

BY-LAWS OF UNION HILL WATER ASSOCIATION, INC.

REVISED FEBRUARY 12, 1997

ARTICLE I

Membership

Section 1

The membership of the Union Hill Water Association, hereafter called the "Association", shall consist of the following: Any bonafide owner of property within the Union Hill Water Association Service Area, as defined in the approved Comprehensive Plan, who has been granted membership by the Board of Trustees and who signs such agreements for the purchase of water as may be provided and required by the Association. The Board's consideration of applications for membership shall include, but is not limited to, the guidelines and policies for development and expansion of the water system and ability to serve additional property. The membership fee shall be \$200.00 for charter members and such fee or fees as shall be determined by the Board of Trustees for non-charter members. Every member charter and non-charter is eligible to apply for additional memberships provided, however, the cost to a charter member for the first additional membership shall be \$200.00. Charter memberships are those which were accepted prior to the time of original construction of the initial system and all members admitted after such time are non-charter members.

Section 2

Each member shall be entitled to purchase from the Association, pursuant to such agreements as may from time to time be provided and required by the Association, such water for domestic, livestock, garden, industrial and commercial purposes as a member may desire, subject, however, to the conditions of membership, the provisions of these By-Laws and such rules, regulations and policies as may be prescribed by the Board of Trustees.

Section 3

There shall be a Membership Fee required for all members. This fee will cover the Association cost of infrastructure and will be dependent upon anticipated demand on the facilities and services of the Association. Payment of this fee may take place either prior to or after development of the property. This membership does not allow the delivery of water but rather the right of water delivery at some future time. In no case shall the Union Hill Water Association be obligated to provide water or service greater than the amount provided for in the membership which has been both granted and paid for. The monthly basic fees must be paid to the Association to maintain the membership. Memberships may be terminated by members, their heirs or legal representative, by proper written notice to the Association only in those cases where the Association has not provided water to the property. The Association shall in those cases repurchase the membership at the purchased book value. There shall be 5 types of memberships in the Union Hill Water Association; in order of decreasing priority they are: Residential, Residential-Business, Institutional, Commercial and Interruptible. It shall be consistent with the goals of the Association to establish different Usage, Connection and Basic Fees for the different types of memberships and individual memberships in those types. Usage, Connection and Basic Fees shall be set by the Board of Trustees for each type of

membership and reviewed in a timely manner and adjusted, as required, so as to be consistent with the policies of the Association.

It shall further be deemed appropriate that all Connection and Basic Fees will be based on residential equivalences. Residential equivalences shall mean the multiple, either whole or fractional, by which a specified membership uses or is anticipated to use more services and/or water than usual residential memberships as determined by the Board of Trustees. When multiple uses are present on one property, either a membership for each type of use must be purchased or a single membership purchased which is of the highest use type. Policies, agreements and fees for each type of membership shall be established by the Board of Trustees and be consistent with these Revised By-Laws and the Articles of Incorporation as filed with the State of Washington. Adoption of these Revised By-Laws, in and by itself, shall not result in any increase in any fee to the membership.

- a. **Residential Memberships** – Those memberships for properties which require water for domestic, livestock, lawn, and garden use. This use must be for personal use only and not associated with any business or commercial use, either profit or non-profit. One and only one residential membership shall be granted for a single dwelling unit.
- b. **Residential-Business Memberships** – Those memberships for residentially zoned properties which support businesses allowed in such zones. Membership fees for residential business memberships may have multiple residential equivalencies depending upon, but not limited to, peak demands on both water service and delivery.
- c. **Institutional Memberships** – Those memberships for properties which, as a primary function, are used by a non-profit organization as registered with the State of Washington. As an ancillary use these properties may provide water service for no more than one domestic dwelling which shall be for the sole use of an employee or caretaker for such organization.
- d. **Commercial Memberships** – Those memberships purchased for all properties which are both zoned and used for commercial or business purposes. Membership fees for commercial memberships may have multiple residential equivalencies depending upon, but not limited to, peak demands on both water service and delivery.
- e. **Interruptible Service Memberships** – Those memberships granted to owners of land who use water for non-domestic purposes, who have either profit or non-profit status as registered with the State of Washington, and who obtain water delivery at the discretion of the Union Hill Water Association. Membership fees for interruptible service

memberships may have multiple residential equivalencies depending upon, but not limited to, peak demands on both water service and delivery.

