



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

AUDUBON SQUARE COMMUNITY ASSOCIATION, INC.

as approved and received for record by the State Department of Assessments
and Taxation of Maryland, February 9, 1981

at 9:00 o'clock February, 1981.

AS WITNESS my hand and official Seal of the said Department at
Baltimore this 24th day of February, 1981.

Paul E. Anderson
Charter Specialist

State Department of Assessments & Taxation

301 WEST PRESTON STREET BALTIMORE, MARYLAND 21201



NOTICE

As a Maryland corporation you are responsible for filing an annual business tax report with this office on or before April 15 of each year, after the year of incorporation. This report is due annually whether or not the corporation has been organized for business and whether or not the corporation owns any property. If your charter authorizes the issuance of capital stock, the report must be accompanied by a filing fee in amount of \$40.00 and this fee must be paid whether or not any stock has been issued. Non-stock corporations must file the report but are exempt from payment of the filing fee.

Failure to timely file this report by April 15 of each year will result in the imposition of penalties in accordance with Maryland law and continued failure to file will result in the forfeiture of your corporate charter.

While the Department makes an annual mailing of appropriate forms to the latest available address of each corporation, it is the responsibility of the corporation to obtain proper forms if such are not received by mail. In this regard the Department suggests that if forms have not been received by April 1 of any year, the taxpayer should make request of the Department and forms will then be mailed.

The filing of this return does not relieve the corporation of the responsibility of filing reports due other State agencies.

ARTICLES OF INCORPORATION
OF
AUDUBON SQUARE COMMUNITY ASSOCIATION, INC.

THIS IS TO CERTIFY:

That I, James E. Cafritz, whose post office address is P. O. Box 255, Rockville, Maryland 20850, 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 this Corporation shall be:

AUDUBON SQUARE COMMUNITY ASSOCIATION, INC.

ARTICLE II. The period of existence and duration of the life of this Corporation shall be perpetual.

ARTICLE III. The principal office for the transaction of business of this Corporation shall be initially located at:

P. O. Box 255
Rockville, Maryland 20850

James E. Cafritz, 1010 Rockville Pike, Rockville, Maryland 20850, shall be designated as the statutory resident agent of this Corporation. Said resident agent is a citizen and actual resident of the State of Maryland.

ARTICLE IV. The general purposes for which this Corporation is formed, and 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) To acquire and to own and to provide for the maintenance and management of certain open spaces and other community and recreational facilities located within a community being developed by Audubon Square Joint Venture, a joint venture organized and existing under the laws of the State of Maryland (hereinafter known as the "Grantor" or the "Declarant") known as "AUDUBON SQUARE" (hereinafter known as the "project") in Montgomery County, Maryland.

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

(a) 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 this Corporation;

(b) 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;

(c) 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 this Corporation;

(d) To make patronage refunds to members as provided for in the By-Laws of the Corporation;

(e) Insofar as permitted by law, to do any other thing that, in the judgment of the Board of Directors, will promote the business of the Corporation or the common benefit of its members.

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

ARTICLE V. This corporation shall be without capital stock and will not be operated for profit. This Corporation does not

contemplate the distribution of gains, profits or dividends to any of its members. The members of this Corporation shall not be personally liable for the debts, liabilities or obligations of this Corporation.

ARTICLE VI. The authorized number of memberships of this corporation is 234, and shall consist of the following classes with the following number of memberships:

(a) There shall be 234 "Class A" memberships. Except for 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 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 234 "Class B" memberships. The Class B member shall be the Declarant, its nominee or nominee, 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. The Class B member or members shall have one Class B membership for each lot in which such member holds the interest otherwise required for Class A membership. Each Class B member shall be entitled to three (3) votes for each lot in which such member holds the interest otherwise required for Class A

membership. 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 the total authorized, issued and outstanding Class B memberships multiplied by three (3); or
- (ii) on January 1, 1987; 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 become and 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. In the event additional property is annexed to the property described in Article II of the Declaration subsequent to the date specified in Section 1(b)(i) or Section 1 (b)(ii) of Article III of the Declaration, then the Declarant shall be a Class B member as to each lot which it owns in such annexed property, subject to the limitations set forth above.

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

ARTICLE VII. The Corporation shall have a lien on the outstanding Class A memberships in order to secure payment of any sums which shall be due or become due from the holders thereof for any reason whatsoever.

ARTICLE VIII. In the event 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 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 IX. The number of Directors of this Corporation shall not be less than three (3) nor more than seven (7), 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>
James E. Cafritz	P.O. Box 255 Rockville, Maryland 20850
Robert L. Heisler	P.O. Box 255 Rockville, Maryland 20850
Thomas C. Krisman	P.O. Box 255 Rockville, Maryland 20850

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 Corporation. Officers of this Corporation shall be elected and shall serve as provided for in said By-Laws.

ARTICLE X. 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, 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

(c) 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 director or officer of such other corporation, or not so interested.

ARTICLE XI. 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:

(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; 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 By-Laws of the Corporation; or
- (d) substantially modify the method of determining and collecting maintenance assessments as provided in the Declaration.

