

BYLAWS
OF
SWAN RUN ASSOCIATION OF UNIT OWNERS, INC.
AND
SWAN RUN, A CONDOMINIUM

Section 1: Definitions

Any definition of a term set forth in North Carolina General Statutes Section 47A-3 which is not inconsistent with the definitions hereinafter incorporated from the Declaration of Unit Ownership under Chapter 47A of the North Carolina General Statutes for Swan Run Condominium Phase I ("Declaration") is incorporated herein by reference. Unless the context clearly indicates otherwise, any term not otherwise defined in these Bylaws shall have the same meaning as in the Declaration.

Section 2: Administration of The Condominium Property

Section 2.1. Corporation. Swan Run Association of Unit Owners, Inc. ("Association") was formed solely for the purpose of administering, managing and being in charge of the operation of the Condominium Property, and these Bylaws shall govern the administration of the Condominium Property as required by Section 47A-18 of the North Carolina Unit Ownership Act (the "Act"). The Association shall not engage in any other activities and shall confine itself to the administration and government of the Condominium Property.

Section 2.2. Authority. The Association, its Board of Directors, its officers and its members, shall at all times act in conformity with the Act, the Declaration, the Articles of Incorporation of the Association, these Bylaws and the Rules and Regulations adopted by the Board of Directors pursuant to Article VI, Section 10, of the Declaration and these Bylaws. In the administration, operation and management of the Condominium Property, the Association shall have the authority and power to enforce the provisions of these Bylaws and the Declaration, to levy and to collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such Rules and Regulations governing the use of the Units and Common Areas and Facilities as its Board of Directors may deem to be in its best interest.

Section 3: Offices -- Seal -- Fiscal Year

Section 3.1. Principal Office -- Registered Office. The initial registered office of the Association shall be located at Suite 405, Colwick Tower, Colwick Road, Charlotte, North Carolina 28211. The Association may change the registered office as it deems it necessary.

Section 3.2. Other Offices. The Association may have other offices at such other places within the State of North Carolina as the Board of Directors may from time to time determine or as the affairs of the Association may require.

Section 3.3. Seal. The seal of the Association shall contain the name of the Association, the word "Seal," year of incorporation and such other words and figures as desired by the Board of Directors. When obtained, said seal shall be impressed in the space below:

Section 3.4. Fiscal Year. The fiscal year of the Association shall be the calendar year, except that in the initial year of operation of the Association, the fiscal year shall commence with the closing of the sale of the first Unit.

Section 4: Membership and Meetings

Section 4.1. Qualification. Membership in the Association shall be confined to and consist of the Unit Owners. Membership shall be appurtenant to and inseparable from Unit ownership.

Membership in the Association shall inure automatically to Unit Owners upon acquisition of the fee simple title, whether encumbered or not, to any one or more Units. The date of recordation of the conveyance in the Office of the Register of Deeds of Mecklenburg County, North Carolina, of the Unit in question shall govern the date of ownership of each particular Unit. In the case of death, however, the transfer of ownership shall occur on date of death in the case of intestacy or date of probate of will in the case of testacy. Until a decedent's will is probated, the Association may rely on the presumption that a deceased owner died intestate.

Section 4.2. Place of Meetings. All meetings of the membership shall be held at the registered office of the Association or at such other place as may be designated from time to time by the Board and included in the notice of meeting, provided that all meetings shall be held within Mecklenburg County, North Carolina.

Section 4.3. Annual Meetings. The first annual meeting of the Members shall be held at the date and hour designated by the Declarant within sixty (60) days after the conveyance by the Declarant of the Unit which leaves Declarant as the Owner of twenty-five percent (25%) or less of the Percentage Interests. Thereafter, the annual meetings of the members shall be held on the third Saturday in January of each year, at 10:00 a.m., Eastern Standard Time. If the third Saturday in January should be a legal holiday, the annual meeting shall be held at the same hour on the first day following which is not a legal holiday. At such meetings the Board of Directors shall be elected and the Members shall transact such other business as may properly come before them.

Section 4.4. Substitute Annual Meetings. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Sections 4.5 and 4.6. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4.5. Special Meetings. Special meetings of the Members may be called at any time by the President, Secretary or Board of Directors of the Association, or by any member pursuant to the written request of the holders of not less than thirty-three percent (33%) of the Percentage Interests.

Section 4.6. Notice of Meetings--Waiver. Written or printed notice stating the time and place of the meeting shall be delivered not less than ten (10) nor more than thirty (30) days before the date of any membership meeting, either personally or by mail, by or at the direction of the President, the Secretary or other person calling the meeting, to each Member entitled to vote at such meeting. If delivered personally, receipt of such notice shall be signed by the Member, indicating the date on which such notice was received by him. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail, postage prepaid and addressed to the Member at his or her post office address as it appears on the records of the Association as of the date of mailing such notice.

Notice given to any one tenant-in-common or tenant-by-entirety of a Unit shall be deemed notice to all co-owners of such Unit.

In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called; but, in the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of Chapter 55A of the North Carolina General Statutes.

Any Member may waive the necessity of formal notice to him by signing a written waiver either before or after the meeting. Upon execution of such a waiver, a Member shall not be entitled thereafter to object to the holding of the meeting or matters being passed upon at said meeting because of lack of notice thereof.

Section 4.7. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members entitled to vote one-half (1/2) of the total Percentage Interests shall constitute a quorum at all meetings of the Members. If any meeting cannot be organized because a quorum has not attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended (wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these Bylaws or the Declaration), the Members who are present, either in person or by proxy, may adjourn the meeting from time to time without notice other than the announcement at the meeting, until a quorum, or the required percentage of attendance if greater than a quorum, is present, so long as said adjournment is for less than thirty (30) days.

The Members at any meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, unless a higher percentage of votes is required.

