

BY-LAWS
OF
SEVEN LAKES WATER ASSOCIATION, INCORPORATION
AMENDED October 14, 2006

ARTICLE I
Offices

Registered Office and Registered Agent. The registered office of the corporation shall be located within its service area boundary in the State of Washington, and is currently located at 17507 W. Lake Goodwin Road or at such place as may be fixed from time to time by the Board of Trustees. The registered agent shall have a business office identical with such registered office.

ARTICLE II
Seal

The seal of the corporation shall be in the form and bear such inscription as may be adopted by resolution of the Board of Trustees, or by usage of the officers on behalf of the corporation. However, the corporation may conduct business even without an official seal should it not adopt and prescribe one.

ARTICLE III
Fiscal Year

The fiscal year of the corporation shall be from September 1st of each year through August 31st of the succeeding year.

ARTICLE IV
Members

4.1 The corporation shall have two (2) classes of Members. There shall be a Charter Member and Subsequent Members. A Charter Member is any member who became such at the formation of the Corporation and who was an initial member of the Corporation. There were 300 initial Charter Members. Approximately 40 remain as members at the time of this revision of the Bylaws. Charter Members are not only bonafide landowners or purchasers of land, including improved real estate, and who have reasonable accessibility to the source of and who are in need of water supplied for domestic irrigation, industrial or commercial purposes from the Corporation's water system, but such members have been admitted to membership upon the subscribing for, paying for and being issued a membership certificate and by signing such agreements for the purchase of water as was required by the Corporation and may have been required from time to time. Furthermore, Charter Members are provided the opportunity to purchase one additional membership for \$250. This additional membership may be purchased incident to the ownership of an undeveloped lot or the purchase of a house that is otherwise not connected to the water supply of the Corporation. Subsequent Members are those members who have become and shall become members after the last Charter Member became a member and such subsequent members shall become or have become members as bonafide landowners or purchasers of land, including improved real estate, and who shall have a reasonable accessibility to the source of and who are in need of water supplied for domestic irrigation, industrial or commercial purposes, from the Corporation's water system, and who have become Subsequent Members by being admitted to membership by subscribing for, paying for, and being issued a membership certificate, and by signing such agreements for the purchase of water as may be provided and required by the Corporation. Included in the group of Subsequent Members are transfer members who purchase improved real estate or land from a Subsequent Member or a Charter Member and thus become bonafide landowners or purchasers of land which already has an existing water hook-up. Transfer members shall not pay a membership fee or pay for a membership certificate because such certificate and membership passes with the property they shall have purchased. Nevertheless, such transfer members shall be issued a membership certificate upon the purchase of property, either improved or unimproved, that is already hooked up to and receiving Corporation water, and by signing such agreements for the purchase of water as may be provided and required by the Corporation. No person who is otherwise eligible for membership shall become a member if the capacity of the Corporation's water system is exhausted or anticipated to be exhausted by the needs of the Corporation's then existing members, provided, however, that if a subsequent member who is a transfer member has purchased or is purchasing a property presently served by the Corporation and receiving water service from the Corporation, then, and in that event, that new purchaser shall be eligible to become a member. All members shall be charged such membership fees and assessments as may be determined from time to time by the Board of Trustees of the Corporation.

4.2 Should a member willfully fail to comply with these Bylaws, or any other rules, policies or regulations adopted by the Board of Trustees of the corporation or otherwise obstruct the purpose and proper activities

of the corporation, which shall be determined in the sole discretion of the Board of Trustees, the Board of Trustees of the corporation may elect to terminate such member's membership in the corporation and to purchase that member's membership certificate at the price paid by the member, and suspend such membership. That member's right to receive water shall terminate at the time the member is suspended or his or her membership is terminated. Membership certificates may not be transferred to any third party except incident to the sale of real property to which water service is supplied or incident to dissent and distribution pursuant to a Will or the laws of this State following the death of a member. In the event of sale of the real property, or dissent and distribution, i.e. the inheritance of the real property to which the membership attaches, the new owner of the property shall then be required to purchase a certificate of membership from the Association. In the event any member becomes ineligible for membership for any of the stated reasons, the Board of Trustees may suspend the membership of such member, terminating the membership, making such membership certificate invalid and unable to be transferred to any party without further vote of the Board of Trustees. Any member whose membership is so suspended or terminated by the Board of Trustees may seek reconsideration by the Board of Trustees within sixty (60) days after such suspension or termination by the Board.