Section 4

All membership records shall be kept in the Association books. This information shall include, but not be limited to: name, address, type of membership, stipulations of membership and conditions of membership.

- a. All memberships and their rights, duties, and obligations are subject to the conditions and restrictions contained in the Articles of Incorporation and By-Laws and Amendments to the same of the Union Hill Water Association.
- b. Transfer of membership shall be made only when the transferring member is free from indebtedness to the Association. In no case shall transfer of membership to any other type of membership be made without full consideration and approval of membership by the Board of Trustees.
- c. Each membership shall have one and only one vote on matters properly brought before the general membership for vote; however, it shall be permissible for an individual member to hold more than one membership. Proxy voting will not be allowed except as provided for in Article IX. The vote of each membership shall be cast as a single vote; fractional votes shall not be permitted. If only one of multiple owners of a membership is present at a meeting of the Association, that member is entitled to cast the vote allocated to that membership. If more than one of the multiple owners of a membership is present they shall agree among themselves as to how their vote shall be cast. The multiple owners shall be deemed to have agreed if any one of them cast the vote allocated without protest being made promptly to the person presiding over the meeting by any of the other owners of the membership. If multiple owners are unable to agree among themselves as to how their vote shall be cast, they shall lose their right to vote on the matter in question.
- d. Every member, upon becoming a member of this Association, agrees to sign such agreement for the purchase of water from the Association as may from time to time be provided and required by the Association. All user memberships shall run with the land

and shall not be transferred or assigned to any other individual or corporation except, in the event of a sale of the member's land, to the purchaser of such land and when in compliance with Sections 2 and 4b of Article I of these Revised By-Laws.

Section 5

a. The annual meeting of the membership of the Union Hill Water Association shall be held on the second Wednesday of February each year. Special meetings of the membership of the Association may be called any time by the action of the Board of Trustees and such meetings must be called whenever a petition requesting such meeting is signed by at least ten percent of the members and presented to the Secretary or the Board of Trustees. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat except as is specified in the notice.

b. Unless as otherwise stated in these By-Laws, the Annual Meetings, Special Membership Meetings and Board of Trustees Meetings shall be conducted by Robert's Rules of Order, Revised.

Section 6

Notice of a meeting of the membership of the Association shall be given by notice mailed to each member of record, directed to the address shown on the books of the Association, at least twenty days prior to the meeting. Such notice shall state the nature, time, place and purpose of the meeting.

Section 7

The membership present at any meeting of the membership shall constitute a quorum at any meeting of the Association for the transaction of business. All voting shall be in person except proxy voting which shall be allowed for proposed By-Law amendments, as stated in Article IX of these By-Laws, and ballot voting for Trustees, as provided in Section 8 of this Article. The voting powers of the members of this association shall be equal.

Section 8

Trustees for the Union Hill Water Association shall be elected as follows:

- a. The Association shall notify all members of any open positions on the Board of Trustees, such notice shall indicate a number for each position which shall be used for all voting.
- b. Those persons wishing to be on the ballot for Board of Trustees shall indicate such interest by the first Tuesday of November to the Association office and declare for which numbered position they are a candidate.
- c. Statements by each candidate will be sent to all members along with an official ballot and the annual meeting notice.

- d. Ballots may be returned by mail to the Association office no later than the close of business on the second Wednesday of February or may be cast, in person, at the annual meeting.
- e. The nominee who receives the largest number of votes for each numbered position shall be declared winner. In the event of a tie the winner shall be determined by a toss of the coin. Those elected to the Board of Trustees shall take office at the next meeting of the Board of Trustees.