Section 4.8. Voting Rights. The total number of votes of all Unit Owners shall be One Hundred (100), said total number remaining unchanged in the event of the expansion of the Condominium Property and addition of Units. The Owner or Owners of each Unit shall be entitled to cast the number of votes equal to the Percentage Interest appurtenant to his or her Unit, as set forth in Article XIV, Section 2, of the Declaration and Exhibit X attached thereto (as such Percentage Interest may be changed from time to time by addition of Phases II, III and/or IV to the Condominium Property).

The vote of the Owners of a Unit owned by more than one person or by a corporation or other entity shall be cast by the one individual named in a certificate signed by all of the Owners of the Unit and filed with the Secretary of the Association, and such certificate shall be valid until revoked by subsequent certificate. If such a certificate is not on file, the vote of such Owners shall not be considered for any purpose.

The owners of a life estate in a Unit shall be entitled to cast the vote appurtenant to such Unit as against the owners of a reversion or remainder interest. The above provisions concerning one voter shall also apply to those owning joint or multiple life estates in any particular Unit.

Section 4.9. Proxies. Members may vote either in person or by agents duly authorized by a written proxy executed by a Member or by his duly authorized attorney-in-fact. A proxy is not valid after the expiration of eleven (11) months from the date of its execution, unless the person executing it specified therein the length of time for which it is to continue in force,

or limits its use to a particular meeting, but no proxy shall be valid after ten (10) years from the date of its execution. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place.

Section 4.10. Majority Vote. The casting of a majority of the votes represented at a meeting at which a quorum is present, in person or by proxy, shall be binding for all purposes except where a higher percentage vote is required by the Declaration, the Articles of Incorporation of the Association, these Bylaws or by law.

Section 4.11. Actions without Meeting. Any action which may be taken at a meeting of the membership may be taken without a meeting if a consent or ratification, in writing, setting forth the action so taken or to be taken shall be signed by persons who would be entitled to vote all of the One Hundred (100) votes upon such action at a meeting and such consent is filed with the Secretary of the Association and inserted in the minute book of the Association.

Section 4.12. Order of Business. As far as practical, the order of business at any meeting of members shall be:

- A. Calling of the roll and certifying of proxies;
- B. Proof of notice of meeting or waiver of notice;
- C. Reading and disposal of any unapproved minutes;
- D. Election of Directors in the manner provided in Section 6 of these Bylaws.
- E. Reports of Officers;
- F. Reports of Committees;
- G. Unfinished business;
- H. New business; and
- I. Adjournment.

Section 4.13. Voting by Members. Voting on all matters except election of directors shall be by voice vote or by a show of hands unless one tenth (1/10) of the votes represented at the meeting shall, prior to the voting on any matter, demand a ballot vote on that particular matter.

Section 4.14. Voting Lists. At least ten (10) days before each meeting of Members, the Secretary of the Association shall prepare an alphabetical list of the Members entitled to vote at such meeting or any adjournment thereto, with the address of each such Member. This list shall be kept on file at the registered office of the Association for a period of ten days prior to such meeting, and shall be subject to inspection by any Member at any time during the usual business hours. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any Member during the whole time of the meeting.

Section 5: Board of Directors

Section 5.1. General Powers. The business and affairs of the Association shall be managed by the Board of Directors.

Section 5.2. Number, Term and Qualification. The initial Board of Directors will consist of three persons whose names are set forth in the Articles of Incorporation of Swan Run Association of Unit Owners, Inc. The undertakings and contracts authorized by the initial Board of Directors shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Board of Directors duly elected by the membership after the Declaration had been recorded, so long as such undertakings and contracts are within the scope of the powers and duties which may be exercised by the Board of Directors of the Association in accordance with all applicable Condominium Documents. From and after the date of the first

4360 0935

annual membership meeting there shall be three directors; provided, however, that upon the adding of Phase II, Phase III and/or Phase IV to Swan Run Condominium in accordance with the terms of the Declaration the number of Directors shall be increased by two (2) from and after the date each such phase is so added. Notwithstanding the foregoing, there shall be no increase in the number of Directors as a result of the addition of Phase IV to the Condominium Property prior to constructing the improvements shown on the Plans. The initial Board shall serve until their successors are elected at the first annual membership meeting. Each director shall hold office until his death, resignation, retirement, removal, or disqualification, or until his successor is elected and qualifies. Directors need not be members of the Association or residents of North Carolina, and each director shall be at least twenty-one years of age.

Section 5.3. Classification of Directors. Directors of the Association shall be chosen by the Members (including Declarant) at annual meetings as provided in Section 5.6 of these Bylaws. So long as the Declarant has or retains the right to designate any directors as provided in Section 5.4 of these Bylaws, each director so chosen shall serve for a term of one year, or until his or her successor is duly elected and qualified at the next annual meeting.

Beginning with the first annual meeting at which the Declarant shall have no right to designate directors as provided in Section 5.4 of these Bylaws, the Board of Directors shall be divided into three classes as nearly equal in number as may be, with the term of office of one class expiring each year. Directors of the first class shall be elected to hold office for a term expiring at the next annual meeting; directors of the second class shall be elected to hold office for a term expiring at the second succeeding annual meeting; and directors of the third class shall be elected to hold office for a term expiring at the third succeeding annual meeting. When the number of directors is changed by amendment to these Bylaws, any newly created directorships or any decrease in directorships shall be so apportioned among the classes as to make all classes as nearly equal in number as possible. When the number of directors is increased and any newly created directorships are filled by the Board of Directors, there shall be no classification of the additional directors until the next annual meeting of stockholders.

At the first annual meeting at which directors are to be classified, the number of directorships allocated to each class shall be such as to make the first class as large as or larger than either the second class or the third class, and to make the second class as large as or larger than the third class, while still making the classes as nearly equal in number as may be. For example, if nine directors are to be elected, three shall be elected for each class; if seven directors are to be elected, three shall be elected to the first class and two each to the second and third classes; if five are to be elected, two each are to be elected to the first and second classes and one to the third class; and if three are to be elected, one shall be elected to each class. Those persons receiving the highest number of votes shall be placed in the third class; those receiving the next highest number of votes in the second class; and those receiving the fewest votes in the first class.

