

**BY-LAWS
OF
MANGUM FARMS HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I

The name of the corporation is MANGUM FARMS HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 2014 South Main Street, Suite 606, Wake Forest, NC 27587, but the meetings of members and directors may be held at such places within the State of North Carolina, County of Wake as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

Section 1. "Association" shall mean and refer to MANGUM FARMS HOMEOWNERS ASSOCIATION, INC., its successors and assigns.

Section 2. "Common Area" shall mean all property owned by the Association, or such other property which the Association may hold subject to the provisions of the Declarations. Common Areas shall be defined and bounded on the plat(s) as "Common Areas" or "Open Space" or "Common Open Space". Common Areas in each phase shall be conveyed to the Association in accordance with Article III, Section 3 prior to deeding the first Lot in the phase. Common Areas shall specifically include but shall not be limited to: (a) all water lines and sewer lines which serve the Properties and are located outside of any public street right-of-way or any Town of Stem utility easement (excluding those lines serving a single Lot); and (b) all storm drainage pipes or detention or retention facilities which serve the Properties and are located outside of any public street right-of-way, (excluding those pipes serving a single Lot); and (c) private streets and private sidewalks; and (d) any other Common Areas identified on recording plats.

of the Properties, with the exception of the Common Area and building blocks without interior side lines.
Lots shall be used for the construction of single family detached dwelling units.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 9. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions for Mangum Farms Subdivision, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year hereafter, at the hour of 8 o'clock, P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Unless otherwise specified in the Declaration, Articles of

and qualified.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V NOMINATION AND ELECTION OF OFFICERS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than a number of vacancies that are to be filled. Such nominations

Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the

Class A members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see

maintained;

(8) to pay ad valorem taxes and public assessments levied against the COMMON AREAS.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President and a Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer of the Association may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse the funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by an independent public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members. The Treasurer shall issue certificates indicating the payment or non-payment of assessments on specified lots.

ARTICLE IX
COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X
ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property which the assessment is made. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the maximum rate allowed by law, and the Association may bring an action at law

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting secretary of the MANGUM FARMS HOMEOWNERS ASSOCIATION, INC., a non-profit, North Carolina Corporation, and,

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 18th day of April, 2008.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 18th day of April, 2008.


Secretary



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Recorded: 08/07/2007 at 02:51:57 PM
Fee Amt: \$83.00 Page 1 of 24
Granville County, NC
Kathryn Crews Averett Reg of Deeds
BK 1224 Pg 91-114

PREPARED BY: W. THURSTON DEBNAM, JR.
MAIL TO : SMITH DEBNAM POST OFFICE BOX 26268
RALEIGH, NORTH CAROLINA 27611

NORTH CAROLINA	DECLARATION OF COVENANTS,
GRANVILLE COUNTY	CONDITIONS AND RESTRICTIONS FOR
	MANGUM FARMS SUBDIVISION

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is entered into this ^{6th} day of August, 2007 between Mangum Farms Developers LLC, a North Carolina limited liability company (hereinafter called "Declarant") and all parties hereafter acquiring any of the described property.

WITNESSETH:

WHEREAS, Declarant is the owner of Lots 1 through 48 inclusive and Lots 100 through 129 inclusive, Phase I, Mangum Farms Subdivision as shown by map and survey recorded in Plat Book 35, Page 117 (3 sheets), Granville County Registry.

WHEREAS, it is in the best interest of the Declarant and to the benefit, interest and advantage of every party hereafter acquiring any of the described property that certain covenants, conditions, easements, assessments, liens and restrictions governing and regulating the use and occupancy of the property be established; and

property which the Association may hold subject to the provisions of the Declaration. Common Areas shall be defined and bounded on the plat(s) as "Common Areas" or "Common Open Space". Common Areas in each phase shall be conveyed to the Association in accordance with Article III, Section 3 prior to deeding the first Lot in the phase. Common Areas shall specifically include but shall not be limited to: (a) all water lines and sewer lines which serve the Properties and are located outside of any public street right-of-way or any utility easement (excluding those lines serving a single Lot); and (b) all storm drainage pipes which serve the Properties that are located outside of any public street right-of-way, (excluding those pipes serving a single Lot); (c) all storm water control measures which serve the Property that are located outside of any public street right of way; and (d) open space identified on recorded plats.

