



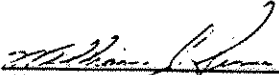
STATE OF MARYLAND
STATE DEPARTMENT OF ASSESSMENTS AND TAXATION
301 WEST PRESTON STREET
BALTIMORE 21201

THIS IS TO CERTIFY THAT the within instrument is a true copy of the
ARTICLES OF INCORPORATION
OF
THE FALLSREACH HOMEOWNERS ASSOCIATION, INC.

as approved and received for record by the State Department of Assessments
and Taxation of Maryland, February 8, 1978

at 8:30 o'clock AM

AS WITNESS my hand and official Seal of the said Department at
Baltimore this 10th day of February, 1978


WILLIAM J. SIMMONS
CHARTER SPECIALIST, III

ARTICLES OF INCORPORATION
THE FALLSREACH HOMEOWNERS ASSOCIATION, INC.

THIS IS TO CERTIFY:

That I, Robert L. Mitchell, whose post office address is c/o C-I/MITCHELL & BEST COMPANY, 9313 Reach Road, Potomac, Montgomery County, Maryland 20854, being at least twenty-one (21) years of age, do hereby declare myself as incorporator with the intention of forming a corporation under and by virtue of the General Laws of the State of Maryland, and for such purposes do hereby make, execute and adopt the following Articles of Incorporation.

ARTICLE I. The name of the Corporation shall be:
THE FALLSREACH HOMEOWNERS ASSOCIATION, INC.

ARTICLE II. The principal office for the transaction of business of the Association shall be initially located in the County of Montgomery, State of Maryland, at:

c/o C-I/Mitchell & Best Company
9313 Reach Road
Potomac, Maryland 20854

Robert L. Mitchell of 14704 Westbury Road, Rockville, Maryland 20853, shall be designated as the statutory resident agent of the Association. Said resident agent is a citizen and actual resident of the State of Maryland.

ARTICLE III. The general purpose for which the Association is formed, and the business or objects to be carried on and promoted by it, are as follows:

(a) to organize and operate a corporation, no part of the net earnings of which is to inure to the benefit of any member or other individual;

(b) pursuant to and in a manner consistent with a certain Declaration relating thereto and heretofore recorded among the Land Records for Montgomery County, Maryland, to lease, acquire and to own and to provide for the maintenance, operation and management of certain common areas and community facilities located within a community in Montgomery County, Maryland known as "FALLSREACH", and to provide certain management and other services for the residential and other property located therein.

For the general purposes aforesaid, and limited to those purposes, the Association shall have the following powers:

- (1) to construct, improve and maintain, operate and to buy, own, sell, convey, assign, mortgage, lease or manage any real estate and any personal property necessary or incident to the furtherance of the business of the Association; and
- (2) to borrow money and issue evidence of indebtedness in furtherance of any or all of the objects of its business, to secure the same by mortgage, deed of trust, pledge, or other lien; and
- (3) to enter into any kind of activity, and to perform and carry out contracts of any kind necessary to, or in conjunction with, or incidental to the accomplishment of the non-profit purposes of the Association; and
- (4) to make patronage refunds to members as provided for in the By-Laws of the Association; and
- (5) insofar as permitted by law, to do any other thing that, in the judgment of the members or the Board of Directors, will promote the business of the Association or the common benefit of its members and, in general to exercise the powers set out in the Declaration hereinabove referred to and the By-Laws of the Association, and to do every other act not inconsistent with the law which may be appropriate to promote and attain the purposes set forth herein and in said Declaration and such By-Laws.

The foregoing enumeration of specific powers shall not be deemed to limit or restrict in any manner the general powers of the Association, and the enjoyment of the exercise thereof, as conferred by the General Laws of the State of Maryland.

ARTICLE IV. The Association shall have no authority to issue capital stock and will not be operated for profit. The Association does not contemplate the distribution of gains, profits or dividends to any of its members. The members of the Association shall not be personally liable for the debts, liabilities or obligations of the Association.

ARTICLE V. The Association shall have two classes of voting membership which shall be known as "Class A" and "Class B":

(a) There shall be 320 Class A memberships in the Association. With the exception of the Declarant, every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is a record owner of a fee interest in any lot which is part of the premises described in Article II of the Declaration, or which otherwise becomes subject by the covenants set forth in the Declaration to assessment by the Association, shall be a Class A member of the Association; provided, however, that any such person, group of persons, corporation, partnership, trust or other legal entity who holds such interest solely as security for the performance of an obligation shall not be a Class A member solely on account of such interest. Each Class A member shall be entitled to one (1) vote for each lot in which such member holds the interest required for Class A membership.