Section 5.4. Declarant's Right to Designate Directors.

Until the first annual meeting of the Members as provided in Section 4.3 hereof, the Declarant shall have the right to remove any director and designate his replacement. Further, when Phase II, Phase III and/or Phase IV are added to Swan Run Condominium in accordance with the terms of the Declaration and so long as Declarant shall retain ownership of more than twenty-five percent (25%) of the Total Percentage Interests attributable to

Units in any of such Phases, the Declarant shall have the right to select and replace the two Directors who are added to the Board as a result of the adding of each such Phase to Swan Run Condominium.

For example, if Phase II is added to the Condominium Property, the number of directors shall be increased from three to five, and the Declarant shall have the right to select two of such directors so long as the Declarant remains the Owner of more than 25% of the Percentage Interests appurtenant to Units which are included in Phase II.

As a further example, if both Phases II and III are added to the Condominium Property, the number of directors shall be increased to seven. The Declarant shall have the right to select two of such directors so long as it retains ownership of more than 25% of the Percentage Interests attributable to Phase II and two more of such directors (for a total of four) so long as it retains ownership of more than 25% of the Percentage Interests attributable to Phase III.

Section 5.5. Nominations. Nominations for election to the Board of Directors shall be made by a Nominating Committee consisting of a Chairman, who shall be a member of the Board, and two members of the Association. The Nominating Committee shall be appointed by the Board 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 the number of vacancies that are to be filled. Nominations may also be made from the floor at the annual meeting.

Section 5.6. Election of Directors. Election of Directors shall be conducted in the following manner:

(a) The Declarant shall, at the beginning of the election of the Board of Directors, select that number of the members of the Board of Directors which it shall be entitled to select in accordance with the terms of these Bylaws, and upon such selection, by written instrument presented to the meeting at which such election is held, said individuals so selected by the Declarant shall be considered directors of the Association, and shall thenceforth perform the offices and duties of such Directors until their successors shall have been elected in accordance with the provisions of these Bylaws.

(b) All members of the Board of Directors whom the Declarant shall not be entitled to select under the terms and provisions of these Bylaws shall be elected by a plurality (or excess of votes cast over those of opposing candidates) of the votes cast at the Annual Meeting of the members of the Association immediately following the selection of the members of the Board of Directors whom the Declarant shall be entitled to select, and voting shall be cumulative as provided in subparagraph (d) hereof.

(c) Vacancies in the Board of Directors may be filled until the date of the next annual meeting by the remaining directors, except that should any vacancy in the Board of Directors be created in any directorship previously filled by any person selected by the Declarant, such vacancy shall be filled by the Declarant's selection, by written instrument delivered to any officer of the Association, of the successor director to fill the vacated directorship for the unexpired term thereof.

(d) At each annual meeting, the Members shall elect the number of directors provided in these Bylaws, as classified in accordance with Section 5.3 hereof, for the terms set

out in Section 5.3. Every Member entitled to vote shall have the right to vote a total number of votes held by such Member as set out in Section 4.8 of these Bylaws, for as many persons as there are directors to be elected (without regard to classification), or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of votes held by that Member (as set out in Section 4.8) shall equal, or by distributing such votes on the same principle between any number of such candidates. Persons receiving the highest number of votes shall be elected.

Notwithstanding the fact that the Declarant may be entitled to select a majority of the members of the Board of Directors, it shall still be entitled to cast the vote for each Unit owned by it in the elections of other Directors; provided, however, that the other directors elected are persons other than officers, directors, stockholders and employees of the Declarant, or wives and relatives of any said persons.

(e) In the event that the Declarant, in accordance with the rights herein established, selects any person to serve on any Board of Directors of the Association, the Declarant shall have the absolute right at any time, in its sole discretion, to replace such person with another person to serve on any Board of Directors. Replacement of any person designated by the Declarant to serve on any Board of Directors of the Association shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name of the person to be replaced and the name of the person designated as successor to the person so removed from the Board of Directors. The removal of any director and designation of his or her successor shall be effective immediately upon delivery of such written instrument by the Declarant to any officer of the Association.

(f) Any director (other than a director selected by the Declarant) may be removed from the Board, with or without cause, by a majority vote of the members of the Association at any special or regular meeting of the membership. "Majority vote" shall mean the vote of a Majority of Unit Owners as defined in Article I, Section 2(p) of the Declaration, voting in accordance with these Bylaws. If any Directors are so removed, new directors may be elected by the membership at the same meeting.

Section 5.7 Vacancies. Except as otherwise provided in Section 5.6 hereof, a vacancy occurring in the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by the sole remaining director; but a vacancy created by an increase in the authorized number of directors shall be filled only by election at an annual or substitute annual meeting or at a special meeting of Members called for the purpose or by unanimous consent of the Members without meeting. The Members may elect a director at any time to fill any vacancy not filled by the directors. As indicated in Section 5.6(f), the membership shall have the right to fill any vacancy created by the membership's removal of a director.

Section 5.8. Chairman. There may be a Chairman of the Board of Directors elected by the directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board. In the absence of the Chairman, the President shall preside at all meetings of the Board of Directors.

Section 5.9. Compensation. Directors' fees, if any, shall be determined by the members of the Association. Each Director shall be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Association. Each Director, by assuming office, waives his right to institute suit against or

make claim upon the Association for compensation based upon quantum meruit, if no fees are set by the Members.

Section 5.10. Loans to Directors and Officers. No loans shall be made by the Association to its directors or officers. The directors of the Association who vote for or assent to the making of a loan to a director or officer of the Association, and any officer or officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

Section 5.11. Meetings of Directors.

