

**BYLAWS**  
**OF**  
**THE MEWS AT LAKE WILDERNESS HOMEOWNERS ASSOCIATION**

**ARTICLE 1 OFFICES**

The principal office and place of business of The Mews at Lake Wilderness Homeowners Association (the "Association") in the state of Washington shall be located at 2320 130th Avenue Northeast, Bellevue, Washington 98005.

The Association may have such other offices within or without the state of Washington as the Board of Directors may designate or the Association may require from time to time.

**ARTICLE 2 DEFINITIONS**

- 2.1 **"Association"** means The Mews at Lake Wilderness Homeowners Association, a Washington nonprofit corporation, its successors and assigns.
- 2.2 **"Board"** means the Board of Directors of the Association as provided for in these Bylaws.
- 2.3 **"Common Areas"** means all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners, and shall in all events exclude each of the Lots.
- 2.4 **"Declarant"** means Centex Homes, a Nevada general partnership, and its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from Declarant for the purpose of development and by written instrument in recordable form be specifically assigned the rights and duties of Declarant.
- 2.5 **"Declaration"** means the Declaration of Covenants, Conditions and Restrictions for The Mews at Lake Wilderness, and any Supplemental Declarations or amendments thereto.
- 2.6 **"Lot(s)"** means any plot of land described in and shown on any recorded subdivision map of the Property, excluding the Common Areas and areas deeded to governments or public agencies.
- 2.7 **"Owner"** means the record owner, whether one or more persons or entities, of a fee simple title to any Lot in the Property including any person or entity holding a vendee's interest under a real estate contract for the sale of any such Lots, but

excluding those having such interest merely as security for the performance of an obligation.

**2.8** “**Plat**” means the Plat of The Mews at Lake Wilderness, a subdivision, recorded in Volume 203 of Plats, Pages 18 through 23 in King County, Washington, under King County Recording Number 20011127002035.

**2.9** “**Property**” means that certain real property legally described in the Plat.

### **ARTICLE 3 NUMBER OF DIRECTORS**

The Board of Directors of the Association shall consist of three directors, subject to the provisions of Article 5.

### **ARTICLE 4 MEMBERS**

**4.1** **Classes of Members.** The membership of the Association shall consist of two classes of members, to be designated as “Class A” members and “Class B” members.

**4.2** **Class A Members.** Class A members of the Association shall be all Owners, except Declarant.

**4.3** **Class B Members.** Class B members of the Association shall be Declarant, its successors and assigns, as defined in the Declaration.

**4.4** **Termination of Membership.** Membership of any Class A or Class B member terminates when the member no longer holds any right, title or interest in any Lot.

**4.5** **Annual Meeting.** The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter. If the day fixed for the annual meeting is a Saturday, Sunday or legal holiday in the state of Washington, the meeting shall be held on the next succeeding business day.

**4.6** **Special Meetings.** Special meetings of the members for any purpose or purposes unless otherwise prescribed by statute may be called by the President, by the Board, or by the written request of the members who are entitled to vote one-fourth of all the votes of the Class A membership.

**4.7** **Place of Meetings.** Meetings of the members shall be held at either the principal office of the Association or at such other place within or without the state of Washington as the Board or the President may designate.

**4.8 Membership List.** At least 10 days before each meeting of the members, the officer or agent having charge of the membership list of the Association shall prepare an alphabetical list of all members who are entitled to vote at the meeting or any adjournment thereof, with the address of each member. Such alphabetical membership list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any member, member's agent or member's attorney during the meeting. Failure to comply with the requirements of this section shall not affect the validity of any action taken at the meeting. Under no circumstances may the membership list be sold to third parties.