4.3 When a member forfeits all rights, title and interest to the property being served by the corporation, the corporation shall treat the membership as terminated and cancel the membership certificate without any tender of the fair book value of said membership, and issue a new membership certificate to the person or party who acquires said property.

4.4 Any member whose membership is suspended shall have no right(s) to continue to receive water service from the date of suspension.

ARTICLE V Membership Certificates

5.1 Each member shall be issued a membership certificate in the corporation upon becoming a member and paying for the certificate.

5.2 The membership certificate shall be issued to holder of a fully paid membership and shall be numbered consecutively in accordance with the order of issue. Each membership certificate shall bear on its face the following notation:

This membership certificate _____ is issued and accepted in accordance with and subject to the conditions and restrictions set forth in the Articles of Incorporation and the Bylaws and any amendments thereto, as well as all rules and regulations of Seven Lakes Water Association, Inc.

Transfers of membership certificates shall be made only upon the books of the corporation to persons eligible to become members and only with the prior approval of the Board of Trustees. No transfer of membership shall occur when the member attempting transfer owes any sums of money for water service, dues or any other assessment of the corporation. Each member shall execute an agreement for the purchase of water from the corporation both at such time as he or she becomes a member and at any other time as may be required by the corporation from time to time. This membership certificate shall cease to be effective and be null and void at such time as the member sells, conveys or otherwise disposes of the real property to which the membership is attached/the ownership of which gave rise to the membership.

Should a member willfully fail to comply with these Bylaws, or any other rules, policies or regulations adopted by the Board of Trustees of the corporation or otherwise obstruct the purpose and proper activities of the corporation, which shall be determined in the sole discretion of the Board of Trustees, the Board of Trustees of the corporation may elect to terminate such member's membership in the corporation and to purchase that member's membership certificate at the price paid by the member, and suspend such membership. That member's right to receive water shall terminate at the time the member is suspended or his or her membership is terminated. Membership certificates may not be transferred to any third party except incident to the sale of real property to which water service is supplied or incident to dissent and distribution pursuant to a Will or the laws of this State following the death of a member. In the event of sale of the real property, or dissent and distribution, i.e. the inheritance of the real property to which the membership attaches, the new owner of the property shall then be required to purchase a certificate of membership from the Association. In the event any member becomes ineligible for membership for any of the stated reasons, the Board of Trustees may suspend the membership of such member, terminating the membership, making such membership certificate invalid and unable to be transferred to any party without further vote of the Board of Trustees.

Any member whose membership is so suspended or terminated by the Board of Trustees may seek reconsideration by the Board of Trustees within sixty (60) days after such suspension or termination by the Board.

When a member forfeits all rights, title and interest to the property being served by the corporation, the corporation shall treat the membership as terminated and cancel the membership certificate without any tender of the fair book value of said membership, and issue a new membership certificate to the person or party who acquires said property.

Any member whose membership is suspended shall have no right(s) to continue to receive water service from the date of suspension.

ARTICLE VI Members' Meetings

6.1 *Annual Meeting.* The annual meeting of the members of this corporation shall be held at the corporate office, County of Snohomish, State of Washington, at 1:00 o'clock p.m. on the first Saturday in November of each year, if not a legal holiday, or if a legal holiday, on the next business day following.

6.2 *Special Meetings.* Special meetings of the members may be called at any time by the Board of Trustees. Special meetings may also be called when at least 10 percent (10%) of the members of the corporation shall petition the Board in writing for such special meeting, setting forth the purpose or purposes of such meeting. The purpose of every special meeting shall be stated in the notice to the members and no business may be transacted at such special meeting except as is specified in the notice.

