

ARTICLES OF INCORPORATION

OF

DERWOOD STATION HOMEOWNERS ASSOCIATION NO. 2, INC.

THIS IS TO CERTIFY:

FIRST: That I, the subscriber, Walter H. Magruder, Jr., whose address is Suite 26, 622 Hungerford Drive, Rockville, Maryland 29850, being at least twenty-one years of age, do under and by virtue of the general laws of the State of Maryland, authorizing the formulation of corporations, hereby form a corporation by the execution and filing of these Articles.

SECOND: That the name of the corporation (which is hereafter called the "Corporation") is:

DERWOOD STATION HOMEOWNERS ASSOCIATION No. 2, INC.

THIRD: That the purposes for which the Corporation is formed are as follows: To organize and operate an association exclusively for recreational, educational, charitable and welfare purposes, no part of the net earnings of which is to enure to the benefit of any member, shareholder or other individuals.

For the general purposes aforesaid and limited to those purposes, the Corporation (hereinafter sometimes referred to as the "Association") shall have the following powers and purposes:

(a) To promote the health, safety and welfare of the residents within those subdivisions located in Montgomery County, Maryland, known as Flats 22 through 27, Derwood Station, recorded among the Land Records of Montgomery County, Maryland, in Plat Book 114 as Flats 13562, 13563, 13564, 13565, 13566 and 13567, respectively, and which will be subject to the Declaration of Covenants, Conditions and Restrictions to be recorded among the said Land Records, giving this Association authority to fix

assessments and charges thereon and to maintain and control certain parcels of land to be conveyed to this Association, and for the aforesaid purposes to have the following powers.

(b) To own, acquire, build, operate and maintain recreational spaces and facilities, playgrounds, swimming pools, landscaping, streets, walkways, open spaces, parking areas, commons, buildings, structures, personal properties and other lands, property and interests in properties and to provide such facilities and services in connection therewith as may be deemed desirable and in conformance with the purposes of the Corporation.

(c) To fix assessments or charges to be levied against the lots, dwelling units, owners and residents of the portion of said property covered by the said Declaration of Covenants, Conditions and Restrictions.

(d) To exercise all of the powers and privileges and to perform all of the duties and obligations that this Association has set forth in the said certain Declaration of Covenants, Conditions and Restrictions to be recorded by Metro Joint Venture, as Declarant among the Land Records of Montgomery County, Maryland, applicable to the said property and common areas referred to therein and as the same may be amended from time to time as therein provided.

(e) To pay any taxes on the properties owned by this Corporation.

(f) To borrow money, and with the assent of two-thirds of each class of members, mortgage, pledge or hypothecate any or all of its real or personal property as security of money borrowed or debts incurred. No part of the Common Area shall be mortgaged, pledged or hypothecated except with the prior approval in writing of The Maryland-National Capital Park and Planning

Commission or any agency which may be successor thereto or, if there is a dissolution of said agency, any other appropriate agency of Montgomery County, Maryland.

(g) To dedicate, sell or transfer all or any part of the Common Area owned by the Association to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication, sale or transfer shall be effective unless an instrument has been signed by two-thirds of each class of members, agreeing to the same. No such dedication, sale or transfer shall be made except with the prior approval in writing of The Maryland-National Capital Park and Planning Commission or any agency which may be successor thereto or, if there is a dissolution of said agency, any other appropriate agency of Montgomery County, Maryland. Anything to the contrary in these Articles of Incorporation notwithstanding the Corporation may dedicate, transfer or convey Parcels C and F shown on Plat 24, Derwood Station to the Maryland-National Capital Park and Planning Commission without the necessity for agreement thereto by any members or consent by the Federal Housing Administration or the Veterans Administration or approval by other governmental agency.

(h) To participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and common area, provided any such merger, consolidation or annexation shall have the assent of two-thirds of each class of members, and have the prior written approval of The Maryland-National Capital Park and Planning Commission or any agency that may be successor thereto or, if there is a dissolution of said agency, any other appropriate agency of Montgomery County, Maryland.

(i) To do all things insofar as may be permitted by law as in the opinion of the Board of Directors will promote the common benefit and enjoyment of said residents in said areas of said subdivision.

(j) The Corporation shall be authorized to exercise and enjoy all the powers, rights and privileges granted to or conferred upon corporations of a similar character by the General Laws of the State of Maryland now or hereafter in effect, and the enumeration of the foregoing powers shall not be deemed to exclude powers, rights and privileges so granted or conferred.

FOURTH: The post office address of the principal office of the Corporation in this state is Suite 26, 622 Hungerford Drive, Rockville, Maryland 20850. The resident agent of the Corporation is Walter H. Magruder, Jr., whose address is Suite 26, 622 Hungerford Drive, Rockville, Maryland 20850. Said resident agent is a resident of the State of Maryland and actually resides therein.

FIFTH: This Corporation is not authorized to issue capital stock.

SIXTH: Every person who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by this Association, 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 which is subject to assessment by the Association.

SEVENTH: The Association shall have two classes of voting membership.

Class A. Class A members shall be all said owners qualifying for membership as aforesaid with the exception of the Declarant of said Declaration of Covenants, Conditions and Restrictions and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members and the vote for each such lot shall be exercised as such multiple owners of a lot shall among themselves determine. In no event shall more than one vote be cast with respect to any lot; and in the event that multiple owners of any lot have not designated in writing to the Corporation which one of them shall be entitled to cast the vote, the person who is first named on the deed of such lot shall be deemed to have the right to cast the vote. Members entitled to vote may by written proxy filed with the Association designate any other person to cast their votes.