**4.9 Notice of Meetings.** Written or printed notice stating the date, time and place of a meeting of members and, in the case of a special meeting of members, the purpose or purposes for which the meeting is called, shall be given by or at the direction of the President, the Secretary, or the officer or persons calling the meeting to each member of record entitled to notice of or to vote at such meeting, not less than 10 days and not more than 60 days before the meeting. Except that notice of a meeting to act on an amendment to the Articles of Incorporation, a plan of merger, a proposed sale, lease, exchange or other disposition of all or substantially all of the assets of the Association other than in the usual course of business, the dissolution of the Association, the disapproval of the amount of the annual assessment established by the Board, or the levy of any special assessment shall be given not less than 30 days and not more than 60 days before the meeting. Written notice shall be delivered by first-class mail, contract carrier, personal delivery or facsimile. Such notice shall be effective upon dispatch if sent to the member's address, telephone number or other number for such member appearing on the records of the Association.

If an annual or special members' meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment, unless a new record date is or must be fixed. If a new record date for the adjourned meeting is or must be fixed, however, notice of the adjourned meeting must be given to persons who are members as of the new record date.

**4.10 Waiver of Notice.** A member may waive any notice required to be given under the provisions of these Bylaws, the Articles of Incorporation or by applicable law, whether before or after the date and time stated therein. A valid waiver is created by any of the following three methods: (a) in writing signed by the member entitled to the notice and delivered to the Association for inclusion in its corporate records; (b) by attendance at the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; or (c) by failure to object at the time of presentation of a matter not within the purpose or purposes described in the meeting notice.

- 4.11 Manner of Acting; Proxies.** A member may vote either in person or by proxy. A member may vote by proxy by means of a proxy appointment form which is executed in writing by the member or by his or her duly authorized attorney-in-fact. All proxy appointment forms shall be filed with the Secretary of the Association before or at the commencement of meetings. No unrevoked proxy appointment form shall be valid after 11 months from the date of its execution unless otherwise expressly provided in the appointment form. No proxy appointment may be effectively revoked until notice in writing of such revocation has been given to the Secretary by the member appointing the proxy.
- 4.12 Participation by Conference Telephone.** At the discretion of the Board, members and proxies may participate in a meeting of the members by any means of communication by which all persons participating in the meeting can hear each other during the meeting, and participation by such means shall constitute presence in person at the meeting.
- 4.13 Quorum.** At any meeting of the members, attendance by 40% of all the members entitled to vote on a matter shall constitute a quorum of that voting group for action on that matter. Once a member is present or represented at a meeting, other than to object to holding the meeting or transacting business, the member is deemed to be present for purposes of a quorum for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be fixed for the adjourned meeting. At such reconvened meeting, any business may be transacted which might have been transacted at the adjourned meeting. If a quorum exists, action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the question is one upon which a different vote is required by express provision of law or of the Articles of Incorporation or of these Bylaws.
- 4.14 Voting for Directors.** Unless otherwise provided in the Articles of Incorporation, in any election of directors, the candidates elected are those receiving the largest numbers of votes cast by the members entitled to vote in the election, up to the number of directors to be elected by such members.
- 4.15 Action by Members Without a Meeting.** Any action which may or is required to be taken at a meeting of the members may be taken without a meeting if one or more written consents setting forth the action so taken shall be signed, either before or after the action taken, by all the members entitled to vote with respect to the subject matter thereof. Action taken by written consent of the members is effective when all consents are in possession of the Association, unless the consent specifies a later effective date. Whenever any notice is required to be given to any member pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to notice, shall be deemed equivalent to the giving of notice.

