

GRACE MANOR HOMEOWNERS' ASSOCIATION, INC.

ARTICLES OF INCORPORATION

THESE ARTICLES OF INCORPORATION, made and entered into as of this 15 day of October, 2001, by DEBRA B. ADLER, being at least eighteen years of age and a citizen and resident of the State of Maryland, intending to incorporate a non-stock, non-profit corporation under the general laws of the State of Maryland subject to the terms and upon the conditions hereinafter set forth:

FIRST: The terms "Declarant", "Lots", "Owner", and "Property" as used in these Articles of Incorporation shall have the meanings set forth in the By-laws of the Corporation.

SECOND: Name. The name of the Corporation (hereinafter referred to as the "Association") is and shall be the:

GRACE MANOR HOMEOWNERS' ASSOCIATION, INC.

THIRD: Purpose and Power. The Association is organized exclusively for the non-profit purposes associated with the Association's Members' (as that term is defined herein) ownership of certain real property located in the Sixth Election District of Harford County, Maryland, and being a portion of the Property; such real property is shown as those areas designated as "H.O.A. Area" on the recorded subdivision plats entitled "Final Plat One, Grace Manor", "Final Plat Two, Grace Manor", "Final Plat Three, Grace Manor", and "Final Plat Four, Grace Manor", which subdivision plats are recorded among the Land Records of Harford County, Maryland in Plat Book CGH III No. 105, Folio 64, Plat Book CGH III No. 105, Folio 65, and Plat Book CGH III No. 105, Folio 66, and Plat Book CGH III No. 105, Folio 67, respectively and any and all future subdivision plats relating to the Property. The Association is

not organized for profit and no part of the net earnings therefrom shall inure to the benefit of any member or individual. The purposes and powers shall be as follows:

To organize and operate a real estate management association exclusively to provide for the acquisition, construction, management, maintenance, care and preservation of the open spaces, common area and facilities within that certain tract of property described in paragraph (a) of this Article Third, and to promote the recreation, health, safety and welfare of the residents within the said described 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 that parcel of land located in the Sixth Election District of Harford County, Maryland, containing approximately 34.5 acres of land, as will be shown on the plat(s) relating to the Property.

As of the date hereof, the aforesaid parcel includes those residential single-family lots, open spaces and common areas as are more particularly shown on said plat and described in the Grace Manor Homeowners' Association, Inc. Declaration of Covenants, Conditions, and Restrictions (the "Declaration") recorded or intended to be recorded among the Land Records of

Harford County, Maryland, 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, being applicable to the Grace Manor Community (as hereinafter defined) and such additions thereto as may hereafter be brought within the jurisdiction of the Corporation. The aforesaid lots, open spaces and common areas are hereinabove and hereinafter referred to as the "Grace Manor Community".

(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, 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 members of each class of membership in the Corporation, voting separately thereon, 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 instruments signed by two-thirds (2/3) of the members of each class of the membership in the Corporation, computed separately, agreeing to such dedication, sale or transfer.

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

(i) 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 (i) carry

on any propaganda or otherwise attempt to influence any legislation or any public administrative action; (ii) participate or intervene in any political campaign on behalf of any candidate for public office, by any means, including the publication or distribution of any statement for or against any candidate; (iii) 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 (iv) 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: Principal Office and Resident Agent. The post office address of the principal office of the Corporation in this State is 3722 Birchmere Court, Owings Mills, Maryland 21117. The name and post office address of the resident agent of the Corporation in this State is Steven D. Rosen, 3722 Birchmere Court, Owings Mills, Maryland 21117. Said resident agent is a citizen of the State of Maryland and actually resides therein.

FIFTH: Lack of Authority to Issue Stock. The Association is not authorized or empowered to issue capital stock of any type or class. Nothing in the foregoing provisions of this Article shall be deemed in any manner to alter or impair any right or power of the Association to issue bonds, notes or other evidence of secured or unsecured indebtedness in such amounts, for such consideration, upon such terms and subject to such conditions as the Association may determine.

SIXTH: Section 1. Membership and Voting Rights.

(a) Every record owner of a lot shown on the aforementioned subdivision plat shall be a Member (the "Member") of the Association. Membership is mandatory, shall be appurtenant to, and may not be separated from, ownership of any lot.

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

Class A. Except for Declarant, who shall initially be a Class B member, Class A Members shall be the Owners of all Lots. Each Class A Member shall be entitled to one (1) vote per Lot for each Lot owned by such Member in all proceedings in which action shall be taken by members of the Association.

Class B. The Class B Member shall be Declarant and shall be entitled to three (3) votes for each Lot to which it holds record title in all proceedings in which action shall be taken by Members of the Association.

If more than one person, firm, corporation, trustee or other legal entity, or other combination thereof, other than Declarant, holds the record title to any Lot, all of the same, as a unit, and not otherwise, shall be deemed a single Class A Member of the Association. The vote of any Class A Member comprised of two or more persons, firms, corporations, trustees or other legal entities, or any combination thereof, shall be cast as the several constituents may determine, but in no event shall such constituents cast more than one vote per Lot for each Lot owned by them.

Conversion. The Class B membership in the Association shall cease and be converted to Class A membership in the Association on the earlier to occur of (a) when the total votes outstanding in the Class A membership exceeds the total votes outstanding in the Class B membership; or, (b) on the tenth (10th) anniversary of the execution of the Declaration.