(a) **Organizational Meetings.** Immediately after each annual meeting of Members of the Association, the newly elected (or selected) directors and those directors whose terms hold over shall hold an organizational meeting for the purpose of electing officers and transacting other business. Notice of such meetings need not be given.

(b) **Regular Meetings.** Regular Meetings shall be held at least monthly without notice, at such hour and place as may be fixed from time to time by resolution of the Board. Should such meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

(c) **Special Meetings.** Special meetings shall be held when called by the President of the Association, or by any two directors, after not less than three nor more than thirty days' written notice to each director.

(d) **Notices of Special Meetings.** Written notice stating the time and place of the meeting shall be delivered not less than five nor more than fifteen days before the date of the meeting. The notice provided for herein may be waived by written instrument signed by those directors who do not receive said notice. Notices shall be deemed received upon the happening of any one of the following events: (1) one day following deposit of same in the United States mails with proper postage paid and addressed to the director at his last known address on file with the Association, (2) deposit of same in his mail box at Swan Run Condominium, should he reside there, or (3) delivery to the director. Attendance by a director at a meeting shall constitute a waiver of notice of such meeting unless the director gives a written statement at the meeting to the person presiding in which he objects to the transaction of any business because the meeting is not lawfully called.

(e) **Quorum.** A majority of the directors then holding office shall constitute a quorum for the transaction of business and every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act or decision of the Board. A majority of the Directors present at a meeting duly held, whether or not a quorum is present, may adjourn such meeting from time to time. If any meeting is adjourned for lack of a quorum or without completing the business scheduled to come before the meeting, notice of the time and place to which such meeting is adjourned need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting. At each meeting of the Board at which a quorum is present, all questions and business shall be determined by a majority vote of those present, except as may be otherwise expressly provided in the Declaration, Articles of Incorporation or these Bylaws.

Section 5.12. Action without 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. Said written approval shall be filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5.13. Presumption of Assent. A director of the Association who is present at a meeting of the Board of Directors, at which action on any Association matter is taken, shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 5.14. Powers and Duties. The Board of Directors shall have all powers and duties necessary for the administration of the Condominium Property except such powers and duties as by law or by the Condominium Documents may not be delegated by the Unit Owners to the Board. The powers and duties to be exercised by the Board shall include, but shall not be limited to the following:

- (a) Operation, care, upkeep and maintenance of the Common Areas and Facilities;
- (b) Determination of the funds required for operation, administration, maintenance and other affairs of the Condominium Property and collection of the Common Expenses from the Unit Owners, as provided in the Declaration;
- (c) Employment and dismissal of personnel necessary for the efficient operation and maintenance of the Condominium Property;
- (d) Adoption of Rules and Regulations covering the details of the operation and use of the Condominium Property, which shall include the Units and the Common Areas and Facilities as provided in Article VI, Section 10, of the Declaration. This power shall include the authority to enforce by legal means or proceedings the provisions of the Condominium Documents;
- (e) Suspension of the voting rights and rights to use of the Common Area and Facilities as provided in Article VI, Section 11, of the Declaration;
- (f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor;
- (g) Purchasing, leasing or otherwise acquiring in the name of the Association, or its designee, Units offered for sale or lease or surrendered by their Owners to the Association;
- (h) Purchasing Units at foreclosure or other judicial sales in the name of the Association, or its designee, with the unanimous consent of all Unit Owners except the Owner of the Unit in question;
- (i) Selling, leasing, mortgaging, voting the votes appurtenant (other than for the election of directors), or otherwise dealing with Units acquired by the Association or its designee;
- (j) Granting licenses for vending machines;
- (k) Obtaining insurance for the Condominium Property;

4360 0940

(l) Authorizing the execution and delivery by officers of the Association of contracts, agreements and other documents in furtherance of the Declaration and these Bylaws;

(m) Keeping detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Areas and Facilities, specifying and identifying the maintenance and repair expenses of the Common Areas and Facilities and any other expense incurred. Both said records and the vouchers accrediting the entries thereupon shall be available for examination by all the Unit Owners, or their duly authorized agents or attorneys, at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good and accepted accounting practices and an outside audit shall be made at least once a year;

(n) Keeping a complete record of the minutes of all meetings of the directors and membership, in which minute book shall be inserted action taken by the directors or members by consent without meeting; and

(o) Supervising all officers, agents and employees of the Association and insuring that their duties are properly performed.

(p) Contracting for the management of the Condominium property and to designate to such contractor all of the powers and duties of the Association, except those which may be required by the Declaration or these Bylaws to have approval of the Board of Directors or membership of the Association, all in accordance with Article VI, Section 4 of the Declaration.

Section 6: Officers

Section 6.1. Enumeration of Officers. The officers of the Association shall consist of a President, a Secretary, a Treasurer and such Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Board of Directors may from time to time elect. Except for the President, no Officer need be a member of the Board of Directors.

Section 6.2. Election and Term. The officers of the Association shall be elected annually by the Board of Directors. Such elections shall be held at the first meeting of the Board next following the annual or substitute annual meeting of the members. Each officer shall hold office until his death, resignation, removal or until his successor is elected.

Section 6.3. Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interest of the Association will be served thereby.

Section 6.4. Vacancy. A vacancy in any office may be filled by the election by the Board of Directors of a successor to such office. Such election may be held at any meeting of the Board. The officer elected to such vacancy shall serve for the remainder of the term of the Officer he replaces.

Section 6.5. Multiple Offices. The person holding the office of President shall not also hold the office of Secretary or Treasurer at the same time. Any other offices may be simultaneously held by one person.

Section 6.6. President. The President shall be a member of the Board of Directors and shall be the chief executive officer of the Association and shall preside at all meetings of the members. In the absence of an elected chairman, he shall also

preside at all meetings of the Board of Directors. He shall see that the orders and resolutions of the Board of Directors are carried out; he shall sign all written instruments regarding the Common Areas and Facilities and shall co-sign all checks and promissory notes, if any. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under Chapter 55A of the North Carolina General Statutes in the supervision and control of the management of the Association in accordance with these Bylaws.