## ARTICLE 5 BOARD OF DIRECTORS

- 5.1 General Powers.** The business and affairs of the Association shall be managed by its Board of Directors.
- 5.2 Number, Tenure and Qualification.** The number of directors set forth in Article 3 of these Bylaws may be increased or decreased from time to time by amendment to these Bylaws or by a two-thirds vote of the members entitled to vote, provided that the number of directors shall not exceed five. No decrease shall have the effect of shortening the term of any incumbent director, unless such director resigns or is removed in accordance with the provisions of these Bylaws. Except as classification of directors may be specified by the Articles of Incorporation and unless removed in accordance with these Bylaws, each director shall hold office for one year until the next annual meeting or until a successor shall have been elected and qualified. Directors may be elected to serve more than once, but no director may serve more than two consecutive terms. Directors need not be residents of the state of Washington nor members of the Association.
- 5.3 Nomination of Directors.** Nomination for election to the Board may be made by a nominating committee established by the Board or by any member from the floor at the annual meeting of members.
- 5.4 Election of Directors.** At the first annual meeting of members and at each annual meeting of members as long as the Class B membership exists, the Class B membership shall elect all directors. After the Class B membership is terminated, the Class A membership at each annual meeting of members shall elect all directors. A member may cast as many votes for each vacancy as he or she is entitled to under the Declaration. Cumulative voting shall not be permitted.
- 5.5 Removal of Directors.** Directors may be removed, with or without cause, from office by a majority vote of the members entitled to vote in person or by proxy at a meeting called for such purpose. In the event of death, resignation or removal of a director, his or her successor shall be appointed by the remaining members of the Board and shall serve for the unexpired term.
- 5.6 Annual and other Regular Meetings.** An annual meeting of the Board shall be held without notice other than this Bylaw, immediately after and at the same place as the annual meeting of members. The Board may specify by resolution the time and place, either within or without the state of Washington, for holding any other regular meetings of the Board.
- 5.7 Special Meetings.** Special meetings of the Board may be called by the Board, the President, the Secretary or any director. Notice of special meetings of the Board stating the date, time and place thereof shall be given at least three days prior to the date set for such meeting by the person or persons authorized to call such meeting, or by the Secretary at the direction of the person or persons authorized to

call such meeting. The notice may be oral or written. Oral notice may be communicated in person or by telephone. Oral notice is effective when communicated. Written notice may be transmitted by first-class mail, contract carrier, personal delivery or facsimile. Written notice is effective upon dispatch if such notice is sent to the director's address, telephone number or other number appearing on the records of the Association for such director. If no place for such meeting is designated in the notice, the meeting shall be held at the principal office of the Association. Any director may waive notice of any meeting at any time. Whenever any notice is required to be given to any director pursuant to applicable law, a waiver in writing signed by such director shall be deemed equivalent to the giving of notice. The attendance of a director at a meeting shall constitute a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully convened. Unless otherwise required by law, neither the business to be transacted at nor the purpose of any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

- 5.8 Quorum.** A majority of the number of directors specified in or fixed in accordance with these Bylaws shall constitute a quorum for the transaction of any business at any meeting of directors. If less than a majority shall attend a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and a quorum present at such adjourned meeting may transact business.
- 5.9 Manner of Acting.** If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board, unless the question is one upon which a different vote is required by express provision of law or of the Articles of Incorporation or of these Bylaws.
- 5.10 Participation by Conference Telephone.** Directors may participate in a regular or special meeting of the Board by, or conduct the meeting through the use of, any means of communication by which all directors participating can hear each other during the meeting and participation by such means shall constitute presence in person at the meeting.
- 5.11 Presumption of Assent.** A director who is present at a meeting of the Board at which action is taken shall be presumed to have assented to the action taken unless such director's dissent shall be entered in the minutes of the meeting or unless such director shall file his written dissent to such action with the person acting as secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

- 5.12 Action by Board Without a Meeting.** Any action permitted or required to be taken at a meeting of the Board may be taken without a meeting if one or more written consents setting forth the action so taken, shall be signed, either before or after the action taken, by all the directors. Action taken by written consent is effective when the last director signs the consent, unless the consent specifies a later effective date.
- 5.13 Resignation.** Any director may resign at any time by delivering written notice to the President, the Secretary, or the registered office of the Association, or by giving oral notice at any meeting of the directors or members. Any such resignation shall take effect at any subsequent time specified therein or, if the time is not specified, upon delivery thereof. Acceptance of a resignation is not necessary to make it effective.
- 5.14 Compensation.** No director shall receive compensation for any service he or she may render to the Association. However, by resolution of the Board, the directors may be paid for reasonable expenses incurred in connection with attendance at meetings of the Board or a committee thereof.