Section 9

The order of business at annual meetings and so far as possible at all other meetings shall be:

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

ARTICLE II

Board of Trustees

Section 1

The business and property of Union Hill Water Association shall be managed by a Board of five Trustees, all of whom shall be members of the Association. At the first annual meeting of the new membership, one trustee shall be elected for a term of one year, two trustees for two years and two trustees for three years. Thereafter each trustee shall be elected for a three year term as provided in Article I of these By-Laws.

Section 2

The Board of Trustees, at the next monthly meeting following the election of trustee(s), shall elect by ballot, a president, vice-president and secretary/treasurer, each of whom shall hold office until the election and qualification of his successor unless sooner removed by death, resignation or for cause.

A vacancy in any office thus created by filling the vacancy in the Board, shall be filled by the Trustees from among their number so constituted after the vacancy in the Board has been filled.

Section 3

The Board of Trustees of the Association shall hold monthly meetings and such special meetings as they deem necessary for the competent management of the affairs of the Association.

Section 4

If the position of trustee becomes vacant by reason of death, resignation, retirement, disqualification, or otherwise, except removal from office, a majority of the remaining trustees, although less than a quorum, shall, by majority vote, choose a successor who shall hold that position until replaced at the next regular election, at which time the general membership shall nominate and elect a trustee to serve for the unexpired term as stated in Article I Section 8.

Section 5

Trustees may be removed from their position in the following manner: Any member or trustee may present charges against a Trustee by filing them in writing with either the Secretary or President of the Association. If presented by a member, the charges must be accompanied by a petition signed by 10% of the membership of the Association. The trustee against whom such charges have been presented shall be informed in writing of such charges within 10 days of receipt by the Association. Action on such charges shall take place at the next annual meeting or special meeting provided notice of such action is included in the meeting notice delivered to each member as stated in Article I Section 6. The trustee shall have the opportunity at such a meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges against him shall have the same opportunity. A vacancy in the Board of Trustees thus created shall immediately be filled by election of a temporary trustee, by a vote of the majority of the members present and voting at such meeting, who shall hold the position until replaced at the next regular election, at which time the general membership shall nominate and elect a trustee to serve for the unexpired term as stated in Article I Section 8.

Section 6

Unexcused absence from two consecutive meetings of the Board of Trustees shall be due cause for disqualification as a trustee.

Section 7

Each member of the Board of Trustees shall possess one vote in matters coming before the Board. All voting at meetings of the Board of Trustees shall be by each member in person and voting by proxy shall not be allowed. Three members of the Board of Trustees shall constitute a quorum.

Section 8

Compensation of officers and trustees may be fixed at any annual meeting or special meeting of the membership of the Association.

Section 9

As a part of but not limited to the exercise of the management of the business of the Association, the trustees shall pass upon the qualifications of members, see to the recordation and removal of memberships on the Association's books, select and appoint all officers, agents or employees of the Association or remove such agents or employees of the Association for just cause, prescribe such duties and designate such powers as may not be inconsistent with these By-Laws, fix their compensation and pay for faithful services, borrow money, procure goods or services from any source, and make and issue notes and other negotiable and transferable instruments, mortgages, deeds of trust and trust agreements and do every act and thing necessary to effectuate the same, prescribed, adopt, from time to time, such equitable uniform rules and regulations as, in their discretion may be deemed essential or convenient for the conduct of the business and affairs of the Association and the guidance and control of its officers, and employees, and to prescribe adequate penalties for the breach thereof. To establish and impose a schedule of rates and charges for water service and installation fees and charges, to levy and collect the same and to review, revise, alter and amend the same from time to time as may be necessary; to establish, review, revise, and alter and amend, from time to time, policies and guidelines for the development and expansion of the water system and to implement the same by such means as they deem appropriate. To order, at least once a year, an audit of the books and accounts of the Association by a competent public auditor or accountant. The report prepared by such auditor or accountant shall be available to all Association members during regular business hours at the Association offices. A copy of the summary of the annual audit shall be distributed to all members present at the annual meeting. To require all officers, agents, and employees charged with responsibility for the custody of any of the funds of the Association to give adequate bonds, the cost thereof to be paid by the Association, and it shall be mandatory upon the trustees to so require. To select one or more financial institutions to act as depositories of the funds of the Association and to determine the manner of receiving, depositing, and disbursing the funds of the Association in the form of checks and the person or persons by whom the same shall be signed, with the power to change such financial institutions and the person or persons signing such checks and the form thereof at will. To levy assessments against the membership of the Association and to enforce the collection of such assessments by the suspension of delinquent memberships. The Board of Trustees shall have the option to declare suspended any membership on which assessment has not been paid, at any time after ninety days from the date the assessment was due, provided that the Association must give the member at least thirty days' written notice at the address of the member on the books of the Association, or its intention to suspend the membership if the assessment is not paid in full.