Section 6.7. Vice Presidents. The Vice Presidents in the order of their election, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, they shall perform such other duties and have such other powers as the Board of Directors shall prescribe.

Section 6.8. Secretary. The Secretary shall keep the minutes of all meetings of members and of the Board of Directors; he shall have charge of such books and papers as the Board of Directors may direct; he shall, in general, perform all duties incident to the office of Secretary of a corporation organized under Chapter 55A of the North Carolina General Statutes.

Section 6.9. Treasurer. The Treasurer shall have the responsibility for the Association funds and securities and shall be responsible for keeping full and accurate financial records in books of account showing all receipts and disbursements, and for the preparation of all required financial statements. He shall co-sign all checks and promissory notes of the Association; shall cause an annual audit of the Association books to be made by a public accountant at the completion of income and expenditures to be presented to the membership at its annual meeting; and shall deliver a copy of each to the members. He shall perform all duties incident to the office of Treasurer of a corporation organized under Chapter 55A of the North Carolina General Statutes.

Section 6.10. Assistant Secretaries and Treasurers. The Assistant Secretaries and Assistant Treasurers shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those officers, and they shall, in general perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

Section 6.11. Loans to Officers. The Association shall not make any loans, either directly or indirectly, to any Officer of the Association. Any Officer of Officers participating in the making of any such loan shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof. Nothing herein is intended to otherwise limit the liability of Directors in connection with such loans. (See Section 5.9.)

Section 6.12. Compensation. No Officer shall receive any compensation from the Association for acting as such. Provided, however, each Officer shall be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Association.

Section 6.13. Indemnification of Directors and Officers. Each director and officer of the Association, and each former director and former officer of the Association, shall be indemnified by the Association against the costs and expenses reasonably incurred by him in connection with the defense of any pending or threatened action, suit or proceeding, criminal or civil, to which he is or may be made a party by reason of his being or having been such director or officer of the Association (whether or not he is a director or officer at the time of incurring such

costs and expenses), except with respect to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for willful misfeasance or malfeasance in the performance of his duty as such director or officer. In case of the settlement of any action, suit or proceeding to which any director or officer of the Association, or any former director or officer of the Association, is made a party or which may be threatened to be brought against him be reason of his being or having been a director or officer of the Association, he shall be indemnified by the Association against the costs and expenses (including the cost of settlement) reasonably incurred by him in connection with such action, suit or proceeding (whether or not he is a director or officer at the time of incurring such costs and expenses), if (a) the Association shall be advised by independent counsel that, in such counsel's opinion, such director or officer did not commit willful misfeasance or malfeasance in the performance of his duty as such director or officer with respect to the matters covered by such action, suit or proceeding, and the cost to the Association of indemnifying such director or officer (and all other directors and officers, if any, entitled to indemnification hereunder in such case) if such action, suit or proceeding were carried to a final adjudication in their favor could reasonably be expected to exceed the amount of costs and expenses to be reimbursed to such directors and officers as a result of such settlement, or (b) disinterested Association members entitled to exercise a majority of the voting power shall, by vote at any annual or special meeting of the Association, approve such settlement and the reimbursement to such director or officer of such costs and expenses. The phrase "disinterested members" shall mean all members of the Association other than (i) any director or officer of the Association who at the time is or may be entitled to indemnification pursuant to the foregoing provisions, (ii) any corporation or organization of which any such director or officer owns of record or beneficially ten percent (10%) or more of any class of voting securities, (iii) any firm of which such director or officer is a partner, and (iv) any spouse, child, parent, brother or sister of any such director or officer. The foregoing rights of indemnification shall inure to the benefit of the heirs and legal representative of each such director or officer, and shall not be exclusive of other rights to which any director or officer may be entitled as a matter of law or under the Declaration, any vote of the Association members or any agreement. The Board may purchase and maintain such Directors' and Officers' Liability Insurance as it shall deem appropriate, and premiums for such insurance policies shall be deemed for all purposes proper expenses of the corporation.

Section 8: Amendments

Section 8.1. Amendments. Subject to the provisions of Section 8.2 hereof, the Bylaws may be amended at any time by an instrument in writing signed and acknowledged by Unit Owners holding seventy-five percent (75%) of the Percentage Interests, which instrument shall be effective only upon recordation in the Office of the Register of Deeds of Mecklenburg County, North Carolina. Provided, however, where a unanimous vote in the Association is required for the Association to take or refrain from taking a specific action, as set forth in these Bylaws, no amendment of the subject bylaw shall be made unless and until the Owners holding one hundred percent (100%) of the vote in the Association execute said amending instrument. All persons or entities who own or hereafter acquire any interest in the Condominium Property shall be bound to abide by any amendment to these Bylaws upon the same being passed as provided herein and duly set forth in an amended Bylaws, duly recorded as provided herein.

Section 8.2. Limitations on Amendment. Notwithstanding the foregoing, the following limitations or right to amend shall apply:

(a) No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of the holders of Institutional Mortgages on any Unit or Units shall be made without prior written consent of ninety percent (90%) of all holders of Institutional Mortgages on Units being first had and obtained.

(b) No alternation, amendment or modification of the rights and privileges granted and reserved hereunder in favor of the Declarant (including any change in the number of directors so long as the Declarant retains an existing or prospective right to select any directors) shall be made without the written consent of the Declarant being first had and obtained.

Section 9: Miscellaneous

Section 9.1. Severability. Invalidation of any covenant, condition, restriction or other provision of these Bylaws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

Section 9.2. Gender, Singular, Plural. Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning and the use of any gender shall be deemed to include all genders.

Section 9.3. Construction. The provisions of the Condominium Documents shall be liberally construed to effect their purpose of creating a uniform plan of condominium ownership. The Section headings are for convenience of reference only and shall not be considered part of the Declaration or these Bylaws.