## **ARTICLE 6 POWERS AND DUTIES OF THE BOARD**

- 6.1 Powers.** The Board, on behalf of and acting for the Association and for the benefit of the Property and the Owners, shall have all the powers and authority granted to it under the Declaration, including but not limited to the following:
- 6.1.1 Rules and Regulations.** Adopt and publish reasonable rules and regulations governing the use of Common Areas and facilities, and the personal conduct of the members and their guests, and establish reasonable penalties for the infraction thereof;
- 6.1.2 Suspension of Voting Rights.** Suspend any member's voting rights and right to use the recreational facilities during any period in which such member shall be in default in the payment of any assessment levied by the Association or in violation of the Declaration, Articles of Incorporation, Bylaws, or other applicable law, rule or regulation;
- 6.1.3 Assessments.** Establish and collect regular assessments and special assessments sufficient to carry out its duties hereunder and maintain an adequate reserve for the maintenance, repair and replacement of those portions of the Common Areas and facilities which must be maintained, repaired or replaced on a periodic basis;
- 6.1.4 Service.** Obtain the services of persons or firms as required to properly manage the Property to the extent deemed advisable by the Board, including legal and accounting services, property management services, as

well as such other personnel as the Board shall determine are necessary or proper for the operation of the Common Areas and facilities;

- 6.1.5 Utilities. Obtain water, sewer, garbage collection, electrical, telephone, gas and any other necessary utility service, including utility easements, as required for the Common Areas and facilities;
- 6.1.6 Insurance. Obtain and pay for policies of insurance or bonds providing casualty and liability coverage for the Common Areas and facilities and, as permitted by the Articles of Incorporation, for directors, officers, employees and agents of the Association;
- 6.1.7 Maintenance and Repair of Common Areas. Pay for the costs of painting, maintenance, repair, landscaping and gardening work, fences, equipment, monument signs and furnishings for the Common Areas and facilities, including repairing and painting any fence constructed on the perimeter boundary of the Property, and such furnishings, materials and equipment as the Board shall determine are necessary and proper to maintain and keep the Property in a good, clean, attractive, sanitary and safe condition and in full compliance with applicable laws, rules and regulations and the provisions of the Declaration;
- 6.1.8 Lien/Encumbrance. Pay any amount necessary to discharge any lien or encumbrance levied against the Common Areas, facility or other property owned by the Association, and charge the cost thereof to any one or more Owners responsible for the existence of such lien or encumbrance;
- 6.1.9 Enforce Declaration. Enforce the applicable provisions of the Declaration for the management and control of the Property;
- 6.1.10 Financial Statement. Prepare or cause to be prepared at least annually a balance sheet and an income and expense statement for the Association, copies of which shall be distributed to each Owner. The income and expense statement shall include a schedule of assessments received and receivable, identified by the number of the Lot and the name of the Owner so assessed; and, if it deems it necessary, require that an external audit be prepared annually by an independent public accountant;
- 6.1.11 Acquisition of Property. Acquire and hold in the name of the Association, for the benefit of the Owners, personal property and real property and interests therein, and dispose of the same by sale or otherwise; provided no such acquisitions (including capital additions and improvements, but excluding the making of repairs, restoration and replacement of portions of the Common Areas) are made in any 12 month period in excess of \$5,000 without the majority vote of the Owners, or in excess of \$25,000 without the 75% affirmative vote of the Owners;



- 6.1.12 Enter Upon Lots. Enter or cause an agent to enter upon any Lot when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible or in the event of emergencies, which entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board out of the common expense fund if the entry was due to an emergency or for the purpose of maintenance or repairs to Common Areas;
- 6.1.13 Borrow Funds. In the discharge of its duties and the exercise of its powers, but subject to the limitations set forth herein and in the Declaration, borrow funds on behalf of the Association and, to secure the repayment thereof, encumber the Common Areas and facilities and other assets owned by the Association;
- 6.1.14 Exercise Powers of Association. Subject to the provisions of the Declaration, exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration; and
- 6.1.15 Adopt Amendments. Adopt additional bylaws and rules and regulations governing the Association and Owners; provided that in the event of conflict between the Declaration and any such additional bylaws or rules and regulations, the Declaration shall prevail.
- 6.2 Duties.** The Board, on behalf of and acting for the Association and for the benefit of the Property and the Owners, shall:
- 6.2.1 Records. Keep a complete record of its acts and corporate 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 one-fourth of the Class A members who are entitled to vote;
- 6.2.2 Supervise. Supervise all officers, agents and employees of the Association and see to the proper performance of their duties;
- 6.2.3 Assessments. As more fully provided in the Declaration:
- (a) Fix the annual assessment against each Lot at least 30 days in advance of each annual assessment period;
- (b) Levy special assessments for capital improvements, reconstruction or other purpose provided in the Declaration;