Provided that any lot in the project is then encumbered by a deed of trust or mortgage which is insured by the Federal Housing Administration or guaranteed by the Veterans Administration and, provided further, that there are then Class B memberships of the Corporation outstanding, 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 Federal Housing Administration and the Veterans Administration, as the circumstances may require:

- (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; or

- (b) abandon or terminate the Declaration; or
- (c) modify or amend any provision of these Articles of Incorporation, the Declaration or the By-Laws of the Corporation.

ARTICLE XII. As used in these Articles of Incorporation, the term "Declaration" means that certain Declaration made by the Declarant on the 1st day of January, 1981, recorded the 14th day of January, 1981, in Liber 5643 at folio 842 among the Land Records for Montgomery County, Maryland.

IN WITNESS WHEREOF, I have hereunto signed these Articles of Incorporation this 14th day of JANUARY, 1981.

WITNESS:

[Handwritten signature]

[Handwritten signature]
JAMES E. CAFRITZ (SEAL)

STATE OF MARYLAND }
COUNTY OF MONTGOMERY }

ss:

BE IT REMEMBERED, that on this 14th day of JANUARY 1981, personally appeared before me, a Notary Public in and for the State and County aforesaid, JAMES E. CAFRITZ, party to the foregoing Articles of Incorporation, known personally to me as such, and I having first made known to him the contents of said Articles of Incorporation, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed, and he acknowledged the facts stated to be true as set forth.

GIVEN under my hand the year and day first above written.

Timothy A. Berkeley
Timothy A. Berkeley
Notary Public

My Commission Expires:
July 1, 1982.



AUDUBON SQUARE COMMUNITY ASSOCIATION, INC.

ARTICLES OF AMENDMENT

AUDUBON SQUARE COMMUNITY ASSOCIATION, INC., a Maryland corporation having its principal office in Rockville, Maryland (hereinafter called the "Corporation"), hereby certifies to the State Department of Assessments and Taxation of Maryland, that:

FIRST: The Articles of Incorporation of the Corporation is hereby amended by deleted ARTICLE IX in its entirety and inserting, in lieu thereof, the following:

"ARTICLE IX. The number of Directors of this Corporation shall not be less than five (5) nor more than nine (9), 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>
James E. Gafritz	P.O. Box 255 Rockville, Maryland 20850
Robert L. Heisler	P.O. Box 255 Rockville, Maryland 20850
Thomas C. Krisman	P.O. Box 255 Rockville, Maryland 20850
T. Kevin Carney	7 West Preston Street Baltimore, Maryland
Henry M. Witt	7411 Riggs Road Hyattsville, Maryland

The qualifications, powers, duties and tenures 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 Corporation. Officers of this Corporation shall be elected and shall serve as provided for in said By-Laws.

SECOND: The Board of Directors of the Corporation on May 11, 1981, duly adopted a resolution which set forth the

foregoing amendment to the charter, declaring that the said amendment of the charter as proposed was advisable and directing that it be submitted for action by the members of the Corporation at a special meeting of the members.

THIRD: Notice setting forth the said amendment of the Articles of Incorporation and stating that a purpose of the meeting of the members would be to take action thereon, was given as required by law, to all members entitled to vote thereon and to any member not entitled to vote on the amendment whose contract rights would be altered by the amendment. The amendment of the Articles of Incorporation of the Corporation, as hereinabove set forth, was approved by the members of the Corporation at said meeting by the affirmative vote of all the votes entitled to be cast thereon.

FOURTH: The amendment of the Articles of Incorporation of the Corporation, as hereinabove set forth, has been duly advised by the Board of Directors and approved unanimously by the members of the Corporation.

IN WITNESS WHEREOF, AUDUBON SQUARE COMMUNITY ASSOCIATION, INC. has caused these presents to be executed in its name and on its behalf by James E. Cafritz, its President, its Corporate Seal to be hereunto affixed and attested by its Secretary Thomas C. Krisman on May 13, 1981.

AUDUBON SQUARE COMMUNITY
ASSOCIATION, INC.

By: 
James E. Cafritz, President

ATTEST:

(SEAL)


Thomas C. Krisman, Secretary

THE UNDERSIGNED, President of AUDUBON SQUARE COMMUNITY ASSOCIATION, INC., who executed the foregoing Articles of Amendment on behalf of said Corporation hereby certifies that said Articles of Amendment are the corporate act of AUDUBON SQUARE COMMUNITY ASSOCIATION, INC., and that all recitations contained therein are true to the best of his knowledge, information and belief.




JAMES E. CAFRITZ

STATE OF MARYLAND)
COUNTY OF MONTGOMERY) ss:

BE IT REMEMBERED, that on this 13th day of May, 1981, personally appeared before me, a Notary Public in and for the State and County aforesaid, JAMES E. CAFRITZ, party to the foregoing Articles of Amendment, known personally to me as such, and I having first made known to him the contents of said Articles of Amendment, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed, and he acknowledged the facts stated to be true as set forth.

GIVEN under my hand the year and day first above written



Notary Public
MONTGOMERY CO., MD.

My Commission Expires:
July 1, 1982.

LAW OFFICE
MCKEEVELL
FITZPATRICK & CANADA
245 HUNTERFORD COURT
ROCKVILLE, MD. 20850
(301) 761-1000