Section 9.4. Parliamentary Rules. Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings, so long as the same are not in conflict with the Articles of Incorporation, the Declaration, these Bylaws or with the laws of the State of North Carolina.

Section 9.5. Notices and Disclosures to Mortgagees. As long as any lender shall hold an Institutional Mortgage upon or shall be the Owner of any Condominium Unit as the result of foreclosure or sale in lieu of foreclosure with respect to an Institutional Mortgage, such lender shall have the following rights:

(a) To be given not less than ten (10) days' prior written notice by the Association of any meeting of the Unit Owners, which notice shall state the purpose of such meeting unless it is an annual meeting; and to designate a representative to attend.

(b) To receive written notice of default (which has continued for thirty (30) days) by any Owner owning a Unit encumbered by a first deed of trust held by the lender, such notice to be sent to the place which it may designate in writing.

(c) To be given written notice of any loss to or taking of the Common Areas and Facilities if such loss or taking exceeds \$10,000.00 or damage to a Unit in excess of \$1,000.00.

(d) To be given written notice of any condemnation or eminent domain proceeding or proposed acquisition by a condemning authority.

Whenever any lender desires the provisions of this Section to be applicable to it, it shall give written notice of such fact to the Association, identifying the Unit upon which any such lender holds any mortgage, or indentifying any Unit owned by it, together with sufficient facts to identify such mortgage and which notice shall designate the place to which notices are to be given by the Association to such lender.

DEED BOOK

4360 0944

EXHIBIT C

See the site plans and plans of Units as recorded in
Unit Ownership File 96 in the Office of the Register
of Deeds of Mecklenburg County, North Carolina.

EXHIBIT D

(Title Exceptions Phase I)

1. The lien of all taxes for the year 1980, and thereafter, which are not yet due and payable.
2. Roads, ways, streams or easements, if any, not shown of record, riparian rights and the title to any filled in lands.
3. Easement to Duke Power Company recorded in Book 2879, page 148, Mecklenburg County Registry.
4. Rights or claims of parties in possession under an unrecorded lease or rental agreement.
5. Deed and Easement Agreement by and between Swan Run Duplexes and the City of Charlotte recorded in Book 4239, page 335, Mecklenburg County Registry, which Agreement covers that sanitary sewer system of the insured premises.
6. Matters of survey. See Plans attached as Exhibit C.
7. Agreement by and between Swan Run Village, Inc. and Thies Realty and Mortgage Company concerning the joint use of streets, water and sewerage facilities, and recreational facilities, and an agreement for the lease of certain laundry facilities recorded in Book 3229, page 404, Mecklenburg County Registry.
8. Declaration of Easements and Restrictions dated October 13, 1980, pertaining to private roadways, utility easements in private roadways and restrictions on use of proposed Phase IV of Swan Run Condominiums, recorded of even date in the Mecklenburg County Registry.
9. Purchase Money Deed of Trust from Swan Run Company to Paul H. Eford, III, Trustee, dated February 4, 1980 and recorded in Book 4277 at Page 580 in the Mecklenburg County Registry, as modified by Modification Agreement dated October 13, 1980 and recorded of even date with the Declaration referred to in item 10 hereof. Each condominium unit sold will be separately released from the lien and operation of this Deed of Trust as of the date of sale.
10. This Declaration of Unit Ownership, including all exhibits thereto and the requirements of Chapter 47-A of the North Carolina General Statutes.

EXHIBIT X

PERCENTAGE INTEREST CHART

Unit No.	Address	Unit Type	Phase I	Phases I & II	Phases I & II & III	Phases I & II & IV	Phases I & II & III & IV
1	3140 Circles End	A	.017593	.009315	.006443	.006319	.004852
2	3142 Circles End	A	.017593	.009315	.006443	.006319	.004852
3	3210 Circles End	A	.017593	.009315	.006443	.006319	.004852
4	3212 Circles End	A	.017598	.009315	.006443	.006319	.004852
5	3220 Circles End	A	.017598	.009315	.006443	.006319	.004852
6	3221 Circles End	A	.017598	.009315	.006443	.006319	.004852
7	3222 Circles End	A	.017598	.009315	.006443	.006319	.004852
8	3223 Circles End	A	.017598	.009315	.006443	.006319	.004852
9	3310 Circles End	A	.017598	.009315	.006443	.006319	.004852
10	3312 Circles End	A	.017598	.009315	.006443	.006319	.004852
11	3320 Circles End	A	.017598	.009315	.006443	.006319	.004852
12	3321 Circles End	A	.017598	.009315	.006443	.006319	.004852
13	3322 Circles End	A	.017598	.009315	.006443	.006319	.004852
14	3323 Circles End	A	.017598	.009315	.006443	.006319	.004852
15	7210 Lillian Way	A	.017598	.009315	.006443	.006319	.004852
16	7211 Lillian Way	A	.017598	.009315	.006443	.006319	.004852
17	7212 Lillian Way	A	.017598	.009315	.006443	.006319	.004852
18	7213 Lillian Way	A	.017598	.009315	.006443	.006319	.004852
19	7220 Lillian Way	A	.017598	.009315	.006443	.006319	.004852
20	7221 Lillian Way	A	.017598	.009315	.006443	.006319	.004852
21	7222 Lillian Way	A	.017598	.009315	.006443	.006319	.004852
22	7223 Lillian Way	A	.017598	.009315	.006443	.006319	.004852
23	3230 Circles End	B	.018267	.009668	.006687	.006558	.005035
24	3232 Circles End	B	.018267	.009668	.006687	.006558	.005035
25	3330 Circles End	B	.018267	.009668	.006687	.006558	.005035
26	3332 Circles End	B	.018267	.009668	.006687	.006558	.005035
27	3300 Circles End	C	.018267	.009668	.006687	.006558	.005035
28	3302 Circles End	C	.018267	.009668	.006687	.006558	.005035
29	3200 Circles End	D	.016737	.008858	.006127	.006009	.004613
30	3202 Circles End	D	.016737	.008858	.006127	.006009	.004613
31	3205 Circles End	E	.021710	.011491	.007947	.007795	.005984
32	3231 Circles End	E	.021710	.011491	.007947	.007795	.005984
33	3233 Circles End	E	.021710	.011491	.007947	.007795	.005984
34	3301 Circles End	E	.021710	.011491	.007947	.007795	.005984
35	3303 Circles End	E	.021710	.011491	.004947	.007795	.005984
36	3331 Circles End	E	.021710	.011491	.007947	.007795	.005984
37	3333 Circles End	E	.021710	.011491	.007947	.007795	.005984
38	7202 Lammers Lane	E	.021710	.011491	.007947	.007795	.005984
39	7209 Swan Run Road	F	.024675	.013060	.009033	.008859	.006802
40	7211 Swan Run Road	F	.024675	.013060	.009033	.008859	.006802
41	7213 Swan Run Road	F	.024675	.013060	.009033	.008859	.006802
42	7215 Swan Run Road	F	.024675	.013060	.009033	.008859	.006802
43	4525 Bon Rea Drive	F	.024675	.013060	.009033	.008859	.006802
44	4527 Bon Rea Drive	F	.024675	.013060	.009033	.008859	.006802
45	4535 Bon Rea Drive	F	.024675	.013060	.009033	.008859	.006802
46	4537 Bon Rea Drive	F	.024675	.013060	.009033	.008859	.006802
47	7212 Lammers Lane	F	.024675	.013060	.009033	.008859	.006802
48	7216 Lammers Lane	F	.024675	.013060	.009033	.008859	.006802
49	3341 Circles End	F	.024675	.013060	.009033	.008859	.006802
50	3343 Circles End	F	.024675	.013060	.009033	.008859	.006802