(c) send written notice of each assessment to each Owner subject thereto; and

(d) in a timely fashion, foreclose the lien against any Lot for which assessments are not paid, or bring an action at law against the Owner personally obligated to pay the same;

6.2.4 Certificate of Payment. Issue, or cause an appropriate officer to issue upon demand by any person, a certificate setting forth whether or not any assessment has been paid, which certificate shall be conclusive evidence of such payment;

6.2.5 Insurance. Procure and maintain adequate liability and hazard insurance on property owned by the Association;

6.2.6 Bonding. Cause all officers, employees and agents of the Association having fiscal responsibilities to be bonded, as the Board may deem appropriate; and

6.2.7 Maintain the Common Areas. Cause the Common Areas, all facilities and improvements located upon the Common Areas and the entrance monument and surrounding landscaping to be maintained in accordance with Article 8 of the Declaration and not transferred to a governmental authority.

## ARTICLE 7 OFFICERS

7.1 **Number.** The Association shall have a President and a Vice President, a Secretary, and a Treasurer, and such other officers as may be deemed necessary or appropriate by the Board. Any two or more offices may be held by the same person.

7.2 **Election and Term of Office.** The officers shall be elected annually by the Board following each annual meeting of the members, and shall hold office for one year unless he or she shall sooner resign or be removed, or otherwise be disqualified to serve.

7.3 **Resignation.** Any officer may resign at any time by delivering written notice to the Board, the President or the Secretary, or by giving oral notice at any meeting of the Board. Any such resignation shall take effect at any subsequent time specified therein or, if the time is not specified, upon delivery thereof. The acceptance of such resignation shall not be necessary to make it effective.

7.4 **Removal.** Any officer may be removed by the Board with or without cause. The removal shall be without prejudice to the contract rights, if any, of the person so

removed. Appointment of an officer or agent shall not of itself create contract rights.

- 7.5 Vacancies.** A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.
- 7.6 President.** The President shall be the principal executive officer of the Association and, subject to the control of the Board, shall generally supervise and control the business and affairs of the Association. When present, the President shall preside at all meetings of the members and at all meetings of the Board. The President may sign deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Association or shall be required by law to be otherwise signed or executed. In general, the President shall perform all duties incident to office of and such other duties as may be prescribed by resolution of the Board from time to time.
- 7.7 Vice President.** In the absence of the President or in the event of his or her death, disability or refusal to act, the Vice President shall perform the duties of the President. When so acting, the Vice President shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to the Vice President by resolution of the Board.
- 7.8 Secretary.** The Secretary shall keep the minutes of the proceedings of the members and Board, shall give notices in accordance with the provisions of these Bylaws and as required by law, shall be custodian of the corporate records of the Association, shall keep a record of the names and addresses of all members, may sign with the President or a Vice President all deeds, mortgages, bonds, contracts, or other instruments which shall have been authorized by resolution of the Board, and in general shall perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by resolution of the Board.
- 7.9 Treasurer.** If required by the Board, the Treasurer shall give a bond for the faithful discharge of his or her duties, in such sum and with such surety or sureties as the Board shall determine. The Treasurer shall have charge and custody of and be responsible for keeping correct and complete books and records of account for all funds and securities of the Association; receive and give receipts for monies due and payable to the Association from any source whatsoever; deposit all such monies in the name of the Association in the banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws; and in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by resolution of the Board.

