

AMENDED AND RESTATED

BY-LAWS

OF

SAGE WATER USER'S ASSOCIATION

ARTICLE I

Office, Resident Agent, and Corporate Seal

Section 1. The Secretary of the Association shall also serve as the Resident Agent and the principal office of the Association shall be in the home of the said secretary or in such place as he or she shall designate.

Section 2. The Seal of the Association shall have inscribed thereon the name of the Association and the words "Colorado" and "Seal" and shall be in such form as may be approved by the Board of Directors who shall have the power to alter same at their pleasure. The Seal shall remain in the custody of the Secretary.

ARTICLE II

Stock and Transfer Thereof

Section 1. Shares of stock representing membership shall be issued in accordance with Article XI of the Articles of Incorporation. Certificates representing such shares shall be signed by the President or Vice-President and the Secretary or an Assistant Secretary of the Association.

Section 2. A certificate representing a share of stock shall be considered to be automatically canceled at any time a Deed conveying the lot or parcel of land in connection with which said certificate was issued is entered into the County records and it shall not be necessary for the certificate to be surrendered for it to be considered canceled. Upon such recording of a Deed conveying land in Sagecreek or Blue Sage to new owners, such new owners shall be issued a certificate representing ownership of a share of stock in the Association.

## ARTICLE III

### Stockholders and Meetings Thereof

Section 1. All owners of any lot or parcel of land in Sagecreek and Blue Sage Subdivisions serviced by the Sage Water User's Association, or owners of other lots or parcels serviced by the Association, as provided in Article IX of the Articles of Incorporation, are considered stockholders and members of the Association.

Section 2. In the absence of a resolution of the Board of Directors providing otherwise, the Annual Meeting of the Association membership for the election of Directors and for the transaction of such other business as may properly come before the Meeting shall be held on the First Wednesday of October in each year, at such time and place as the President or Board of Directors may designate. If a quorum be not present, the Meeting may be adjourned from time to time, not exceeding sixty (60) days in aggregate.

Section 3. At each Meeting of the Association membership, one vote shall be allowed for the ownership of each lot or parcel of land, as provided in Article X of the Articles of Incorporation.

Section 4. Special Meetings of the Association membership may be called by the President or by the Board of Directors, or upon the request of members representing not less than twenty-five votes from the Association membership.

Section 5. A quorum at any Meeting of the Association membership shall consist of members representing the ownership of not less than twenty-five lots or parcels of land in SageCreek and Blue Sage Subdivisions and serviced by the Sage Water User's Association, or other lots or parcels serviced by the Association. A majority of such quorum shall decide any question that may come before the Meeting unless otherwise required by law, the Articles of Incorporation, or by these by-laws. In the election of Directors, written ballots may be used and, if received by the Secretary through the mails or by hand-delivery prior to the Meeting, such votes shall be counted the same as if the members casting them were present at the Meeting. In similar manner, the Board of Directors may, if they see fit, allow written ballots, mailed or hand-delivered to the Secretary and received in advance of the Meeting, to be counted with respect to any other matter which may properly be subject to a vote of the membership.

Section 6. Members may appoint any other persons, not necessarily members of the Association, to attend any Meeting of the Association membership and, by proxy, to cast the absent member's vote on any matter to come before the Meeting. Such proxies must be in writing, signed by the member granting same, and presented to the Secretary at the Meeting. Members represented by proxy shall count toward the determination of the required quorum.

Section 7. Written notice of the time and place of each Annual Meeting or Special Meeting of the Association membership shall be mailed by the Secretary to each member not less than ten (10) days nor more than thirty (30) days prior to such meeting.

Section 8. The President of the Association, or in his or her absence the Vice-President, shall be chairman at all Meetings of the Association membership.

## ARTICLE IV

### Directors, Powers. and Meetings

Section 1. The property and business of the Association shall be managed by a Board of five (5) Directors, who shall be members of the Association, and who shall be elected at the Annual Meeting of the Association as provided in Article VI of the Articles of Incorporation.

Section 2. Any vacancy in the Board of Directors, however caused, may be filled by a majority vote of the remaining director or directors, even though there be less than a quorum present at any meeting held for the purpose, among others, of filling such a vacancy or vacancies. A Director thus appointed shall hold office until the next Annual Meeting of the Association membership at which time, if there be a remaining unexpired term for this Directorship, a Director shall be elected by the members to fill such an unexpired term.

Section 3. Any Director may be recalled from office by a two-thirds majority vote at any Annual or Special Meeting of the Association membership. For the purpose of recalling a Director from office, a quorum shall consist of members representing seventy-five lots or parcels of land in Sagecreek and Blue Sage Subdivisions which are serviced by the Association, or other properties serviced by the Association, or other lots or parcels serviced by the Association.

Section 4. The Annual Meeting of the Board of Directors shall be held immediately following the Annual Meeting of the Association membership and no notice shall be required in connection therewith.

Section 5. Special Meetings of the Board of Directors may be called at any time upon request of any of the Directors. Regular meetings of the Directors and officers will be held at least bi-monthly, on a date and at a location to be determined by the Directors. These meetings shall generally be open to the membership, though members shall not have voting rights at Meetings of the Directors.

