property related to the Association;
- i. Enter into such contracts, agreements, and make such other arrangements upon such terms and conditions as it deems necessary or appropriate to operate and maintain the facilities owned by the Association; and
- j. Cause all officers, Directors, or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
- k. Enforce the covenants, conditions and restrictions set forth in the *Code of Regulations*, and the *Restrictions, Covenants, Conditions, and Agreements Controlling the Use of Lots Located in Sage Creek Subdivision*, and the *Articles of Incorporation* with respect to the Association; and
- l. Establish, enforce, levy and collect assessments, late charges, returned check charges, and impose reasonable enforcement assessments as provided in the *Restrictions, Covenants, Conditions, and Agreements Controlling the Use of Lots Located in Sage Creek Subdivision*.
- m. Impose reasonable charges for preparing, recording, or copying documents and statements;
- n. Take any action(s) necessary to comply with all requirements of the law, this *Code of Regulations*, the *Restrictions, Covenants, Conditions, and Agreements Controlling the Use of Lots Located in Sage Creek Subdivision* or the *Articles of Incorporation*;
- o. Borrow funds to finance authorized activities, grant security and pledge or assign revenues received or to be received as security for repayment thereof;
- p. Cause excess funds to be invested in such investments as the Board deems desirable and prudent, and
- q. Authorize officers to enter into management and security agreements with third parties in order to facilitate efficient operation of the Association's affairs and the safety of the Lot owners of Sage Creek Subdivision; provided however that any such contract shall not

exceed a term of two (2) consecutive years.

§5. Duties of the Board.

The Board of Directors shall have the duty to:

- a. Cause to be kept a complete record of all its acts and the Association's affairs and present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by at least 10% of the voting powers of the Association;
- b. Supervise all officers, agents and employees of the Association, and see that their duties are properly performed;
- c. Fix the amount of assessments against each Lot as determined by the Board of Directors;
- d. Send written notice of such assessment to every Lot owner, at least thirty (30) days in advance of each change in the amount of the annual assessments, and levy all such assessments as liens;
- e. Cause all common areas owned by the Association to be properly maintained;
- f. Issue, or cause an appropriate office to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- g. Procure and maintain liability, fire and other hazard insurance on property owned by the Association in such an amount as is deemed sufficient by the Directors; and
- h. Take all actions which are necessary to comply with the law, the *Articles of Incorporation*, the *Code of Regulations* and the *Restrictions, Covenants, Conditions, and Agreements Controlling the Use of Lots Located in Sage Creek Subdivision*; and
- i. Cause the restrictions created by the *Restrictions, Covenants, Conditions, and Agreements Controlling the Use of Lots Located in Sage Creek Subdivision* to be enforced;

§6. Removal and Resignation. Except for the Transitional Directors, any Director may be removed from the Board, with or without cause, by the members of the Association, at any annual or special meeting of the members if in the notice of such meeting the intention to consider such removal is specifically stated, by the affirmative vote of members possessing not less 55% of the voting power of the members present; provided, however, that the voting power exercised by the members shall, at all times, be determined in accordance with the provisions of Article VIII of the *Articles of Incorporation*. No Transitional Director may be removed by members of the Association. Any Director may resign by giving written notice to any officer. Such resignation shall take effect at the time specified therein. Unless otherwise specified

therein, the acceptance of a resignation shall not be necessary to make it effective.

§7. Vacancies. A vacancy in the Board of Directors may be filled by a majority vote of the remaining Directors, even though they are less than a quorum. A Director so elected shall be deemed to be elected for a term equal to the unexpired portion of the term for which the vacating Director was elected.

§8. Compensation. No Director shall receive compensation from the Association for any service he may render to the Association, provided that a Director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE IV

Nomination and Election of Directors

§1. Nomination. Nominations for election to the Board of Directors shall be submitted by a director, officer, or member of the Association. Nominations may also be made from the floor at the annual meeting, by any director, officer or member.

§2. Election. Election to the Board to Directors shall be by written ballot. At such election, the members, their proxies, and absentee voters may cast as many votes as they are entitled to cast under the provisions of the *Articles of Incorporation*, in respect to each vacancy. The persons receiving the largest number of votes shall be elected.

§3. Cumulative voting. Cumulative voting shall not be permitted.

ARTICLE V

Meeting of Directors

§1. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times during the calendar year and at such places as the Board of Directors may decide.

§2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association or by any two Directors, or upon written request of at least twelve (12) Members entitled to vote, and shall be held on such date, time and location within Delaware County, Ohio as specified by the person calling the meeting.

§3. Quorum. The presence at any duly called and noticed meeting, of Directors entitled to exercise a majority of the voting power of Directors, shall constitute a quorum for such meeting.

§4. Organization. At each meeting of the Board of Directors, the President, or, in his absence, the Vice President, or, in the absence of both, a Chairman chosen by a majority of the Directors present, shall act as Chairman; the Secretary, or, if the Secretary is not present, any person whom the Chairman of the meeting shall appoint, shall act as Secretary of the meeting.

§5. Action in Writing in Lieu of Meeting. Any action which may be taken at a meeting of the Directors, may be taken without a meeting if authorized by a writing signed by all the Directors.

Any writing will be entered upon the records of the Association. Any action that could be taken by members at a meeting may be taken without a meeting with the affirmative vote or approval, in a writing, of Members having no less than a majority of the voting power of Members.

§6. Meetings Through Communications Equipment. Meetings of the Board of Directors may be held through any communications equipment provided that all persons participating in the meeting can hear and respond to each other. Persons participating through communications equipment shall be considered for purposes of these regulations and all other purposes as present at any meeting. Minutes may be stored electronically and a hard copy will be available to Members at all times.

