

APPLEGATE NORTH HOMEOWNERS' ASSOCIATION, INC.  
ARTICLES OF INCORPORATION

THIS IS TO CERTIFY:

FIRST: The undersigned, John H. Minzer, whose post office address is 95 Kettering Drive, Upper Marlboro, Maryland 20772, being at least eighteen years of age, is hereby forming a non-stock not-for-profit corporation under and by virtue of the general laws of the State of Maryland.

SECOND: The name of the corporation (which is hereinafter called the "corporation") is

APPLEGATE NORTH HOMEOWNERS' ASSOCIATION, INC.

THIRD: The purposes for which the Corporation is formed are as follows:

To organize and operate a real estate management association to provide for the acquisition, construction, management, maintenance, care and preservation of the open spaces, common area and facilities within those certain tracts of property described in paragraph (a) of this Article Third, and to promote the recreation, health, safety and welfare of the residents within said property, and any addition thereto as may hereafter be brought within the jurisdiction of this Corporation, no part of the net earnings of which is to inure to the benefit of, or be distributable to, any director, officer, or member of the Corporation, or any other individual, so that no pecuniary gain or profit to the members thereof is contemplated, and for such general purposes, and limited to those purposes, the Corporation shall have the following powers:

(a) To acquire, own, hold, preserve, develop, improve, build upon, manage, operate and maintain open space tracts or areas and common or recreational areas, property, facilities and real estate, whether fee simple or leasehold, and whether improved or unimproved, all designed for the common use, benefit, enjoyment, recreation, health, safety and welfare of the record owner or owners of each lot now or hereafter laid out or established within those parcels of land located in the 3rd Election District, Anne Arundel County, Maryland, as more particularly described in Exhibit A to that certain Declaration of Covenants, Conditions and Restrictions (the "Declaration") made by Ft. Smallwood Properties, L.L.C. (the "Declarant") and recorded among the Land Records of Anne Arundel County, Maryland in Book 10152, page 517, as same may hereafter from time to time be amended or extended to any additional properties, said Declaration, made a part hereof, by reference thereto, as fully, and to the same extent as though incorporated herein. The aforesaid lots, open spaces and common areas are hereinabove and hereinafter referred to as the "Property."

(b) To exercise all the powers, rights and privileges and to perform all the duties and obligations of the Corporation, as same are set forth in the Declaration.

(c) To establish, fix, make, impose, levy, collect and enforce payment of, by

any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Corporation, including all licenses, taxes or governmental charges levied or imposed against the property of the Corporation.

(d) To purchase, lease, option, or otherwise acquire, own, hold, preserve, develop, improve, build upon, manage, operate, maintain, convey, sell, exchange, rent, lease, dedicate for public use, or in any manner transfer or dispose of any real or personal property in connection with the affairs of the Corporation.

(e) To borrow or to raise money for any of the purposes of the Corporation, and to issue bonds, debentures, notes, or other obligations of any nature, and in any manner permitted by law, for money so borrowed or in payment for property purchased, or for any other lawful consideration, and, upon authorization of two-thirds (2/3) of the votes of each class of membership in the Corporation, voting separately thereon (excluding the Declarant), to secure the payment of the money borrowed and of the interest thereon, by mortgage upon, or pledge or conveyance or assignment in trust of, the whole or any part of the property of the Corporation.

(f) To dedicate, sell or otherwise transfer all or any part of the common areas, property and facilities of the Corporation to any public agency, authority or utility for such purpose and subject to such conditions as may be agreed upon by the members; provided, however, that no such dedication, sale or transfer shall be effective unless made by an appropriate instrument signed by two-thirds (2/3) of the votes of each class of the membership in the Corporation, voting separately (excluding the Declarant and any Builder (as such term is defined in the Declaration)), agreeing to such dedication, sale or transfer. The granting of easements or dedication of land by the Declarant or the Corporation in accordance with the provisions of the Declaration for public utilities, roads or for other public purposes consistent with the intended use of the property by the Corporation and its members shall not be deemed a transfer within the meaning of this subsection.

(g) To participate in mergers and consolidations with other nonprofit organizations, organized for the same purpose, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of the members of each class of the membership in the Corporation, voting separately thereon.

(h) To annex to the Property, at any time, and from time to time, within a period of seven (7) years from and after the date of the Declaration, other and additional residential property, open spaces and common areas, upon the direction of the Declarant, without the consent of the Class A Members of the Corporation, subject to and in accordance with the Declaration.

(i) To annex to the Property at any time, and from time to time, other and additional residential property, open space and common areas, provided that any annexation of such other additional residential property, open space and common areas shall have the assent of two-thirds (2/3) of each class of members of the Corporation, voting separately thereon.

(j) To have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of Maryland by law may now or hereafter have or exercise.