ARTICLE III

Duties of Officers

Section 1

President. The president of the Board of Trustees shall supervise all activities of the Association; execute all instruments in its behalf; preside at all meetings of the Board of Trustees and of the membership of the Association; call such meeting of the membership as shall be deemed necessary,

other than the annual meeting of the membership; and perform such other duties usually inherent in such office.

Section 2

Vice President. The vice president of the Board of Trustees shall act for the president in his absence and perform such other acts as the president may direct.

Section 3

Secretary/Treasurer. The Secretary/Treasurer shall be responsible for all records of the Board of Trustees and of the Association, and perform such other acts as the President may direct. He shall have general charge of the books and records of the Association. He shall execute such papers pertaining to the Association as he may be authorized or directed to do by the Board of Trustees. He shall serve all notices required by law and by these By-Laws and shall make a full report of all matters, audited financial statements as prepared by independent auditors and business pertaining to his office to the members at the annual meeting. He shall be responsible for the corporate seal and membership records of the Association, affix said corporate seal to all papers requiring seal. He shall review the proper keeping of the membership records by the office staff. He shall make all reports required by law and shall perform such other duties as may be required of him by the Association or the Board of Trustees. Upon the election of his successor, the Secretary/Treasurer shall turn over to him all books and other property belonging to the Association that he may have in his possession. He shall also perform such duties with respect to the finances of the Association as may be prescribed by the Board of Trustees.

ARTICLE IV

Corporate Seal

Section 1

The corporate seal shall be the usual impression by means of raised letters to read as follows and of which an impression is hereto affixed:

Union Hill Water Association
Non-Profit Non-Stock Corporation
1966 – Washington

ARTICLE V

Benefits and Duties of Members

Section 1

The Association will itself, or by provision through any other means, including but not limited to developer extension agreements, 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 Association, at which, points, designated as delivery points, meters to be purchased, installed, owned and maintained by the Association shall be placed. The cost of the service line or lines from the main distribution pipeline or lines from the Association to the property line of each member shall be paid or provided for by the Association by such means as it deems feasible, including but not limited to developer extension agreements, and provision for

latecomers charges by the Association. The Association 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 Association and to be installed in some portion of the service line owned by the Association. The Association shall have the sole and exclusive right to use such cut-off valve to turn it on and off.

Section 2

Each member shall be entitled to purchase from the Association, pursuant to such agreements as may from time to time be provided and required by the Association, such water for domestic, livestock, garden, industrial and commercial purposes as a member may desire, subject however to the provision of these By-Laws, such rules and regulations as may be prescribed by the Board of Trustees and the following:

- a. Each Residential Membership shall be entitled to one service line and delivery through such line of such water as may be necessary to service not more than one dwelling unit, the livestock owned by the residents of such dwelling unit and irrigation of a garden, including landscaping, not to exceed one acre, subject, however, to the provisions of these By-Laws and regulations as may be prescribed by the Board of Trustees. Dwelling unit means one or more rooms regularly occupied by one family and containing kitchen facilities for use solely by one family. All rooms comprising a dwelling unit shall have access through an interior door to other parts of the dwelling unit.
- b. Residential/Business Memberships shall entitle the holder thereof to one service line and water delivery through such line as may be necessary for those uses which are both allowed in the King County Zoning Code and in accordance with the membership application. Water use and delivery are additionally subject to the provisions of these By-Laws and regulations as may be prescribed by the Board of Trustees.
- c. Institutional memberships shall entitle the holder thereof to one service line and water delivery through such line as may be necessary to service allowed non-profit and associated caretaker uses. Subject, however, to the provisions of these By-Laws and regulations as may be prescribed by the Board of Trustees.
- d. Commercial Memberships shall entitle the holder thereof to one service line, water delivery through such line as may be necessary to service allowed commercial operations, as permitted by King County zoning regulations, in amounts consistent with the Certificate of Water Availability or agreements with the Association, and subject, however, to the provisions of these By-Laws and regulations and policies as may prescribed by the Board of Trustees.
- e. Interruptible Memberships shall entitle the holder thereof to one service line and water delivery through such line as may be necessary for allowable non-domestic uses. However, as a condition of such membership delivery of water will be at the sole discretion of the Board of Trustees or their agent. Union Water Association, its Board of Trustees, or agents shall not be held liable for any damages, cost or fees which result from interruption of water service or delivery. It shall be incumbent on the owner of such membership to prepare for such interruption of service. Water use and delivery are additionally subject to the provisions of these By-Laws and regulations as may be prescribed by the Board of Trustees.

Section 3

- a. The cost of each service line shall be the cost of installation thereof and shall be paid in cash. Each service line shall be on a separate meter.

b. The provisions of Article 1, Section 1 notwithstanding, no member or charter member shall be entitled to additional service lines, nor shall any change be made in any existing service line if the addition lines or change in existing lines will substantially interfere with an existing line or the delivery of water therein, or if it will unreasonably interfere with the capacity of the system. Each service line shall connect with the Association's water system at the nearest available place to the place of desired use by the member of the Association's water system and shall be of sufficient capacity to permit the delivery of water through a service line at that place without substantially interfering with the delivery of water through a prior service line. If the Association's water system shall be inadequate to permit the delivery of water through a service line, then such service line shall be installed at such place as may be designated by the Association. Each member will be required to dig or have dug a ditch for the connection of the line or lines from the property line of the member to his dwelling or other portion of his premises and will also be required to purchase and install the portion of the line or lines from his property line to the place of use on his premises and to maintain such line or lines which shall be owned by the member, at his own expense.

Section 4

In the event the total water supply is insufficient, there is a shortage of water, or lack of delivery capability, whether due to lack of adequate capacity or equipment failure, to meet all the needs of other members, the Association may prorate the water available among the various members on such basis as is deemed equitable by the Board of Trustees, and 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 for domestic, livestock, garden, irrigation, industrial and commercial purposes, the corporation must first satisfy all the needs of the residential memberships for domestic purposes before supplying any water for livestock purposes, and must supply all of the needs of the members for both domestic and livestock purposes before supplying water for garden, irrigation, industrial and commercial purposes. At any time when the Association is operating with insufficient water to supply all users it shall be Association policy to reduce or suspend all or part of its water delivery to Interruptible memberships as deemed necessary by the Board of Trustees or their agent.

Section 5

It shall be the sole responsibility of the Board of Trustees to no less than once a year determine the flat minimum monthly rate to be charged each member during the following calendar year, and the flat minimum monthly rate to be charged each user member during the following calendar year for specified quantity of water, such flat minimum monthly rate to be payable irrespective of whether any water is used by a member during any month if service facilities are installed for such member and amount of additional charges, if any, for additional water which may be supplied the member; shall fix the dates for the payment of such charges, and shall notify each member of any rate or billing change in a timely manner. A member entitled to the delivery of water, shall pay such charges at the office of the Association at or prior to the dates fixed by the Board of Trustees. Failure to pay water charges duly imposed shall result in the imposition of penalties, including but not limited to, suspension of water delivery and suspension of membership until such time as all charges, fees, assessments and fines, if any, are paid in full.