(b) There shall be 960 Class B memberships in the Association. The Class B member shall be the Declarant, its nominee or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class B membership by specific assignment from the Declarant. Each Class B membership shall be entitled to one (1) vote for each Class B membership which it holds. Each Class B membership shall lapse and become a nullity on the first to happen of the following events:

- (i) thirty (30) days following the date on which the total authorized, issued and outstanding Class A memberships equal 240; or
- (ii) On January 1, 1990; or
- (iii) upon the surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association.

Upon the lapse or surrender of any of the Class B memberships as provided for in this Article, the Declarant shall thereafter remain a Class A member of the Association as to each and every lot in which the Declarant then holds the interest otherwise required for such Class A membership.

The members of the Association shall have no preemptive rights, as such members, to acquire any membership of this Association that may at any time be issued by the Association except as may be specifically provided in this Article.

The property, voting and other rights and privileges of membership, the liability of each member for assessment for common expenses of the Association, and the method of collection thereof, shall be as set forth in the Declaration hereinabove referred to and the By-Laws of the Association.

ARTICLE VI. In the event any Class A member sells, assigns or otherwise transfers of record the fee interest in any lot in which he holds the interest required for Class A membership (whether voluntarily or by operation of law), such member shall, at the same time, assign the Class A membership appurtenant to said lot to the transferee of the lot and deliver it to him for transfer on the books of the Association. The foregoing requirement shall not apply in the event a lot is transferred as aforesaid merely as security for the performance of an obligation. Except as provided in this Article, Class A membership shall not be transferable.

ARTICLE VII. The number of Directors of the Association shall not be less than three (3) natural persons nor more than seven (7) natural persons, and the names and post office addresses of the Directors who shall act as such until the first annual meeting, or until such time as their successors are duly chosen and qualified are:

<u>Name</u>	<u>Address</u>
Robert L. Mitchell	c/o C-I/Mitchell & Best Company 9313 Reach Road Potomac, Maryland 20854
Louis A. Best	c/o C-I/Mitchell & Best Company 9313 Reach Road Potomac, Maryland 20854
Kenneth D. Grunst	c/o C-I/Mitchell & Best Company 9313 Reach Road Potomac, Maryland 20854
Richard L. DeHaven	c/o C-I/Mitchell & Best Company 9313 Reach Road Potomac, Maryland 20854
Celeste N. Mendez	c/o C-I/Mitchell & Best Company 9313 Reach Road Potomac, Maryland 20854

The qualifications, powers, duties and tenure of the office of Director and the manner by which directors are to be chosen shall be as prescribed and set forth in the By-Laws of the Association. Officers of the Association shall be elected and shall serve as provided for in said By-Laws.

ARTICLE VIII. The Association shall indemnify every Officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any Officer or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which such person may be made a party by reason of being or having been an Officer or Director of the Association whether or not such person is an officer or director at the time such expenses are incurred. The Officers and Directors of the Association shall not be liable to the members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such Officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any Officer or Director of the Association, or former Officer or Director of the Association may be entitled.

The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. No contract or other transaction between the Association and any corporation, firm or association in which one or more of the Directors of the Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or

approves the contract or transaction, or because his or their votes are counted for such purposes, if any of the conditions specified in any of the following paragraphs exist:

(a) the fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the Minutes, and the Board authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) the fact of the common directorate or interest is disclosed or known to the members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) the contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

Common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not such director or officer of such other corporation, or not so interested.

ARTICLE IX. Subject to the limitations set forth in these Articles of Incorporation, the By-Laws of the Association and the Declaration, the Association reserves the right to amend, alter or repeal any provision contained in these Articles in the manner now or hereafter prescribed by statute for the amendment of Articles of Incorporation.

ARTICLE X. As used in these Articles of Incorporation, the expression "Declarant" shall mean and refer to the Declarant, whether one or more, named in a certain Declaration dated the 31st day of January, 1978, and recorded the 2nd day of February, 1978, in Liber 5087 at folio 136 among the Land Records for Montgomery County, Maryland. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the Declaration.