However, the Class B membership may exist for a longer period if so provided in the Declaration.

Section 2. Suspension of Membership Rights. The membership rights of any Member whose Lot is subject to assessments shall be suspended by action of the Board of Directors during the period when the assessments remain unpaid, provided however, that upon payment of such delinquent assessments, such membership rights shall be automatically restored.

SEVENTH: Directors.

(a) The number of directors which the Association shall have shall initially be three (3) and may be increased by an Amendment of the Association's By-Laws.

(b) The names of the directors who shall act until the first meeting of the Association and until their successors are elected and duly qualified are: Steven D. Rosen, Andrea L. Rosen, and Allen Richard Vornadore.

(c) The Board of Directors of the Association shall exercise all of the powers of the Association, except for those, if any, which are conferred upon or reserved to the Members of the Association by law, or by any provision of these Articles of Incorporation or the Association's By-Laws as from time to time amended.

(d) (i) The liability of directors and officers to the Association or its stockholders for money damages shall be limited to the maximum extent that the liability of directors and officers of Maryland corporations is permitted to be limited by Maryland law. This limitation on liability shall apply to events occurring at the time a person serves as a director or officer of the Association whether or not such person is a director or officer at the time of any proceeding in which liability is asserted.

(ii) To the maximum extent permitted by Maryland law, the Association shall indemnify its currently acting and its former directors against any and all liabilities and expenses incurred in connection with their services in such capacities, shall indemnify its currently acting and its former officers to the full extent that indemnification shall be provided to directors, and shall indemnify, to the same extent, its employees, agents and persons who serve and have served, at its request, as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture or other enterprise. The Association shall advance expenses to its directors, officers and other persons referred to above to the extent permitted by Maryland law. The Board of Directors may by law, resolution or agreement make further provision for indemnification of directors, officers, employees and agents to the extent permitted by Maryland law.

(iii) References to Maryland law shall include the Maryland General Corporation Law as from time to time amended. Neither the repeal or amendment of this paragraph (d), nor any other amendment to these Articles of Incorporation, shall eliminate or reduce the protection afforded to any person by the foregoing provisions of this paragraph (d) with respect to any act or omission which shall have occurred prior to such repeal or amendment.

EIGHTH: Existence. 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.

NINTH: Dissolution of the Association. The Association may be voluntarily dissolved only in accordance with the provisions of Section 5-208 of the Corporations and Associations Article of the Annotated Code of Maryland (1999 Repl. Vol.), except that such dissolution must have been approved by the Membership of the Association by the affirmative vote of two-thirds (2/3) of all the votes of each class of membership which are entitled to be cast thereon. If the Association is to be dissolved pursuant to the provisions hereof the Association shall either convey or dedicate its assets to a public body, or convey the assets to a nonprofit organization with similar purposes prior to dissolution.

TENTH: Expansion of the Membership. So long as there is a Class B Member of the Association, the Class B Member shall be entitled to incorporate additional areas and make the owners of Lots therein eligible for membership in the Association, without the assent of Class A Members of the Association. When there is no longer a Class B Member of the Association, the consent of two-thirds (2/3) of Class A Members shall be required for the incorporation of additional areas and the making of the owners of Lots therein eligible for membership in the Association.

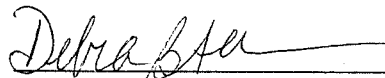
ELEVENTH: Amendment of Articles. Amendment of these Articles of Incorporation shall require the assent of the holders of not less than two-thirds (2/3) of the votes of the Members entitled to be cast.

TWELFTH: FHA-VA Approvals. Notwithstanding anything to the contrary herein, if any Lots are encumbered by a Mortgage which is insured by FHA or guaranteed by VA, and there are then Class B memberships of the Association outstanding, neither the members of the Association, the Board of Directors, nor the Association shall by act or omission, take any of the following actions without the prior written consent or approval, where required, of the FHA and the VA: (a) change the basic organization of the Association, including merger, consolidation, or dissolution of the Association; or (b) otherwise materially modify or amend any provision of the Declaration, the By-Laws or these Articles of Incorporation; or (c) dedicate, convey or mortgage the common areas or open space areas.

IN WITNESS WHEREOF, the undersigned has signed and acknowledged the foregoing Articles of Incorporation this 15 day of October, 2001.

WITNESS:



 (SEAL)
Debra B. Adler

**STEVEN D. ROSEN
3722 BIRCHMERE COURT
OWINGS MILLS, MARYLAND 21117**

October 12, 2001

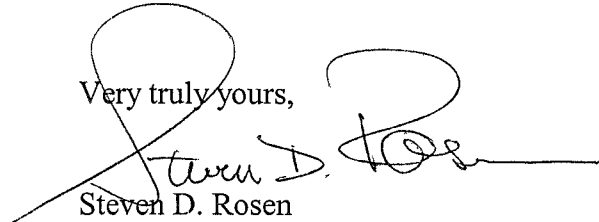
State Department of Assessments
and Taxation
301 W. Preston Street
Room 801
Baltimore, Maryland 21201-2395

Re: Grace Manor Homeowners' Association, Inc.

Dear Sir/Madam:

This letter serves to provide my consent to serve as Resident Agent for the above-referenced corporation.

Very truly yours,


Steven D. Rosen

SDR/dba