Section 6

The Board of Trustees shall be authorized to require each member to enter into water users' agreements which shall embody the principles set forth in the foregoing sections of this article.

ARTICLE VI

Limitations of Trustees' Liability

A trustee shall have no liability to the Association or its members for monetary damages for conduct as a trustee, except for acts or omissions that involve (i) intentional misconduct by the trustee, (ii) a knowing violation of law by the trustee, (iii) conduct violating RCW 23B.08.310, or (iv) for any transaction from which the trustee will personally receive a benefit in money, property or services to which the trustee is not legally entitled. If the Washington Business Corporation Act is hereafter amended to authorize corporation action further eliminating or limiting the personal liability of directors, then the liability of a trustee shall be eliminated or limited to the full extent permitted by the Washington Business Corporation Act, as so amended. Any repeal or modification of this Article shall not adversely affect any right or protection of a trustee of the Association existing at the time of such repeal or modification for or with respect to an act or omission of such trustee occurring prior to such repeal or modification.

ARTICLE VII

Indemnification of Directors and Officers

Section 1

Right of Indemnification. Each person who was or is made a party 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 proceeding whether civil, criminal, administrative or investigative, by reason of the fact that she or he is or was a trustee or officer of the Association or, being or having been such a trustee or officer, she or he is or was serving at the request of the Association as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a trustee, officer, employee or agent or in any other capacity while serving as a trustee, officer, employee or agent or in any other capacity, shall be indemnified and held harmless by the Association to the full extent permitted by applicable law as then in effect, 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 shall continue as to a person who has ceased to be a trustee, officer, employee or agent and shall insure to the benefit of her or his heirs, executors and administrators. No indemnification shall be provided under Article VI to any such person if the corporation is prohibited by the non-exclusive provisions of the Washington Business Corporation Act or other applicable law as then in effect from paying such indemnification. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Association the expenses incurred in defending any such proceeding in advance of the final disposition; 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 trustee or officer only upon delivery to the Association of an undertaking, by or on behalf of such trustee or officer, to repay all amounts so advanced if it shall ultimately be determined that such

trustee or officer 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.

Section 2

Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles Incorporation, By-Laws, agreement, vote of members or disinterested trustees or otherwise.

Section 3

Insurance, Contracts and Funding. The Association may maintain insurance, at its expense, to protect itself and any trustee, officer, employee or agent 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 the Washington Business Corporation Act. The Association may enter into contracts with any trustee or officer of the Association in furtherance of the provisions of this Article and may create a trust fund, grant a security interest 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.

ARTICLE VIII

Distribution of Surplus Funds

Section 1

It is not anticipated that there will be any net income. If there should be any, then at the end of the fiscal year, after paying the expenses of the Association 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 or obligations and amortized debts of the Association, 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 Association, and for such other purposes as the Board of Trustees may determine to be for the best interest of the Association. The said surplus fund or any portion thereof may from time to time, at the discretion of the Board of Trustees, be distributed to the members as provided in the By-Laws, on the basis of the assessments and charges made and levied against and paid by such members during the year.

Section 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 IX

Amendments to By-Laws

Section 1

These By-Laws may be repealed or amended by the vote of a 2/3 majority of eligible voters with proxy voting allowed. By-Laws may be amended at any annual meeting of the Association, or at any special meeting of the Association called for that purpose, except that the members shall not have the power to change the purposes of the Association 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 Association or its members, or to deprive any member of rights and privileges then existing, or so to amend the By-Laws as to affect a fundamental change in the policies of the Association. Notice of any amendment to be made at a special meeting of the members must be given at least twenty days before such meeting and must set forth the amendments to be considered.