

ARTICLES OF INCORPORATION
OF
RIVER DOWNS HOMEOWNERS' ASSOCIATION, INC.

FIRST: I, Priscilla C. Caskey, whose post office address is c/o Whiteford, Taylor & Preston, 7 St. Paul Street, Baltimore, Maryland 21202, being at least eighteen (18) years of age, hereby form a non-stock corporation, not for profit, under and by virtue of the General Laws of the State of Maryland.

SECOND: The name of the corporation (the "Association") is
RIVER DOWNS HOMEOWNERS' ASSOCIATION, INC.

THIRD: Any capitalized terms used in these Articles of Incorporation which are not defined herein shall have the meanings set forth in the Declaration of Covenants, Conditions and Restrictions for River Downs Homeowners' Association (the "Declaration") recorded or intended to be recorded among the Land Records of Carroll County, Maryland, the Declaration being incorporated herein by reference as if set forth at length.

FOURTH: The Association shall not operate for pecuniary gain or profit, shall not issue capital stock, and no part of the net earnings of the Association shall inure to the benefit of any member or individual (except that reasonable compensation may be paid for services rendered), and the specific purposes for which it is formed are to provide for: (i) the use, improvement, maintenance, operation and repair of the Common Areas located in the Property, including any improvements and amenities located thereon; (ii) the establishment and enforcement of rules and regulations for the use of Common Areas, including any improvements and amenities located thereon; (iii) the collection from the Owners of the Property of the costs of the use, improvement, maintenance and repair of the Common Areas, including any improvements and amenities located thereon; and (iv) the promotion of the health, safety, pleasure, recreation and welfare of the residents of the Lots within the Property. In furtherance of these purposes, the Association (by action of its Directors unless otherwise noted in these Articles of Incorporation) shall have full power to:

(a) Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration, as the same may be amended from time to time as therein provided;

(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 and all office and other expenses incident to the conduct of the affairs of the Association, including all licenses, taxes or governmental charges levied or imposed against the property 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 of the Association, subject, however, to the requirements of the Declaration;

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

(e) Dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility subject, however, to the requirements of the Declaration and to such conditions as may be agreed to by the Members;

(f) Participate in mergers and consolidations with other non-profit corporations organized for the same purposes, or annex additional property and open space, provided that, except as otherwise provided in the Declaration, any such merger, consolidation or annexation shall require the assent of two-thirds (2/3) of the votes of the Members; and

(g) To do anything permitted in the Corporations and Associations Article of the Annotated Code of Maryland, as amended from time to time.

FIFTH: The post office address of the principal office of the Association in this State is P.O. Box 400, 3314 Paper Mill Road, Phoenix, Maryland 21131. The name and post office address of the resident agent of the Association in this State are RESAGENT, INC., 7 St. Paul Street, Baltimore, Maryland 21202. The resident agent is a Maryland corporation.

SIXTH: Every person or entity 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 the Association, including contract sellers and the Declarant, shall be a member of the Association (a "Member"). The foregoing is not intended to include, and does not 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 (2) classes of voting membership:

(a) Class A: All Owners (with the exception of the Declarant) shall be Class A Members. Each Class A Member shall be entitled to one (1) vote for each Lot owned. When more than one

(1) person holds an interest in any Lot, all such persons shall be Members; however, for purposes of a quorum they shall be treated as a single Member. The votes for such Lots shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B: The Declarant shall be the Class B Member and shall be entitled to three (3) votes for each Lot which it owns. Notwithstanding the foregoing, the Class B membership shall cease and be converted to Class A membership upon the first to occur of the following events:

(1) When the total votes outstanding in the Class A membership exceed the total votes outstanding in the Class B membership; or

(2) December 31, 1996; or

(3) Upon surrender of the Class B memberships by the then holders thereof for cancellation on the books of the Association.

EIGHTH: The number of directors of the Association shall be three (3), which number may be increased or decreased pursuant to the By-Laws of the Association. So long as there are less than three (3) Members, the number of directors may be less than three (3) but not less than the number of Members. The names of the directors who shall act until the first annual meeting or until their successors are duly chosen and qualified are:

Richard A. Moore
Richard A. DiBerardo
Steven R. Smith

NINTH: The Association shall have the power to indemnify, by express provision in its By-Laws, by agreement, or by majority vote of either its Members or disinterested directors, any one or more of the following classes of individuals: (1) present or former directors of the Association, (2) present or former officers of the Association, and (3) present or former agents and/or employees of the Association. However, the Association shall not have the power to indemnify any person to the extent such indemnification would be contrary to Section 2-418 of the Corporations and Associations Article of the Annotated Code of Maryland, or any statute, rule, or regulation of similar import. Neither the amendment or repeal of this Article, nor the adoption of any provision of these Articles of Incorporation inconsistent with this Article, shall eliminate or reduce the protection afforded by this Article to a director or officer or former director or officer of the Association with respect to any matter

which occurred, or any cause of action, suit or claim which but for this Article would have accrued or arisen, prior to such amendment, repeal or adoption.

TENTH: 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. Written notice of the proposal to dissolve, setting forth the reasons therefor and the disposition to be made of the assets of the Association (which shall be made in accordance with this Article TENTH), 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 and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purpose.

ELEVENTH: Amendment of these Articles shall require the assent of two-thirds (2/3) of the Members.

TWELFTH: As long as there shall be any Class B Members and any Lot 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 the case may be):

- (a) Annexation of additional properties;
- (b) Any merger or consolidation of the Association with another or any sale, lease, exchange or other transfer of all or substantially all of the assets of this Association to another;
- (c) Any sale, transfer, mortgage, assignment or dedication of the Common Areas; or
- (d) Any amendment of these Articles of Incorporation.

IN WITNESS WHEREOF, I do hereby acknowledge these Articles of Incorporation to be my act this ____ day of _____, 1993.

Priscilla C. Caskey (SEAL)

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