The Corporation is formed under the articles, conditions and provisions expressed herein and in the general laws of this State. In no event, however, shall the Corporation carry on any activity not permitted to be carried on by a corporation exempt from Federal Income Tax under Section 501(c) or 528 of the Internal Revenue Code of 1986, as amended to date, or corresponding provision of any future United States Internal Revenue Law; or invest in or use any property in such a manner as to jeopardize the exemption of the Corporation from taxation under the aforesaid Section 501(c) or 528 of the Internal Revenue Code of 1986, as now in force or hereafter amended.

FOURTH: The post office address of the principal office of the Corporation in this State is 95 Kettering Drive, Upper Marlboro, Maryland 20774. The name and post office address of the resident agent of the Corporation in this State are John H. Minzer, 95 Kettering Drive, Upper Marlboro, Maryland 20774. Said resident agent is a citizen of the State of Maryland and actually resides therein.

FIFTH: The Corporation is not authorized to issue any capital stock. Each member of the Corporation shall be a record owner, as hereinafter defined, of a lot now or hereafter laid out or established in the Property, or in any part of such additional property that may be brought within the jurisdiction of the Corporation. Each member shall be designated either a Class A Member or a Class B Member. A description of each class of membership, with the voting rights and powers of each class, is as follows:

Class A. Class A members shall be all Owners (except the Declarant during such time as there shall be a Class B membership) of Lots which are subject to assessment by the Association under the terms of this Declaration, and shall be entitled to one vote for each such Lot so owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant and it shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever first occurs:

(a) When the total votes outstanding in the Class A membership are equal to the total votes outstanding in the Class B membership (i.e. when 75% of the Lots have been conveyed to residential homeowners); or

(b) Five years after the conveyance for residential use of the first Lot from within the area described in Exhibit A.

SIXTH: The affairs of the Association shall be managed initially by a board of three (3) directors, which number may be increased or decreased pursuant to the Bylaws of the

Corporation, but shall never be less than three (3) nor more than five (5); and the names of the directors who shall act until the first annual meeting or until their successors are duly chosen and qualified are John H. Minzer, Frank J. Lucente and John X. Lucente. No director need be a member of the Corporation.

SEVENTH: The duration of the Corporation shall be perpetual. The Corporation, however, may be dissolved under and in accordance with the laws of the State of Maryland, provided such dissolution first be authorized, in writing, signed by not less than two-thirds (2/3) of the members of the Corporation, or, if there be more than one class of members, then by not less than two thirds (2/3) of each class of members of the Corporation, computed separately. Upon any dissolution of the Corporation, after discharge of all corporate liabilities, the Board of Directors shall dispose of all assets of the Corporation, by dedication thereof to any appropriate public agency to be used for purposes similar to those for which the Corporation was formed. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned, if practicable, to any nonprofit corporation, association, trust or other organization as shall at the time qualify as an organization or organizations exempt from taxation under Sections 501(c) or 528 of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any future United States Internal Revenue Law, as the board of directors may determine, preferably to a semi-public agency, to be used in furthering, facilitating or effectuating purposes similar to those for which the Corporation was formed.

EIGHTH: Amendment of these Articles shall require the assent of two-thirds (2/3) of the votes of the entire membership; provided, however, that the Federal National Mortgage Association, the Federal Housing Administration or the Veterans' Administration, or any similar successor agencies thereto (collectively, the "Federal Agencies"), shall have the right to veto amendments while there is a Class B membership if either agency or any successor agencies thereto have approved the Property described herein, or any part thereof, or any lot thereon, for federal mortgage loan financing.

NINTH: As long as there is a Class B Member, if any of the Federal Agencies approve the Property or any lot therein for federally approved mortgage loan financing, the following actions will require the prior approval of the Federal Agencies: annexation of additional properties; mergers and consolidations; mortgaging of common area; dissolution; and amendment of these Articles.

TENTH: No director or officer of the Corporation shall be liable to the Corporation or to its members for money damages except (a) to the extent it is proved that such director or officer actually received an improper benefit or profit in money, property or services, for the amount of the benefit or profit in money, property or services actually received, or (b) to the extent a judgment or other final adjudication adverse to such director or officer is entered in a proceeding based on a finding in the proceeding that such director's or officer's action, or failure to act, was (i) the result of active and deliberate dishonesty or (ii) intentionally wrongful, willful or malicious and, in each such case, was material to the cause of action adjudicated in the proceeding. In all other cases, the Corporation shall, to the maximum extent permitted by law, indemnify all members of the Board of Directors and all officers of the corporation from and against any and all claims against them which may relate in any way to their status as officers or

directors or to their actions or failure to act in such capacity. Neither the amendment nor repeal of this provision nor the adoption or amendment of any other provision of these Articles, the Declaration or the Bylaws of the Corporation inconsistent with this provision, shall apply to or affect in any respect the applicability of the foregoing with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation and acknowledged the same to be my act on this 27th day of January, 2001.

WITNESS:

RESIDENT AGENT:

A handwritten signature in cursive script, appearing to read "John H. Minzer", written over a horizontal line.A large, stylized handwritten signature in cursive script, written over a horizontal line.

JOHN H. MINZER, Resident Agent