

ARTICLES OF INCORPORATION
OF
FALLS RUN COMMUNITY ASSOCIATION, INC.

**ARTICLE I
NAME**

The name of the corporation is Falls Run Community Association, Inc., hereafter called the "Corporation" or the "Association".

**ARTICLE II
PURPOSES**

The Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for the management, maintenance and care of certain aspects of the real estate known as "Falls Run" located in Stafford County, Virginia, as more particularly described in the Declaration of Covenants, Conditions, and Restrictions For Falls Run, recorded in the Clerk's Office of the Circuit Court of Stafford County, Virginia, as the same may from time to time be amended or supplemented (the "Declaration"), and to provide a means whereby the Owners, acting together, may provide for the management, maintenance and care of the Common Area and Neighborhood Facilities and the provision of services to Owners, and for this purpose to: (a) enforce the Governing Documents and exercise all of the powers and privileges and perform all of the duties and obligations of the Association; (b) fix, levy, collect and enforce payment by any lawful means of all charges or assessments pursuant to the Governing Documents; (c) pay all Common Expenses; (d) subject to the Governing Documents, acquire, 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; and (e) have and exercise any and all powers, rights and privileges which a corporation organized under the Virginia Nonstock Corporation Act may by law now or hereafter have or exercise.

**ARTICLE III
DEFINITIONS**

Except as expressly defined herein, all capitalized terms used herein shall have the respective meanings set forth in the Declaration.

**ARTICLE IV
MEMBERSHIP**

Every Owner shall be a member of this Association. Upon conveyance of fee simple title to any Dwelling Unit to a purchasing Owner, the purchasing Owner shall become a member of this Association and the membership of the selling Owner shall terminate.

**ARTICLE V
VOTING RIGHTS**

Each Unit Owner shall have one (1) vote per Dwelling Unit owned by such Owner; however, during the Declarant Control Period all of the voting rights of the

Owners shall be vested in Declarant and Owners other than Declarant shall have no voting rights. One individual shall be designated by all of the Owners of each dwelling Unit to be the "Voting Member" with respect to such Dwelling Unit. If no designation is made and more than one person seeks to be the Voting Member, the Board of Directors may either recognize one such individual as the Voting Member or suspend the vote for that Dwelling Unit until the issue has been resolved.

ARTICLE VI REGISTERED OFFICE AND AGENT

The address of the initial registered office of the Association, which is located in the City of Fredericksburg, Virginia, is 111 Batley Court, Fredericksburg, Virginia 22406. The initial registered agent of the Association is Christopher J. Ryan, who is a resident of Virginia and a director of the Association and whose business office is identical with the registered office.

ARTICLE VII BOARD OF DIRECTORS

A. The number of directors constituting the initial Board of Directors is three, and their names and addresses are:

Christopher J. Ryan
111 Batley Court
Fredericksburg, Virginia 22406

Omar A. Badawi
9229 Ashland Woods Lane
Apartment C2
Lorton, Virginia 22079

Channon E. Rickard
6705 Meredith Lane
Fredericksburg, Virginia 22407

The number of directors shall be increased to seven at such time as directors are elected by the Voting Members.

B- Until the expiration of the Declarant Control Period (during which time Members do not elect the Board of Directors), and thereafter until their successors have been elected, by the Owners, the Board of Directors shall consist of persons designated by the Declarant. Declarant shall have the right in its sole discretion to remove directors during the Declarant Control Period and to designate their successors.

C. At the first meeting of the Association following termination of the Declarant Control Period (which meeting shall be held within thirty days after the termination of Declarant Control Period), seven (7) directors shall be elected by the Voting Members of the Association. Except For directors appointed by the Declarant, each elected director shall be either an Owner, a Voting Member or a Resident. No more than one co-Owner or Resident of a Dwelling Unit may be elected to the Board of Directors at any one time. At the first meeting at which directors are elected, the

four elected directors receiving the greatest number of votes shall each serve a 2-year term and the remaining three (3) directors shall each serve a 1-year term. Thereafter, each elected director shall serve a 2-year term. Each director shall hold office until his or her term expires or until his or her successor has been elected. No elected director may serve for more than three (3) successive terms. In all elections of directors, each Voting Member shall be entitled to such number of votes as is equal to the number of directors to be elected. Cumulative voting is not permitted. Members of the Board of Directors may be elected by oral ballot of the Voting Member unless any Voting Member requests a written ballot, in which event members of the Board of Directors shall be elected by written ballot.

D. Except with respect to directors designated by Declarant, at any meeting called for the purpose of removing a director, any one or more of the members of the Board of Directors may be removed with or without cause by action of a majority of the Voting Members and a successor may then and there be elected to fill the vacancy thus created. Notice of such meeting shall state that the purpose, or one of the purposes, of the meeting is the removal of the director(s). A member of the Board of Directors may resign at any time in accordance with Va. Code Ann. Section 13.1-859.