## ARTICLE 8 COMMITTEES

The Board shall appoint an Architectural Control Committee, as provided in the Declaration. The Board shall appoint other committees as deemed appropriate for carrying out its purposes.

## ARTICLE 9 CONTRACTS, LOANS, CHECKS, DEPOSITS

- 9.1 Contracts.** The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and that authority may be general or confined to specific instances.
- 9.2 Loans.** No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board which authority may be general.
- 9.3 Checks, Drafts, Etc.** All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by the officer or officers, or agent or agents, of the Association and in the manner as shall from time to time be prescribed by resolution of the Board.
- 9.4 Deposits.** All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in the banks, trust companies or other depositories as the Board may select.
- 9.5 Loans to Directors and Officers.** No loans shall be made by the Association to any officer or to any director.

## ARTICLE 10 ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments not paid when due shall be delinquent. No Owner may waive or otherwise escape liability for the assessments provided for herein and in the Declaration by non-use of the Common Areas or abandonment of his or her Lot.

## ARTICLE 11 RULES OF PROCEDURE

The rules of procedure at meetings of the Board, meetings of the members, and committee meetings shall be the rules contained in Roberts' Rules of Order on Parliamentary Procedure, as amended, so far as applicable and when not inconsistent with these Bylaws, the Articles of Incorporation or any resolution of the Board.

## ARTICLE 12 INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

### 12.1 Powers. The Association shall have the following powers:

12.1.1 Power to Indemnify. The Association may indemnify and hold harmless to the full extent permitted by applicable law each person who was or is made a party to or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any actual or threatened action, suit or other proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director, officer, member of the Architectural Control Committee, employee or agent of the Association, whether the basis of such proceeding is alleged action or omission in an official capacity or in any other capacity while serving as a director, officer, member of the Architectural Control Committee, employee, agent, trustee or in any other capacity, against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA, excise taxes or penalties and amounts to be paid in settlement) actually or reasonably incurred or suffered by such person in connection therewith. Such indemnification may continue as to a person who has ceased to be a director, officer, member of the Architectural Control Committee, employee or agent of the Association and shall inure to the benefit of his or her heirs and personal representatives.

12.1.2 Power to Pay Expenses in Advance of Final Disposition. The Association may pay expenses incurred in defending any such proceeding in advance of the final disposition of any such proceeding; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made to or on behalf of a director, officer, employee or agent only upon delivery to the Association of an undertaking, by or on behalf of such director, officer, employee or agent, to repay all amounts so advanced if it shall ultimately be determined that such director, officer, employee or agent is not entitled to be indemnified under this Article or otherwise, which undertaking may be unsecured and may be accepted without reference to financial ability to make repayment.

12.1.3 **Power to Enter Into Contract.** The Association may enter into contracts with any person who is or was a director, officer, employee and agent of the Association in furtherance of the provisions of this Article and may create a trust fund, grant a security interest in property of the Association, or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

**12.2 Expansion of Powers.** If the Washington Business Corporation Act or the Washington Nonprofit Corporation Act is amended in the future to expand or increase the power of the Association to indemnify, to pay expenses in advance of final disposition, to enter into contracts, or to expand or increase any similar or related power, then, without any further requirement of action by the members or directors of this corporation, the powers described in this Article shall be expanded and increased to the fullest extent permitted.

**12.3 Limitation on Powers.** No indemnification shall be provided under this Article to any such person if the Association is prohibited from paying such indemnification by applicable law as then in effect. For example, no indemnification shall be provided to any director in respect of any proceeding, whether or not involving action in his or her official capacity, in which he or she shall have been finally adjudged to be liable on the basis of intentional misconduct or knowing violation of law by the director or that the director personally received a benefit in money, property or services to which the director was not legally entitled.

No indemnification shall be provided under this Article to any person if payment of such indemnification would subject the Association to imposition of any of the excise taxes imposed pursuant to Sections 4941, 4942, 4943, 4944, or 4945 of the Internal Revenue Code of 1986, as amended from time to time, or would cause the Association to lose its tax exempt status (if any) from federal income taxation.