6.3 *Notice.* Notice of meetings of members of the corporation may be provided by mail to each member of record, directed to the address shown upon the books of the corporation. This notice shall be mailed at least ten (10) days prior to the meeting. Such a notice shall state the nature, time, place and purpose of the meeting, but no failure or irregularity of notice of any annual meeting, regularly held shall affect any proceedings taken thereat.

6.4 *Quorum.* The members present shall constitute a quorum at any meeting of the members of the corporation. Each member shall have only one vote. If a membership certificate is issued to joint owners of property, the joint owners may only vote once with such vote being tied to the membership certificate.

Any member may vote by proxy at any and all membership meetings. Proxies must be in writing and signed by such member. Only one proxy shall be permitted for each membership certificate.

6.5 Trustees of this corporation shall be elected at the annual meeting of the members.

6.6 *Annual Meeting – Order of Business.* The order of business at any regular meeting and so far as possible at all other meetings, shall be:

1. Calling to order and proof of quorum
2. Proof of notice of meeting
3. Reading and action on any unapproved minutes
4. Report of officers and committees
5. Election of Trustees
6. Unfinished Business
7. New Business
8. Adjournment

ARTICLE VII Board of Trustees

7.1 *Number and Powers.* The management of all the affairs, property and interests of the corporation shall be vested in a Board of Trustees consisting of seven (7) persons. Trustees must be members of the corporation. The existing Trustees have been elected for staggered terms. At each annual meeting, the members shall elect for a term of three (3) years the number of Trustees whose terms of office have expired. The Board of Trustees shall meet within ten (10) days after the annual meeting and elect by ballot a President, Vice-President and Secretary/Treasurer from among themselves, each of whom shall hold office until the next annual meeting. Should it be necessary for the board to elect successor officers during any officer's term, such may occur at any regular or special meeting. In addition to the powers and authorities expressly conferred upon it by these Bylaws and the Articles of Incorporation, the Board of Trustees may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation, or by these Bylaws, directed or required to be exercised or done by the members of the corporation.

7.2 *Change of Number.* The number of Trustees may at any time be increased or decreased by amendment of these Bylaws but no decrease shall have the effect of shortening the term of any incumbent Trustee.

7.3 *Vacancies.* All vacancies in the Board of Trustees, whether caused by resignation, death or otherwise, may be filled by the affirmative vote by the majority of the remaining Trustees even though less than a quorum of the Board of Trustees. A Trustee elected to fill any vacancy shall hold office for the unexpired term of his or her predecessor and until a successor is elected and qualified, which shall be the next regular meeting of the members of the corporation at which time the members shall elect a Trustee for the unexpired term or terms provided that in the call of such regular meeting, a notice of such election shall be provided.

7.4 *Quorum.* A majority of the whole Board of Trustees shall be necessary and sufficient at all meetings to constitute a quorum for the transaction of business.

7.5 *Remuneration.* While compensation of Officers may be fixed at any regular or special meeting of the members of the corporation, Trustees shall receive no compensation for services.

7.6 *Regular Meeting.* Regular meetings of the Board of Trustees may be held at the registered office of the corporation or at such other place or places as the Board of Trustees may, from time to time designate. The annual meeting shall be held at the registered office of the corporation at 1:00 o'clock p.m. on the first Saturday of November each year, if not a legal holiday, or if a legal holiday, on the next business day following, or at such other time and place as the Board of Trustees shall designate by written notice. In addition to the annual meeting, there shall be regular meetings of the Board of Trustees held with proper notice not less frequently than once each calendar month.

7.7 *Special Meetings.* Special meetings of the Board of Trustees may be called at any time by the President or upon written request by any two Trustees. Such meetings shall be held at the registered office of the corporation or at such other place or places as the Trustees may from time to time designate.