Class B. The Class B member shall be the said Declarant (as defined in said Declaration) and shall be entitled to three votes for each lot owned. The votes of the Class B member shall be cast by such person as the Declarant shall in writing designate. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership or
- (b) on December 31, 1986.

EIGHTH: The Corporation shall have the right to impose a lien in accordance with the terms of said Declaration on the property owned by the Class A members that is covered by said Declaration in order to secure payment of any sums which shall

be due or become due from Class A members to the Corporation for any of the reasons set forth in said Declaration.

NINTH: In the event that any Class A member sells, assigns or otherwise transfers or records the fee interest in any lot in which he holds the interest required for Class A membership, 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 Corporation. The foregoing requirement shall not pertain in the event that 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.

TENTH: The Corporation shall have five directors, Walter H. Magruder, Jr., Kenneth S. Kasnett, Maynard Kline, Dianne A. Magruder and James V. Hoffman. At the first annual meeting of the members of the Corporation, five directors shall be elected, one of them for a term of one year, two for a term of two years, and two for a term of three years. At each annual meeting of the members thereafter, directors shall be elected for the vacancy or vacancies then occurring for a term of three years. The Directors need not be members of the Corporation. The members of this Corporation reserve the right to amend the Bylaws of the Corporation, to increase and decrease the number of members of the Board of Directors, but in no case after the said first annual meeting shall said number be less than five.

ELEVENTH: The Corporation shall indemnify every Officer and Director of the Corporation 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

proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Corporation) to which he may be made a party by reason of being or having been an Officer or Director of the Corporation whether or not such person is an Officer or Director at the time such expenses are incurred. The Officers and Directors of the Corporation shall not be liable to the members of the Corporation for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Officers and Directors of the Corporation shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Corporation, and the Corporation 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 Corporation, or former Officer or Director of the Corporation, may be entitled.

The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Corporation and the project. No contract or other transaction between the Corporation and one or more of its Directors, or between the Corporation and any corporation, firm or association (including the Grantor) in which one or more of the Directors of this Corporation 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 purpose, or because 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 contract or transaction is commercially reasonable to the Corporation 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 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 Officer or Director of such other corporation, or not so interested.

TWELFTH: Subject to the limitations hereinafter provided for, this Corporation 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.

Any other provision of these Articles of Incorporation to the contrary notwithstanding, neither the members, the Board of Directors nor the Corporation shall, by act or omission, take any of the following actions without the prior written consent and approval of the holders of all first mortgages of record on the lots and the Maryland-National Capital Park and Planning Commission or any agency that may be successor thereto or, if there is a dissolution of said agency, any other appropriate

agency of Montgomery County, Maryland, and as long as there is a Class B membership the prior approval of the Federal Housing Administration or the Veterans Administration.

(a) abandon, partition, subdivide, encumber, sell or transfer any of the common areas and community facilities, provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the common areas and community facilities by the members of the Corporation shall not be considered a transfer within the meaning of this Section and provided further that Parcels C and F shown on Plat 24, Derwood Station may be dedicated, transferred or conveyed as set forth in item Third (g) hereof; or

(b) abandon or terminate the Declaration; or

(c) modify or amend any material or substantive provision of these Articles of Incorporation, the Declaration or the Bylaws of the Corporation; or

(d) dissolve the Corporation.

(e) substantially modify the method of determining and collecting maintenance assessment as provided in the Declaration.

THIRTEENTH: These Articles of Incorporation may be amended only upon the assent of 75 percent of the total votes of all classes of members, and then only subject to the provision of paragraph TWELFTH above.

FOURTEENTH: The Corporation may be dissolved with the assent given in writing and signed by not less than two-thirds of each class of members, and then only subject to the provisions of paragraph TWELFTH above. Prior to any dissolution of the Corporation, other than incident to a merger or consolidation, the assets of the Corporation shall be first offered to be

dedicated to the Maryland-National Capital Park and Planning Commission or any agency which may be successor thereto or, if there is a dissolution of said Commission, any other appropriate public agency to be used for purposes similar to those for which this Corporation was created. In the event that such dedication is refused acceptance, each asset shall be granted, conveyed and assigned to any governmental agency, nonprofit corporation, association, trust or other organization to be devoted to purposes similar to those herein set forth.

FIFTEENTH: As long as there is a Class B membership, the following actions require the prior approval of the Federal Housing Administration or the Veterans Administration; annexation of additional properties, mergers and consolidations, mortgaging of common area, dedication of common area (but Parcels C and F, Plat 24, Derwood Station may be dedicated, transferred or conveyed as provided in item Third (g) hereof), dissolution of this Corporation and amendment of these Articles.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation on the 12th day of July, 1982.

Karen J. Viana
Witness

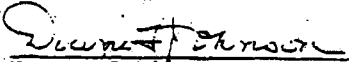
Walter H. Magruder, Jr.
Walter H. Magruder, Jr.

STATE OF MARYLAND)
)ss.
COUNTY OF MONTGOMERY)

I HEREBY CERTIFY that on this 12th day of July, 1982, before me, the subscriber, a Notary Public in the State of Maryland and the County of Montgomery, personally appeared Walter H. Magruder, Jr., known to me (or satisfactorily proven) to be the person whose name is subscribed to the within

instrument and acknowledged the foregoing Articles of Incorporation to be his act and that he executed the same for the purposes therein stated.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my seal.


Notary Public

My commission expires: 7/1/86