EXHIBIT X

PERCENTAGE INTEREST CHART

Unit No.	Address	Unit Type	Phases			
			Phase I	Phases I & II	Phases I & II & III	Phases I & II & IV
51	3020 Circles End	A	.009315	.006443	.006319	.004852
52	3022 Circles End	A	.009315	.006443	.006319	.004852
53	3130 Circles End	A	.009315	.006443	.006319	.004852
54	3132 Circles End	A	.009315	.006443	.006319	.004852
55	3120 Circles End	C	.009668	.006687	.006558	.005035
56	3122 Circles End	C	.009668	.006687	.006558	.005035
57	3030 Circles End	E	.011491	.007947	.007795	.005984
58	3032 Circles End	E	.011491	.007947	.007795	.005984
59	4724-B Bon Rea Dr.	G-2	.006429	.004446	.004360	.003348
60	4724-C Bon Rea Dr.	G-1	.006429	.004446	.004360	.003348
61	4724-D Bon Rea Dr.	G-1	.006429	.004446	.004360	.003348
62	4724-E Bon Rea Dr.	G-1	.006429	.004446	.004360	.003348
63	4724-G Bon Rea Dr.	G-1	.006429	.004446	.004360	.003348
64	4724-H Bon Rea Dr.	G-1	.006429	.004446	.004360	.003348
65	4724-I Bon Rea Dr.	G-1	.006429	.004446	.004360	.003348
66	4724-J Bon Rea Dr.	G-2	.006429	.004446	.004360	.003348
67	4724-A Bon Rea Dr.	G-3	.006834	.004726	.004635	.003559
68	4724-F Bon Rea Dr.	G-3	.006834	.004726	.004635	.003559
69	3008-A Circles End	H	.007493	.005181	.005082	.003901
70	3008-B Circles End	H	.007493	.005181	.005082	.003901
71	3008-C Circles End	H	.007493	.005181	.005082	.003901
72	3008-D Circles End	H	.007493	.005181	.005082	.003901
73	3008-E Circles End	H	.007493	.005181	.005082	.003901
74	3008-F Circles End	H	.007493	.005181	.005082	.003901
75	3008-G Circles End	H	.007493	.005181	.005082	.003901
76	3008-H Circles End	H	.007493	.005181	.005082	.003901
77	7415-A Swan Run Road	I	.010074	.006967	.006833	.005247
78	7415-B Swan Run Road	I	.010074	.006967	.006833	.005247
79	7415-C Swan Run Road	I	.010074	.006967	.006833	.005247
80	7415-D Swan Run Road	I	.010074	.006967	.006833	.005247
81	7415-E Swan Run Road	I	.010074	.006967	.006833	.005247
82	7415-F Swan Run Road	I	.010074	.006967	.006833	.005247
83	7415-G Swan Run Road	I	.010074	.006967	.006833	.005247
84	7415-H Swan Run Road	I	.010074	.006967	.006833	.005247
85	4516-A Bon Rea Drive	I	.010074	.006967	.006833	.005247
86	4516-B Bon Rea Drive	I	.010074	.006967	.006833	.005247
87	4516-C Bon Rea Drive	I	.010074	.006967	.006833	.005247
88	4516-D Bon Rea Drive	I	.010074	.006967	.006833	.005247
89	4616-A Bon Rea Drive	J	.012099	.008368	.008206	.006301
90	4616-B Bon Rea Drive	J	.012099	.008368	.008206	.006301
91	4620-A Bon Rea Drive	J	.012099	.008368	.008206	.006301
92	4620-B Bon Rea Drive	J	.012099	.008368	.008206	.006301
93	4632-A Bon Rea Drive	J	.012099	.008368	.008206	.006301
94	4632-B Bon Rea Drive	J	.012099	.008368	.008206	.006301
95	4636-A Bon Rea Drive	J	.012099	.008368	.008206	.006301
96	4636-B Bon Rea Drive	J	.012099	.008368	.008206	.006301
97	4700-A Bon Rea Drive	J	.012099	.008368	.008206	.006301
98	4700-B Bon Rea Drive	J	.012099	.008368	.008206	.006301
99	4704-A Bon Rea Drive	J	.012099	.008368	.008206	.006301
100	4704-B Bon Rea Drive	J	.012099	.008368	.008206	.006301