7.8 *Notice.* Notice of all special meetings of the Board of Trustees (and of all regular meetings other than the annual meeting to be held at the place and time designated in these Bylaws) shall be given to each Trustee by three (3) days prior service/receipt of the same by telegram, facsimile, email, by letter, or personally. Such notice need not specify the business to be transacted nor the purpose of the meeting.

7.9 *Waiver of Notice.* Attendance of a Trustee at a meeting shall constitute a waiver of notice of such meeting except where a Trustee attends for the express purpose of objecting to the transaction of any business on the alleged basis the meeting is not lawfully called or convened. A waiver of notice signed by the Trustee or Trustees, whether before after the time stated for the meeting, shall be equivalent to the giving of notice.

7.10 *Registered Dissent.* A Trustee who is present at a meeting of the Board of Trustees at which action is taken shall be presumed to have assented to such action unless the Trustee shall vote no or abstained from the vote and such is recorded in the minutes of the Trustees meeting.

7.11 *Committees.* The Board of Trustees may appoint, from time to time, standing or temporary committees each consisting of no fewer than two (2) Trustees. Such committees may be vested with such powers as the Board of Trustees may determine by resolution passed by a majority of the Board of Trustees. No such committee shall have authority to amend, alter, or repeal these Bylaws; elect, appoint, or remove any member of any such committee, Trustee or officer of the corporation; amend the Articles of Incorporation; adopt a plan of merger or consolidation with another corporation; authorize the sale, lease, or exchange of all or substantially all of the property and assets of the corporation other than in the ordinary course of business; authorize the voluntary dissolution of the corporation or adopt a plan for the distribution of the assets of the corporation; or amend, alter, or repeal any resolution of the Board of Trustees. All committees so appointed shall keep regular minutes of all transactions of their meetings and shall cause them to be recorded in books kept for that purpose in the office of the corporation. The designation of any such committee and the delegation of authority thereto, shall not relieve the Board of Trustees, or any member thereof, of any responsibility imposed by law.

7.12 *Removal.* Trustees may be removed from office in the following manner: Any member, Officer or Trustee may present charges against a Trustee by filing such charge or charges in writing with the secretary of the corporation and providing a copy to the Trustee or Trustees designated in the charge(s). If presented by a member, the charge(s) must be accompanied by a petition signed by at least ten percent (10%) of the members of the corporation. The charge(s) shall be considered at the next regular or special meeting of the members (as may be called) and a vote for or against removal shall be taken at such meeting. A Trustee shall be removed if a majority of the members vote to remove the Trustee.

Prior to the meeting for consideration of any charge(s), the Trustee against whom such charges have been made shall be notified in writing of the charge(s) at least twenty five (25) days prior to the meeting where the charge (s) shall be considered by the members. Such Trustee shall have the opportunity at the meeting to be heard in person and/or by counsel and to present witnesses and documents with regard to the charge(s). The person or persons

presenting such charge(s) against the Trustee shall have the same opportunity. If the removal of a Trustee is approved, such removal shall also act as a removal of any other office held by the Trustee.

Any trustee who does not attend 3 consecutive Trustee meetings without a just reason as determined by the remaining Board of Trustees, may be removed at the sole discretion of the majority of the remaining Board of Trustees.

7.13 *Consent to Action Without Meeting.* Any action required or permitted to be taken at a meeting of the Trustees, or of a committee thereof, may be taken without a meeting via written consent setting forth the actions taken, which consent shall be signed by all of the Trustees or all of the members of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote.

