

ARTICLES OF INCORPORATION

OF

THE MILESTONE HOMEOWNERS ASSOCIATION, INC.

In compliance with the requirements of Corporations and Associations, Title 2, Annotated Code of Maryland (1985), and any amendments thereto, the undersigned, Charles Sullivan, whose post office address is 3 Bethesda Metro Center, Suite 1600, Bethesda, Maryland 20814, being at least eighteen (18) years of age, has this day, by execution of these Articles, voluntarily declared himself to be an incorporator for the purpose of forming a non-stock, non-profit corporation pursuant to the general laws of Maryland, and does hereby certify:

ARTICLE 1  
NAME OF CORPORATION

The name of the corporation is THE MILESTONE HOMEOWNERS ASSOCIATION, INC., hereinafter called the "Association".

ARTICLE 2  
PRINCIPAL OFFICE

The post office address of the principal office of the Association is 818 West Diamond Avenue, Suite 301, Gaithersburg, Maryland 20878.

ARTICLE 3  
RESIDENT AGENT

The name of its resident agent is Thomas A. Natelli, whose post office address is 818 West Diamond Avenue, Suite 301, Gaithersburg, Maryland 20878.

ARTICLE 4  
POWERS AND PURPOSES

This Association does not contemplate pecuniary gain or profit, direct or indirect, to the Members thereof, and the specific purposes for which it is formed are to provide for or assure maintenance, preservation and architectural control of the Lots and Common Area within the Property described in the Declaration of Covenants, Conditions and Restrictions recorded or to be recorded among the Land Records of the County in which said Property is located, including such additions thereto as may be hereafter brought within the jurisdiction of the Association, and to promote the health, safety and welfare of the Owners within the Property and any additions thereto as may hereafter be brought

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within the jurisdiction of this Association. For this purpose, the Association shall have the power and authority to:

(a) exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in the Declaration of Covenants, Conditions and Restrictions, hereinafter called the "Declaration", applicable to the Property and recorded or to be recorded among the Land Records of Montgomery County, Maryland, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length and made a part hereof;

(b) fix, levy, collect and enforce payment by any lawful means, of all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith, including all office expenses, licenses, taxes or governmental charges levied or imposed against the property of the Association and all other expenses incident to the conduct of the business of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs incurred;

(d) borrow money, and with the assent of two-thirds (2/3) of each class of Members of the Association, mortgage, pledge, deed in trust, or hypothecate any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members of the Association. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of each class of Members agreeing to such dedication, sale or transfer and the prior written consent of the Maryland National Capital Park and Planning Commission, or its successors or assigns, is obtained, which consent shall not be unreasonably denied.

(f) participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of Members, unless the Declaration or Bylaws provide otherwise; and

(g) have and exercise any and all powers, rights and privileges which a non-stock, non-profit corporation organized under the laws of the State of Maryland by law may now or hereafter have or exercise.

ARTICLE 5  
NO CAPITAL STOCK

This Association is not authorized to issue any capital stock and shall not be operated for profit. The Association does not anticipate distributing dividends, gains or profits to its Members. No Member shall have any personal liability for the debts or obligations of the Association.

ARTICLE 6  
MEMBERSHIP

The Association shall have two (2) classes of voting membership:

Class A: With the exception of the Declarant, every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is an Owner of any Lot which is part of the premises described in Exhibit "A" to the Declaration (including any "Participating Builder", as defined in the Declaration), or which otherwise becomes subject to 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 or any combination thereof, 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. When more than one (1) 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 (1) vote be cast with respect to any Lot.

Any Owner who leases his Lot may, in the lease or other written instrument, assign the voting right appurtenant to that Lot to the lessee, provided that a copy of such instrument is furnished to the Association.

Class B. There shall initially be two thousand seventy-six (2,076) Class B memberships in the Association. This number shall be decreased by three (3) memberships for each Class A membership existing at any one time. 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 in writing from the Declarant. The Class B Member shall be entitled to one (1) vote for each Class B 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 votes of the Class A

Members (excluding any Participating Builder) equals five hundred nineteen (519); or

(ii) February 21, 1999; provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid date shall be extended by a period of time equal to the length of the delays or an additional three (3) years, whichever is less; 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 the Class B memberships as provided for in this Article, the Declarant shall thereafter become 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 memberships of this Association that may at any time be issued by the Association except as may be specifically provided in these Articles of Incorporation, the Bylaws or the Declaration of the Association.

