

(c) To fix the rate of the annual assessments which shall be imposed and to expend monies collected or received by the Corporation for the payment and discharge of all proper costs, expenses and obligations incurred in carrying out any of the purposes herein set forth.

(d) To borrow money, and to mortgage or otherwise encumber any or all of the real estate or personal property which may be owned by the Corporation as security therefor.

(e) In general to do all acts or things in relation to said subdivision which may be conducive to the beauty, entertainment, or cultural enhancement of the neighborhood.

Section 2. This Corporation is not organized and shall not be operated for pecuniary gain or profit and it shall have no capital stock.

ARTICLE III.

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of such Lot shall be the sole qualification for membership.

ARTICLE IV.

VOTING RIGHTS AND QUORUM

Section 1. Each lot owner shall be entitled to one (1) vote for each lot that qualifies him as a member in the Association, except Pebble Creek Development, a Partnership, which Partnership shall be entitled to 1,800 votes initially. Such Partnership's voting rights, however, shall be reduced by three (3) at such time as a Lot is conveyed and a new member admitted to the Association. When more than one person holds an interest in any Lot, all such persons shall be members and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast to any Lot, except as to those voting rights herein reserved to Pebble Creek Development, a Partnership.

Section 2. The provisions of Sections 4. and 5, of Article IX., of these By-Laws, shall prevail as to quorum requirements relating to annual and special assessments.

Section 3. Other than as above provided, thirty-five (35%) per cent of the eligible members voting in person or by proxy shall constitute a quorum for the transaction of business at a meeting of the members held after due notice.

Section 4. All proxies shall be in writing and filed with the Secretary prior to the meeting. Every proxy shall be revocable and shall automatically cease upon the conveyance by a member of his property in the subdivision.