7.14 *Specific Powers.* In addition to the general powers of the Trustees to manage all of the affairs, property and interests of the corporation, the Trustees shall have the following specific powers and authority:

- a. To issue appropriate certificates of memberships.
- b. To select and appoint all officers, agents or employees of the corporation or remove such agents or employees of the corporation, prescribe such duties and designate such powers as may not be inconsistent with these by-laws, fix their compensation and pay for faithful services.
- c. To borrow from any source, money, goods or services and to make and issue notes and other negotiable and transferable instruments, mortgages, deeds of trust and trust agreements, and to do every act and thing necessary to effectuate the same.
- d. To prescribe, adopt and amend, from time to time, rules and regulations as, in their discretion, may be deemed essential or convenient for the conduct of the business and affairs of the corporation and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof.
- e. To order at least once a year and cause an audit of the books and accounts, including all capital improvement accounts, of the corporation by a competent public auditor or accountant. The report prepared incident to such audit(s) shall be submitted to the members of the corporation at the annual meeting.
- f. To fix the charges to be paid by each member for services rendered by the corporation to him, the time of payment, manner of collection.
- g. To require all officers, agents and employees charged with responsibility for the custody of any of the funds of the corporation to give adequate bonds, the cost thereof to be paid by the corporation, and it shall be mandatory upon the Trustees to so require.
- h. To select one or more banks to act as depositories of the funds of the corporation and to determine the manner of receiving, depositing, and disbursing the funds of the corporation and the form of checks and the person or persons by whom the same be signed, with the power to change such banks and the person or persons signing such checks and the form thereof at will.
- i. To levy assessments against the membership certificates of the corporation. If such assessment against a membership becomes delinquent, the Board of Trustees shall have the right to suspend such membership. Membership may be reinstated by payment of all delinquent assessments, applicable penalties and interest PROVIDED that the corporation must give the member at least thirty (30) days written notice at the address of the member on the books of the corporation prior to the effective date of such suspension of its intention to suspend such membership certificate if the assessment is not paid within said thirty (30) day period. The corporation retains the power to place a lien against property.

ARTICLE VIII

Officers

8.1 *Designations.* The officers of the corporation shall be a President, one or more Vice Presidents, and a Secretary/Treasurer. All officers shall be elected for terms of one (1) year by the Board of Trustees. Such officers shall hold office until their successors are elected and qualify as otherwise provided in these Bylaws. Any two (2) or more offices may be held by the same person except the offices of President and Secretary/Treasurer.

8.2 *Duties of President.* The president shall preside over all meetings of the corporation and the Board of Trustees, call special meetings of the Board of Trustees, perform all acts and duties usually performed by an

executive and presiding officer, and sign all membership certificates and such other papers of the corporation as he may be authorized or directed to sign by the Board of Trustees, provided the Board of Trustees may authorize any person to sign any or all checks, contracts and other instruments in writing on behalf of the corporation. The president shall perform such other duties as may be prescribed by the Board of Trustees.

8.3 *Duties of the Vice-President.* In the absence or disability of the President, the Vice President shall perform the duties of the President; provided, however, that in the case of death, resignation or disability of the President, the Board of Trustees may declare the office vacant and elect his successor.

8.4 *Duties of the Secretary-Treasurer.* The Secretary-Treasurer shall keep a complete record of all meetings of the corporation and of the Board of Trustees and shall have general charge and supervision of the books and records of the corporation. He or she shall sign all membership certificates with the President and such other papers pertaining to the corporation as he may be authorized or directed to do so by the Board of Trustees. He/she shall serve all notices required by law and by these by-laws and shall make a full report of all matters and business pertaining to his/her office to the members at the annual meeting. He/she shall keep the corporate seal and membership certificate records of the corporation complete and countersign all certificates issued and affix said corporate seal to all papers requiring seal. He/she shall keep proper membership certificate record, showing the name of each member of the corporation and date of issuance, surrender, cancellation or forfeiture. He/she shall make all reports required by law and shall perform such other duties as may be required of him by the corporation or the Board of Trustees. Upon the election of a successor, the Secretary-Treasurer shall turn over to such successor all books and other property belonging to the corporation that he or she may have in his or her possession. He/she shall also perform such duties with respect to the finances of the corporation as may be prescribed by the Board of Trustees.