#### ARTICLE 7 VOTING RIGHTS

Every person or entity who is a record owner of a fee or undivided fee interest of any Lot, including contract sellers, shall be a Member of the Association; provided that any such person or entity who or which holds such interest merely as security for the performance of an obligation shall not be a Member. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

#### ARTICLE 8 RIGHT OF ENJOYMENT

Every Owner shall have a right and easement of enjoyment in and to the Common Area, including an easement for the use and enjoyment of the private streets and parking lots and walkways included therein, which shall be appurtenant to and shall pass with the title to every Lot, for purposes of ingress and egress to and from his Lot.



ARTICLE 9  
BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board initially consisting of three (3) directors whose names and addresses are hereinafter listed. Commencing with the first annual meeting of the Association, the Board shall consist of an uneven number of not less than three (3) nor more than nine (9) directors. The names and addresses of the persons who are to initially act in the capacity of directors until the selection of their successors are:

<u>Name</u>	<u>Address</u>
Thomas A. Natelli	818 West Diamond Avenue Suite 301 Gaithersburg, Maryland 20878
Charles Sullivan	3 Bethesda Metro Center Suite 1600 Bethesda, Maryland 20814
Cecily Dichov	444 North Frederick Avenue Suite 408 Gaithersburg, Maryland 20877

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

ARTICLE 10  
DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of Members, and with the written approval of the Maryland National Capital Park and Planning Commission, or its successors or assigns. Written notice of a proposal to dissolve, setting forth the reasons therefor and the disposition to be made of the assets (which shall be consonant with this Article 10), shall be mailed to every Member not less than ten (10) days nor more than fifty (50) days in advance of any action to be taken. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE 11  
DURATION

This Association shall exist perpetually.

ARTICLE 12  
AMENDMENTS

Amendment of these Articles shall require the assent of seventy-five percent (75%) of the entire membership.

ARTICLE 13  
FHA/VA APPROVAL

As long as there is a Class B membership and any Lot subject to the Declaration is then encumbered by a deed of trust or mortgage which is insured by the Federal Housing Administration or guaranteed by the Veterans Administration, the following actions will require the prior approval of the Federal Housing Administration and/or the Veterans Administration (as applicable): annexation of additional properties, not in conformance with the Development Plan (and amendments thereto) as approved by FHA and/or VA, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

ARTICLE 14  
LIABILITY

No director of the Association shall be liable to the Association or to its Members for money damages except (i) to the extent that it is proved that such director 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 (ii) to the extent that a judgment or other final adjudication adverse to such director is entered in a proceeding based on a finding in the proceeding that such director's action, or failure to act, was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding.

ARTICLE 15  
MISCELLANEOUS

Unless it is plainly evident from the context that a different meaning is intended, all terms used herein shall have the same meaning as they are defined to have in the Declaration.

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Unless it is plainly evident from the context that a different meaning is intended, all terms used herein shall have the same meaning as they are defined to have in the Declaration.



IN WITNESS WHEREOF, Charles Sullivan has signed, sealed and delivered these Articles of Incorporation as his own free act and deed on this 12<sup>th</sup> day of MARCH, 1992.

WITNESS:

W. A. Foote

Charles Sullivan (Seal)  
Charles Sullivan

\* \* \*

STATE OF MARYLAND  
COUNTY OF Prince Georges MONTGOMERY

\*  
\* to wit:  
\*

On this 12<sup>th</sup> day of March, 1992, before me, a Notary Public in and for the above County and State, personally appeared Charles Sullivan and acknowledged that he signed the foregoing Articles of Incorporation for the purposes therein stated.

WITNESS my hand and Notarial Seal.

Jul 2 1992  
Notary Public

My Commission Expires: November 13 1994

[NOTARIAL SEAL]