Section 6. Three or more Directors shall constitute a quorum at any Meeting of the Directors.

Section 7. In addition to the powers granted by the Certificate of Incorporation and these By-Laws, the Board of Directors may exercise all such powers and do all such lawful acts and things as are not prohibited by statute or by the Certificate of Incorporation or these By-Laws.

Section 8. The Directors and Officers of the Association shall serve without compensation, except that they may receive reasonable reimbursement for travel expense or other actual expense which may be incurred on behalf of the Association, provided that reimbursement for such expense is approved by a majority of the Directors.

Section 9. Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors. The vacancy thus created on the board will be filled in accordance with Article IV Section 2 of these By-Laws.

## ARTICLE V

### Officers

Section 1. The officers of the Association shall be a President, a Vice-President, a Secretary, and a Treasurer, who shall be elected by the board of Directors at its Annual Meeting immediately following the Annual Meeting of the Association membership. The officers shall be members of the Association or Directors of the Association. The officers shall all serve for terms of one year and may be re-elected.

Section 2. No person shall serve in more than one office, except as an Officer of the Association and a Director.

Section 3. Any vacancy in the offices of the Association, however caused, may be filled by an appointment of the Board of Directors, even though there be less than a quorum present at any meeting for the purpose, among others, of filling such a vacancy or vacancies. An officer thus appointed shall hold office until the next Annual Meeting of the Board of Directors.

## ARTICLE VI

### Finances

Section 1. The monies of the Association shall be deposited in the name of the Association in such Bank or Banks as the board of Directors shall designate, and may not be drawn out except by checks signed in the name of the Association by such person or persons as the Board of Directors by appropriate resolution may designate. Notes and commercial paper, when authorized by the Board, shall be signed in the name of the Association by such officer or officers as shall thereunto be authorized by the Board.

Section 2. The fiscal year of the Association shall begin and end on the same date as that of the Annual Meeting of the Association membership. The fiscal year of the Association shall begin on 1 July of each year and end on 30 June of each subsequent year.

Section 3. The Board of Directors shall not enter into any contract, purchase, or other transaction which shall cause the Association to incur an indebtedness unless approved by a vote of the Board of Directors. All expenditures of the Association will require approval by a majority vote of the Directors present who must constitute a quorum.

Section 4. Nothing in Section 3 above, shall prevent the Board of Directors or any designated representative duly appointed by the Board of Directors, from authorizing emergency repairs to any property of the Association. All such transactions will be reviewed and approved at the next meeting of the Board of Directors.

Section 5. Any assessment to be levied on the property of members of the Association shall be on the basis of an equal amount for each lot or parcel of land owned by a member of the Association in Sagecreek North, Sagecreek South, Blue Sage, or other lots or parcels serviced by the association. No such assessment shall be levied unless it has first been voted upon at the Annual Meeting or a Special Meeting of the Association membership and shall require a three-fourths affirmative vote in such an election. Upon receipt of such an authorization from the membership, the Board of Directors may establish such an assessment and do such acts as may be required, under the Law, to collect such an assessment.

## ARTICLE VII

### Delivery of Water. Assessments. Method of Collection

Section 1. No water shall be delivered to any member or to his premises, lot(s) or parcel(s) serviced by the Association until all assessments, charges, fees and rates due from such member, shall have been paid in full.

Section 2. Upon written request thereof, from time to time, the Secretary or Treasurer of the Association shall deliver to, or for the benefit of, any member, a statement in writing bearing the seal of the Association certifying either that all assessments, charges, fees and rates have been theretofore paid in full or, if not so paid, stating the amount due and owing to the Association on that date.

Section 3. Pursuant to Colorado law, the membership shares of the Association shall be subject to forfeiture for failure to pay assessments, charges, fees and rates due from such member or his premises. An action may be maintained in the name of the Association to recover payment which shall remain due and unpaid for the period of twenty (20) days after personal demand thereof, or in the case where personal demand is

not made, within thirty (30) days after a written or printed demand has been deposited in the Post Office, properly addressed to the Post Office address of such delinquent member.

Section 4. Any claim which the Association may ever have against any of its members, or the property of any of its members, under its Articles of Incorporation, these By-Laws, or any rules and regulations which it may hereafter establish, shall at all times be subordinate to any recorded Deed of Trust covering any property in Sagecreek and Blue Sage serviced by the Association, or other lots or parcels serviced by the Association, given for the benefit of any bona fide lending institution.

## ARTICLE VIII

### Amendments

Section 1. These By-Laws may be altered, amended or repealed at any Annual or Special meeting of the Association membership, by a two-thirds vote of the members then present.

### CERTIFICATION

I, the undersigned, do hereby certify that I am the duly elected and acting Secretary of Sage Water User's Association, a Colorado nonprofit corporation, and that the foregoing Amended and Restated Bylaws constitute the Bylaws of said Association, as duly adopted at a meeting of members, held on the 4th day of October , 2006.

Sage Water User's Association  
a Colorado nonprofit corporation

By:

Secretary