ARTICLE IX Depositories

The monies of the corporation shall be deposited in the name of the corporation in such bank or banks or trust company or trust companies as the Board of Trustees shall designate, and shall be drawn from such accounts only by check or other order for payment of money signed by such persons, and in such manner, as may be determined by resolution of the Board of Trustees.

ARTICLE X Notices

Except as may otherwise be required by law, any notice to any member may be delivered personally, by mail, facsimile or email. If mailed, faxed or emailed, the notice shall be deemed to have been delivered when deposited in the United States Mail, transmitted by facsimile or "sent" via email, addressed to the addressee at his or her last known residence address, designated fax number or email address in the records of the corporation, postage prepaid (if mailed).

ARTICLE XI Corporate Obligations and Conditions of Membership

11.1 The corporation will install, maintain and operate a main distribution pipe line or lines from the source of the water supply and service lines from the main distribution pipe line or lines to the property line of each member of the corporation, at which points, designated as delivery points, meters to be purchased, installed, owned and maintained by the corporation shall be placed. The cost of the service line or lines from the distribution pipe line or lines of the corporation to the property line of each member shall be paid by the corporation. The corporation will also purchase and install a cut-off valve in each service line from its main distribution line or lines, such cut-off valve to be owned and maintained by the corporation and to be installed on some portion of the service line owned by the corporation.

11.2 Each member shall be entitled to purchase from the corporation, pursuant to such agreements as may from time to time be provided and required by the corporation, water for domestic, livestock, garden, industrial and commercial purposes, subject, however, to the provisions of these by-laws and such rules and regulations as may be prescribed by the Board of Trustees. Each member shall be entitled to have delivered to him through a single basic service line only such water as may be necessary to supply the needs of the particular installation. There shall only be one (1) member recognized for each property to which water is supplied.

11.3 Each member shall be entitled to service lines in excess of one basic service line for the purpose of serving the needs of the persons residing within a single farmstead or dwelling and of the livestock owned by such persons and to irrigate a garden not to exceed ½ acre, or for a single industrial or commercial installation, provided that the member shall be required to pay such fee as determined by the Board of Trustees for each service line in excess of one. The water delivered through such additional service line will be metered, and the charges for the water provided

through the additional service line shall be determined separately, except that debt repayment owed by the member (for the capital improvement charge) shall be charged only to the basic service line.

11.4 Any initial membership fee shall be paid by each member when acquiring membership and a membership certificate. The amount of such fee shall be as determined by the Board of Trustees. In addition, each member shall pay such other fees and service charges and assessments as may otherwise be determined by the Board of Trustees from time to time.

11.5 No new service line or change in an existing service line may be made which will interfere with an existing line or the delivery of water therein. Each service line shall connect with the corporation's water system at the nearest available location to the place of desired use by the member if the corporation's water system shall be of sufficient capacity to permit the delivery of water through a service line at that location without interfering with the delivery of water through an existing service line. If the corporation's water system shall be inadequate to permit the delivery of water through a service line installed at such location without interfering with the delivery of water through an existing service line, then such service line shall be installed at such location as may be designated by the corporation. Each member will be required to dig or have dug a ditch for the connection of the service line or lines from the property line of the member to his dwelling or other portion of his premises as may be necessary, and will also be required to purchase and install the portion of the service line or lines from his property line to the place of use on his premises, and to maintain at his own expense that portion of the service line or lines, which shall be owned by the member.

11.6 In the event the Corporation's water supply shall be insufficient to meet all of the needs of the members, or in the event there is a shortage of water, the corporation may pro-rate the water available among the various members on such basis as is deemed equitable by the Board of Trustees. The Trustees may also prescribe a schedule of hours covering the use of water and require adherence thereto, provided that if at any time the total water supply shall be insufficient to meet all of the needs of the members for domestic, livestock, garden, industrial and commercial purpose, the corporation must first satisfy all the needs of the members for domestic purposes before supplying any water for livestock purposes, and must satisfy all the needs of the members for both domestic and livestock purposes before supplying water for garden, industrial or commercial purposes.