Section 3. "Common Expense" shall mean and include:

- (a) All sums lawfully assessed by the Association against its members;
- (b) Expense of the Common Area and administration, maintenance, repair, or replacement of the Common Areas;
- (c) Expenses declared to be Common Expenses by the provisions of this Declaration or the By-laws;
- (d) Hazard, liability, or such other insurance premiums as the Declaration or the By-laws may require the Association to purchase;
- (e) Ad valorem taxes and public assessment charges lawfully levied against Common Areas;
- (f) Expenses agreed by the Members to be Common Expenses of the Association.
- (g) Utilities used in connection with the Common Areas

reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) The right of the Association to fine Owners for non-compliance with these Covenants, suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(c) The right of the Association to dedicate 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.

No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of Members has been recorded.

(d) The right of the Association to limit the number of guests of Members;

(e) The right of the Association, with the assent of two-thirds (2/3) of all Class A Members and two-thirds (2/3) of all Class B Members, and in accordance with its Articles and By-laws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property, and the rights of such mortgagee in said Properties shall be subordinate to the rights of the Members and the Association hereunder;

(f) The right of the Association to adopt, publish and enforce rules and regulations as provided in Article III.

(g) The right of the Association to exchange Common Area in accordance with the applicable governmental land use ordinance.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract

circumference larger than eighteen inches (18"). The Association may further regulate or prohibit the erection of television antennas and satellite dishes on individual Lots.

ARTICLE IV MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. Membership in the Association as defined hereinabove shall be mandatory for each original Lot Owner and each successive Owner of a Lot.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned provided that, when Class B membership terminates as set forth below, the Declarant shall be a Class A member for each Lot it then owns. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot, and in no event shall fractional votes be allowed.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to ten (10) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier.

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in Class B membership or:
- (b) on December 31, 2014; or
- (c) Upon the surrender of all Class B membership by the holder thereof.

Expenses, the procurement and maintenance of insurance in accordance with this Declaration or bylaws, the employment of attorneys to represent the Association when necessary, the provision of adequate reserves for the replacement of capital improvements including, without limiting the generality of the foregoing, paying and any other expense for which the Association is responsible, and such other needs as may arise.

Section 3. Reserves. The Association shall establish and maintain an adequate reserve fund or funds for the periodic maintenance, repair and replacement of improvements to the Common Area and those other portions of the properties which the Association may be obligated to maintain. Such reserve fund is to be established out of regular or special assessments for Common Expense for the Owners of the kind of Lots that require the reserve fund or funds.

Section 4. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum yearly assessment for detached single family Lots shall be Three Hundred Sixty Dollars (\$360.00) per Lot. The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessments may be increased effective January 1 of each year without a vote of membership by up to 10% of the previous year's assessment.

(b) From and after January 1 of the year immediately following the conveyance of the First Lot to an Owner, the maximum annual assessment for Lots may be increased above the increase permitted in Section 4(a) above by a vote of two-thirds (2/3) of Class A and B Members who are voting in person or by proxy, at a meeting duly called for this purpose.

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Section 8. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to Lots for which a certificate of occupancy has been issued and have been sold to an Owner on the first day of the month following the conveyance of the Common Area. Such annual assessments shall be paid ratably on a monthly basis. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The Due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessment on a specified Lot has been paid. Any certificate so given shall be conclusive evidence of payment of the assessment stated therein.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the maximum rate allowed by law. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property and in either event interest, costs and reasonable attorney's fees of any such action shall be added to the assessment. Foreclosure is to be in the same manner as that of Deeds of Trust, foreclosed under power of sale under Chapter 45 of the North Carolina General Statutes. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot. Should any deficiency remain after the foreclosure, the Association may also bring an action against the Owner for said deficiency.

Section 10. Subordination of the Lien to Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage and ad valorem taxes. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to such mortgage

or maintained upon the properties, nor shall any exterior addition to or change or alteration therein be made (including changes or alterations in the color exterior paint, vinyl siding, masonry or shutters) until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said completed plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Residences shall be erected with a minimum of 1,450 square feet of heated living area, exclusive of porches and garages. No trailer, tent, shack, barn or other building shall be erected or placed on any Lot covered by these covenant. No detached garage shall at any time be used for human habitation temporarily or permanently. Temporary structures are prohibited.

(b) No building shall be located on any tract nearer than 25 feet from the front property line, 30 feet from the rear property line and 5 feet from the side property line, with an aggregate of 12 feet total side yard setbacks. Additionally, all buildings shall be situated in accordance with the land use ordinances of the

Town of Stem.

(c) No additional driveways or sidewalks may be installed on any Lot without the prior written approval of the Architectural Committee of the Association.

(d) Mailboxes shall not be altered in any way, with the exception of repairs to restore these items to their original appearance if damaged or discolored.