ARTICLE VI

Officers and Their Duties

§1. Enumeration of Offices. The officers of this Association shall be a President, a Vice President, a Secretary, a Treasurer, and such other officers as the Board may from time to time create. No officer need be a Member of the Association nor need any officer be a director. The same person may hold more than one office in accordance with the provisions of §4 of this Article.

§2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

§3. Term. The officers of the Association shall be elected annually by the Board of Directors and each shall hold office until his successor is elected at the first meeting of the Board of Directors following the next annual meeting of the members, unless any such officer shall sooner resign, or be removed or otherwise be disqualified to serve.

§4. Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of which officers shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

§5. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

§6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

§7. Duties. The duties of the officers shall be such duties as the directors may from time to time determine. Unless the Board otherwise determines, the duties of the officers shall be as follows:

President

The President shall preside at all meetings of the Board of Directors and of the members; shall have the authority to see that orders and resolutions of the Board are carried out; and sign all leases, mortgages, deeds and other written agreements or instruments in which the Association is a party.

Vice President

The Vice President shall act on behalf of the President in the event of the President's absence, inability, or refusal to act, and exercise and discharge such other duties as may be required of him by the Board of Directors or the President.

Secretary

The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the members; serve notice of meetings of the Board of Directors and of the members; keep appropriate current records showing the members of the Association, together with their addresses, and perform such other duties as required by the board or the President.

Treasurer

The treasurer shall receive and deposit and/or invest monies of the Association as directed by the Board of Directors, and disburse such funds as directed by resolution of the Board of Directors; sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each statement to the members.

ARTICLE VII

Committees

The Board of Directors may appoint such committees as it deems appropriate to carry out its purpose.

ARTICLE VIII

Indemnification of Directors, Officers, and Other

§1. Indemnification: Actions by Others. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceedings, whether civil, criminal, administrative, or investigative, other than action by or in the right of the Association, by reason of the fact that he is or was a Director or officer of the Association, or is or was serving at the request of the Association as a Director, officer, employee, or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement, actually and reasonably incurred by him in connection with such action, suit, or proceedings, if he acted in good faith and in a manner he

reasonably believed to be in or not opposed to the best interests of the Association, and with respect, to any criminal action or proceeding, if he had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

§2. Indemnification: Actions by or in the Right of the Association. The Association shall indemnify every person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit or proceeding by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a Director or officer of the Association, or is or was serving at the request of the Association as a Director, officer, employee, or agent, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement, actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the Court of Common Pleas or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the Court of Common Pleas or such other court shall deem proper.

§3. Successful Defense. To the extent that a person specified in §1 or §2 has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in §1 and §2, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by him in connection therewith.

§4. Specific Case Determinations. Any indemnifications under §1 and §2, unless ordered by a court, shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the person specified in §1 or §2 is proper in the circumstances because he has met the applicable standard of conduct set forth in §1 and §2. Such determination shall be made (1) by a majority vote of a quorum consisting of Directors of the Association who were not and are not parties to or threatened with any such action, suit, or proceedings, or (2) if such a quorum is not attainable, or if a majority of a quorum of disinterested Directors so directs, in a written opinion by independent legal counsel other than an attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services for the Association or any person to be indemnified within the past five years, or (3) by the members, or (4) by the court in which such action, suit, or proceeding was brought. Any determination made by the disinterested Directors under this §4 or by independent legal counsel under this §4 shall be promptly communicated to the person, if any, who threatened or brought the action or suit by or in the right of the Association under §2, and within

10 days after receipt of such notification, such person shall have the right to petition the court in which such action or suit was brought to review the reasonableness of such determination.

§5. Advance Payment. Expenses, including attorneys' fees, incurred in defending any action, suit, or proceeding referred to in §1 and §2, may be paid by the Association in advance of the final disposition of such action, suit, or proceeding as authorized by the Directors in the specific case upon receipt of an undertaking by or on behalf of the person specified in §1 or §2 to pay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized by this Article.

§6. Non-Exclusive. The indemnification provided by this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the *Articles of Incorporation* or these regulations or any agreement, vote of members or disinterested Directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to serve in a capacity hereinabove specified, and shall inure to the benefit of the heirs, executors, and administrators of such a person.

§7. Insurance. The Association shall purchase and maintain insurance on behalf of any person specified in §1 or §2 against any liability asserted against him and incurred by him in any such capacity, or rising out of his status as such, whether or not the Association should have the power to indemnify him against such liability under this Article VIII.

§8. Other Entities. For purposes of this Article VIII, references to the Association include all constituent corporations in a consolidation or merger and the new or surviving corporation, so that any person who is or was serving in a capacity hereinabove specified shall stand in the same position under this Article VIII with respect to the new or surviving corporation as he would if he had served the new or the surviving corporation in the same capacity.

ARTICLE IX

Books and Records

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The *Articles of Incorporation* and the *Code of Regulations* of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X

Amendment of Regulations

This *Code of Regulations* may be amended, added to, repealed, or superseded by new regulations at any annual or special meeting of the members if in the notice of such meeting, the intention to consider such amendment, addition, repeal, or supersedure is specifically stated, by the affirmative vote of members possessing not less than a majority of the voting power of the members present and entitled to vote in person, by proxy, or by absentee ballot; provided, however, that the voting power exercised by the members of the Association shall, at all times,

be determined in accordance with the provisions of Article VIII of the *Articles of Incorporation*.

ARTICLE XI

Miscellaneous

§1. Conflict Between Articles and Code of Regulations. In the case of any conflict between the *Articles of Incorporation* and this *Code of Regulations*, the *Articles of Incorporation* shall control.

§2. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year.

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