E. Any elected director who is absent from three (3) consecutive meetings of the Board of Directors or who is more than thirty (30) days delinquent in the payment of any Charges or who ceases to be an Owner, Voting Member or Resident may be removed by majority vote of the remaining directors. Vacancies in the Board of Directors caused by any reason other than the removal of a director by the Voting Members shall be filled by a vote of the majority of the remaining directors at a special meeting of the Board of Directors held for such purpose promptly after the occurrence of such vacancy. Each person so elected shall be a member of the Board of Directors until the next meeting of the Association at which directors are elected. Notwithstanding anything to the contrary in this Paragraph E or in the preceding Paragraph D, until the expiration of the Declarant Control Period the Declarant shall designate the successor to any resigned or removed director previously designated by the Declarant.

ARTICLE VIII INDEMNIFICATION

A. Definitions. For purposes of this Article the following definitions shall apply:

"Corporation" means this Corporation only and no predecessor entity or other legal entity.

"expenses" include counsel fees, expert witness fees and costs of investigation, litigation and appeal, as well as any amounts expended in asserting a claim for indemnification.

"liability" means the obligation to pay a judgment, settlement, penalty, fine or other such obligation, including, without limitation, any excise tax assessed with respect to an employee benefit plan.

"legal entity" means a corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise.

"predecessor entity" means a legal entity, the existence of which ceased upon its acquisition by the Corporation in a merger or otherwise.

"proceeding" means any threatened, pending or completed action, suit, proceeding or appeal whether civil, criminal, administrative or investigative and whether formal or informal.

B. Limit on Liability. In every instance in which the Virginia Nonstock Corporation Act, as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of liability of directors or officers of a corporation to the corporation or to its members, the directors and officers of this Corporation shall not be liable to the Corporation or to its members.

C. Indemnification of Directors and Officers. The Corporation shall indemnify any individual who is, was or is threatened to be made a party to a proceeding (including a proceeding by or in the right of the Corporation or by or on behalf of its members) because such individual is or was a director or officer of the Corporation or because such individual is or was serving the Corporation, or any other legal entity in any capacity at the request of the Corporation while a director or officer of the Corporation, against all liabilities and reasonable expenses incurred in the proceeding except such liabilities and expenses as are incurred because of such individual's willful misconduct or knowing violation of the criminal law. Service as a director or officer of a legal entity controlled by the Corporation shall be deemed service at the request of the Corporation. The determination that indemnification under this Section C is permissible and the evaluation as to the reasonableness of expenses in a specific case shall be made, in the case of a director, as provided by law, and in the case of an officer, as provided in Section D of this Article; provided however, that if a majority of the directors of the Corporation has changed after the date of the alleged conduct giving rise to a claim for indemnification, such determination and evaluation shall, at the option of the person claiming indemnification, be made by special legal counsel agreed upon by the Board of Directors and such person. Unless a determination has been made that indemnification is not permissible, the Corporation shall make advances and reimbursements for expenses incurred by a director or officer in a proceeding upon receipt of an undertaking from such director or officer to repay the same if it is ultimately determined that such director or officer is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured general obligation of the director or officer and shall be accepted without reference to such director's or officer's ability to make repayment. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that a director or officer acted in such a manner as to make such director or officer ineligible for indemnification. The Corporation is authorized to contract in advance to indemnify and make advances and reimbursements for expenses to any of its directors or officers to the same extent provided in this Section C.

D. Indemnification of Others. The Corporation may, to a lesser extent or to the same extent that it is required to provide indemnification and make advances and reimbursements for expenses to its directors and officers pursuant to Section C, provide indemnification and make advances and reimbursements for expenses to its employees and agents, the directors, officers, employees and agents of its subsidiaries and predecessor entities, and any person serving any other legal entity in any capacity at the request of the Corporation, and may contract in advance to do so. The determination that indemnification under this Section D is permissible, the

authorization of such indemnification and the evaluation as to the reasonableness of expenses in a specific case shall be made as authorized from time to time by general or specific action of the Board of Directors, which action may be taken before or after a claim for indemnification is made, or as otherwise provided by law. No person's rights under Section C of this Article shall be limited by the provisions of this Section D.

E. Miscellaneous. The rights of each person entitled to indemnification under this Article shall inure to the benefit of such person's heirs, executors and administrators. Special legal counsel selected to make determinations under this Article may be counsel for the Corporation. Indemnification pursuant to this Article shall not be exclusive of any other right of indemnification to which any person may be entitled, including indemnification pursuant to a valid contract, indemnification by legal entities other than the Corporation and indemnification under policies of insurance purchased and maintained by the Corporation or others. However, no person shall be entitled to indemnification by the Corporation to the extent such person is indemnified, by another, including an insurer. The Corporation is authorized to purchase and maintain insurance against any liability it may have under this Article or to protect any of the persons named above against any liability arising from their request of the Corporation regardless of the Corporation's power to indemnify against such liability. The provisions of this Article shall not be deemed to preclude the Corporation from entering into contracts otherwise permitted by law with any individuals or legal entities, including those named above. If any provision of this Article or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of this Article, and to this end the provisions of this Article are severable.

F. Amendments. No amendment, modification or repeal of this Article shall diminish the rights provided hereunder to any person arising from conduct or events occurring before the adoption of such amendment, modification or repeal.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Virginia, I, the undersigned incorporator, have executed these Articles of Incorporation this 21st day of June, 2002.

W. Alien Ames,
Incorporator