(e) All driveway pipe shall be installed in accordance with the specifications promulgated by the North Carolina Department of Transportation. All driveways shall be concrete.

- (l) No inoperable, unlicensed or junk motor vehicles or equipment of any kind may be located on any Lot.
- (m) No manufactured homes and no modular homes shall be allowed on any Lot.
- (n) No above ground diesel storage tanks, above ground gasoline storage tanks and propane gas tanks with a capacity of 100 gallons or more shall be allowed on any Lot. Propane gas tanks with a capacity of less than 100 gallons may be placed in the rear yard of any Lot.

ARTICLE VII

INSURANCE

Section 1. Insurance coverage on the Property shall be governed by the following provisions:

(a) Ownership of Policies. All insurance policies covering the Common Areas shall be purchased by the Association for the benefit of the Association and the Members. All insurance policies covering Single Family Lots shall be owned by the individual Owners thereof and shall be fully paid by such owners.

(b) Coverage. All buildings and improvements upon the Common Areas and all personal property included in the Common Areas shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

(i) Loss or damage by fire and other hazards covered by the standard extended coverage endorsement,

(ii) Such other risks as from time to time shall be customarily covered with respect to

structure is totally destroyed, the Owner may decide not to rebuild or to reconstruct, in which case the Owner, within 45 days of the casualty, shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction and thereafter the Owner shall continue to maintain the Lot in a neat and attractive condition consistent with the community-wide Standard.

ARTICLE VIII

USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, publish, and endorse reasonable rules and regulations concerning the use and enjoyment of the Common Areas and individual Lots. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration.

Section 2. Use of Properties. No portion of the Properties (except for temporary office of the Declarant and/or model used by Declarant) shall be used expect for residential purposes and for purposes incidental or accessory thereto.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Properties, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood.

Section 4. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling. Household pets are limited to two (2) household cats and two (2) domesticated dogs. Said pet(s) may be kept or maintained provided that they are not kept or maintained for commercial purposes. Pitt Bulls and Rottweilers are not permitted. All pets must be kept under the direct control of the owner by fence, leash or harness and may not run freely at any time. Pet owners are required to clean

rescue activities and law enforcement activities.

Section 4. An easement is hereby reserved over the front ten feet, the rear ten feet and five feet along both side yard lines of each Lot for the installation of utilities and drainage facilities.

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners.

Section 4. If any amendment to these covenants, conditions, and restrictions is executed, each such amendment shall be delivered to the Board of Directors of this Association. Thereupon, the Board of Directors shall, within 30 days do the following:

- (a) Reasonably assure itself that the amendment has been executed by the Owners of

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designate a representation to attend all such meetings, (d) receive written notice of any condemnation or casualty loss that affects either a material portion of the project or the note securing its mortgage, (e) receive written notice of any sixty-day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage, (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Owners' Association, (g) receive written notice of any proposed action that requires the consent of a specified percentage of mortgage holders, and (h) be furnished with a copy of the master insurance policy, all the above upon request of mortgage holder.

ARTICLE XI

ELECTRICAL SERVICE

Declarant reserves the right to subject the above described Property to a contract with Progress Energy of the Carolinas for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to Progress Energy of the Carolinas by either the Association, the Owners or both within said Property.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this Declaration to be executed by its Manager as of the day and year first above written.

Mangum Farms Developers, LLC

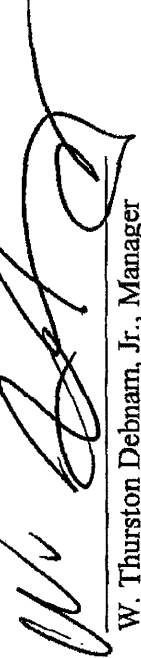
By: 
W. Thurston Debnam, Jr., Manager

EXHIBIT A

Being all of Lots 1 through 48 inclusive and Lots 100 through 129 inclusive, Phase I, Mangum Farms Subdivision as shown by a map and survey recorded in Plat Book 35, Page 117 (3 sheets), Granville County Registry.

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Utilities Service

Please be sure to have all utilities transferred into your name at the time of your scheduled closing date. The following is a list of all utility companies you will need to contact.

Electricity → Duke Energy Progress	800-452-2777
Water → South Granville Water & Sewer	919-575-3367
Telephone → Century Link	888-270-5443
Telephone → Frontier Communications	877-619-6198
Cable → Time Warner Cable	877-343-2542
Gas → Suburban Propane	919-361-4640
Waste Industries	919-575-6655