**12.4 Rights Not Exclusive.** The right to indemnification and payment of expenses in advance of final disposition of a proceeding conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Articles of Incorporation, Bylaws, agreement, vote of members or disinterested directors or otherwise.

**12.5 Insurance.** The Association may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee, agent or trustee of the Association or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Association would have the power to indemnify such person against such expense, liability or loss under applicable law.

- 12.6 Survival of Benefits.** Any repeal or modification of this Article shall not adversely affect any right of any person existing at the time of such repeal or modification.
- 12.7 Severability.** If any provision of this Article or any application thereof shall be invalid, unenforceable or contrary to applicable law, the remainder of this Article, or the application of such provision to persons or circumstances other than those as to which it is held invalid, unenforceable or contrary to applicable law, shall not be affected thereby and shall continue in full force and effect.
- 12.8 Applicable Law.** For purposes of this Article, “applicable law” shall at all times be construed as the applicable law in effect at the date indemnification may be sought, or the law in effect at the date of the action, omission or other event giving rise to the situation for which indemnification may be sought, whichever is selected by the person seeking indemnification. As of the date hereof, applicable law shall include RCW 23B.08.500 through .600, as amended.

## **ARTICLE 13 BOOKS AND RECORDS**

The Association shall keep correct and complete books and records of account, minutes of the proceedings of the meetings of its members, the Board and any committees designated by the Board, and such other records as may be necessary or advisable. The books and records shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws 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 14 FISCAL YEAR**

The fiscal year of the Association shall be the calendar year, except that the first fiscal year shall begin on the date of incorporation.

## **ARTICLE 15 COPIES OF RESOLUTIONS**

Any person dealing with the Association may rely upon a copy of any of the records of the proceedings, resolutions or votes of the Board when such records are certified by the President or Secretary.

## **ARTICLE 16 LIMITATION ON DISTRIBUTION OF FUNDS**

Subject to the applicable law, the funds of the Association may be distributed only for the purposes of the Association as described in the Articles of Incorporation.

## ARTICLE 17 AMENDMENTS TO BYLAWS

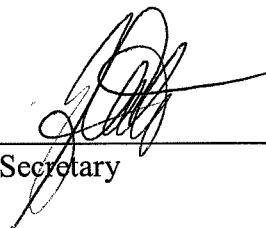
These Bylaws may be altered, amended or repealed, and new Bylaws may be adopted, by the Board or by the members, except that (i) as long as HUD or the Veterans Administration is guaranteeing any mortgage encumbering the Property, any significant material change in these Bylaws must be approved by HUD or the Veterans Administration, as appropriate, and (ii) any significant material change must be approved by King County, as appropriate. Any bylaw adopted, amended or repealed by the directors may be repealed, amended or reinstated by the members at the next meeting of members following such action, without further notice than this Bylaw.

## ARTICLE 18 PROHIBITED ACTIVITY

- 18.1 Self-Dealing.** The Association will not engage in any act of “self-dealing” as defined in Section 4941 (d) of the Internal Revenue Code of 1986, as amended from time to time (the “Code”), which would give rise to any liability for the tax imposed by Section 4941 (a) of the Code.
- 18.2 Excess Business Holdings.** The Association shall not retain any “excess business holdings” as defined in Section 4943(c) of the Code which would give rise to any liability for the tax imposed by Section 4943(a) of the Code.
- 18.3 Investments.** The Association shall not make any investment which would jeopardize the carrying out of its exempt purposes, within the meaning of Section 4944 of the Code, so as to give rise as to any liability for the tax imposed by Section 4944(a) of the Code.
- 18.4 Taxable Expenditures.** The Association shall not make any “taxable expenditures” as defined in Section 4945(d) of the Code which would give rise to any liability for the tax imposed by Section 4945(a) of the Code.

The undersigned, being the Secretary of the Association, hereby certifies that these Bylaws are the Bylaws of The Mews at Lake Wilderness Homeowners Association, adopted by resolution of the directors on December 18, 2002.

DATED this 18 day of December, 2002.

  
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Secretary