11.7 The Board of Trustees shall, prior to the beginning of each calendar year, determine the membership assessment for debt repayment for capital improvements. The assessment shall be applied equally to each member, to be paid in the following calendar year on or before a date specified by the Board of Trustees. The Board of Trustees shall also establish and fix at the same time the flat minimum monthly rate to be charged each member during the following calendar fiscal year for a specified quantity of water, such flat minimum monthly rate to be payable regardless of whether any water is used by that member during any given month or months, and shall further establish and fix the amount of additional charges, if any, for any additional water which may be supplied the members; the Board of Trustees shall also fix the dates for the payment of such charges, and shall notify each member of the amount of such charges and the dates for the payment thereof. Each member shall pay such charges at the office of the corporation at or prior to the dates fixed by the Board of Trustees. The failure to pay water charges or any capital improvement assessment shall result in the imposition of the following penalties:

- a. Non-payment for thirty days after due. The water may be cut off from the delinquent member's property.
- b. Non-payment for sixty days: The Board of Trustees shall have the right to suspend such membership and cut off that member's water supply. Membership may be fully reinstated by payment of all delinquent assessments, applicable penalties, and interest.

11.8 The Board of Trustees shall be authorized to require each member enter into water users agreements, the contents of which shall not be inconsistent with these Bylaws.

ARTICLE XII

Distribution of Surplus Funds

12.1 It is not anticipated there will be any net income. If there should be any, then at the end of the fiscal year, after paying the expense of the corporation for operation and otherwise, and after setting aside reserves for depreciation on all buildings, equipment and office fixtures, and such other reserves as the Board of Trustees may deem proper, and after providing for payments on interest and principal of obligations and amortized debts of the corporation, and after providing for the purchase of proper supplies and equipment, the net earnings shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending and repairing the system and property of the corporation, and for such other purposes as the Board of Trustees may determine in the best interests of the corporation.

12.2 Any part or the whole of such apportionment may be credited at the discretion of the Board of Trustees to the indebtedness of the members, should any exist, and in such case, the members shall be notified in writing of the amount so applied.

ARTICLE XIII
Amendments

These Bylaws may be amended by a two-third majority of the eligible members attending any regular meeting of the corporation, or at any special meeting of the corporation called for that purpose, except that the members shall not have the power to change the purpose of the corporation so as to decrease its rights and powers under the laws of the state, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the corporation or its members, or to deprive any member of rights and privileges then existing, or to amend the by-laws as to effect a fundamental change in the policies of the corporation. Notice of any amendment to be made at a special meeting of the members must be given at least ten days before such meeting and must set forth the amendments to be considered.

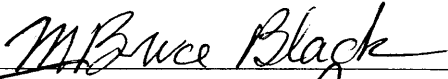
ARTICLE XIV
Indemnification of Officers, Trustees, Employees, and Agents

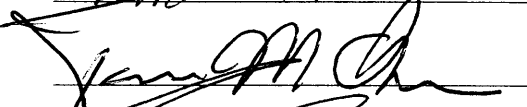
The corporation shall indemnify its officers, trustees, employees, and agents to the greatest extent permitted by law. The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a trustee, officer, employee or agent of the corporation or who is or was serving at the request of the corporation as an officer, employee, or agent of another corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan, against any liability asserted against such person and incurred by such person in any such capacity or arising out of any status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of this Article.

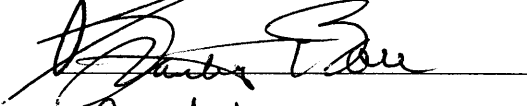
ARTICLE XV
Books and Records

The corporation shall keep at its principal place of business correct and complete books and records of account; minutes of the proceedings of its Board of Trustees; and a record of its trustees, giving the name, addresses and telephone numbers of all trustees.

IN WITNESS WHEREOF, the undersigned, being the Trustees of Seven Lakes Water Association, Inc. have set their hands and seals this 14th day of October, 2006.







Robert A. ...