4360 0948

EXHIBIT X

PERCENTAGE INTEREST CHART

t	Address	Unit Type	Phase I	Phases I & II	Phases	Phases	Phases
					I & II & III	I & II & IV	I & II & III & IV
	7309-A Swan Run Road	I			.006967		.005247
	7309-B Swan Run Road	I			.006967		.005247
	7309-C Swan Run Road	I			.006967		.005247
	7309-D Swan Run Road	I			.006967		.005247
	7332-A Swan Run Road	I			.006967		.005247
	7332-B Swan Run Road	I			.006967		.005247
	7332-C Swan Run Road	I			.006967		.005247
	7332-D Swan Run Road	I			.006967		.005247
	7412-A Swan Run Road	I			.006967		.005247
	7412-B Swan Run Road	I			.006967		.005247
	7412-C Swan Run Road	I			.006967		.005247
	7412-D Swan Run Road	I			.006967		.005247
	7412-E Swan Run Road	I			.006967		.005247
	7412-F Swan Run Road	I			.006967		.005247
	7412-G Swan Run Road	I			.006967		.005247
	7412-H Swan Run Road	I			.006967		.005247
	4421-A Bon Rea Drive	I			.006967		.005247
	4421-B Bon Rea Drive	I			.006967		.005247
	4421-C Bon Rea Drive	I			.006967		.005247
	4421-D Bon Rea Drive	I			.006967		.005247
	4421-E Bon Rea Drive	I			.006967		.005247
	4421-F Bon Rea Drive	I			.006967		.005247
	4421-G Bon Rea Drive	I			.006967		.005247
	4421-H Bon Rea Drive	I			.006967		.005247
	4420-B Bon Rea Drive	K			.007563		.005695
	4420-C Bon Rea Drive	K			.007563		.005695
	4420-D Bon Rea Drive	K			.007563		.005695
	4420-E Bon Rea Drive	K			.007563		.005695
	7418-A Swan Run Road	K			.007563		.005695
	7418-B Swan Run Road	K			.007563		.005695
	7418-C Swan Run Road	K			.007563		.005695
	7418-D Swan Run Road	K			.007563		.005695
	7418-E Swan Run Road	K			.007563		.005695
	7418-F Swan Run Road	K			.007563		.005695
	7424-B Swan Run Road	K			.007563		.005695
	7424-C Swan Run Road	K			.007563		.005695
	7424-D Swan Run Road	K			.007563		.005695
	7424-E Swan Run Road	K			.007563		.005695
	4420-A Bon Rea Drive	L			.008822		.006643
	4420-F Bon Rea Drive	L			.008822		.006643
	7424-A Swan Run Road	L			.008822		.006643
	7424-F Swan Run Road	L			.008822		.006643

EXHIBIT X

PERCENTAGE INTEREST CHART

it	Address	Unit Type	Phase	Phases	Phases	Phases	Phases
			I	I & II	I & II & III	I & II & IV	I & II & III & IV
	Phase IV						
	3031-B Circles End	M				.007658	.005879
	3031-C Circles End	M				.007658	.005879
	3031-D Circles End	M				.007658	.005879
	3031-E Circles End	M				.007658	.005879
	3021-B Circles End	M				.007658	.005879
	3021-C Circles End	M				.007658	.005879
	3021-D Circles End	M				.007658	.005879
	3011-B Circles End	M				.007658	.005879
	3011-C Circles End	M				.007658	.005879
	3011-D Circles End	M				.007658	.005879
	3011-E Circles End	M				.007658	.005879
	4715-B Bon Rea Drive	M				.007658	.005879
	4715-C Bon Rea Drive	M				.007658	.005879
	4715-D Bon Rea Drive	M				.007658	.005879
	4715-E Bon Rea Drive	M				.007658	.005879
	4635-B Bon Rea Drive	M				.007658	.005879
	4635-C Bon Rea Drive	M				.007658	.005879
	4635-D Bon Rea Drive	M				.007658	.005879
	4635-E Bon Rea Drive	M				.007658	.005879
	4615-B Bon Rea Drive	M				.007658	.005879
	4615-C Bon Rea Drive	M				.007658	.005879
	4615-D Bon Rea Drive	M				.007658	.005879
	4615-E Bon Rea Drive	M				.007658	.005879
	7215-B Lammers Lane	M				.007658	.005879
	7215-C Lammers Lane	M				.007658	.005879
	7215-D Lammers Lane	M				.007658	.005879
	3031-A Circles End	N				.008756	.006722
	3031-F Circles End	N				.008756	.006722
	3021-A Circles End	N				.008756	.006722
	3021-E Circles End	N				.008756	.006722
	3011-A Circles End	N				.008756	.006722
	3011-F Circles End	N				.008756	.006722
	4715-A Bon Rea Drive	N				.008756	.006722
	4715-F Bon Rea Drive	N				.008756	.006722
	4635-A Bon Rea Drive	N				.008756	.006722
	4635-F Bon Rea Drive	N				.008756	.006722
	4615-A Bon Rea Drive	N				.008756	.006722
	4615-F Bon Rea Drive	N				.008756	.006722
	7215-A Lammers Lane	N				.008756	.006722
	7215-E Lammers Lane	N				.008756	.006722

EXHIBIT Y

SUBORDINATION AGREEMENT

For One Dollar (\$1.00) and other valuable consideration, the receipt of which is hereby acknowledged, the undersigned SWAN RUN DUPLEXES, a North Carolina general partnership with its principal office in Charlotte, Mecklenburg County, North Carolina, and PAUL H. EFIRD, III, Trustee, a resident of Charlotte, Mecklenburg County, North Carolina, hereby subject and subordinate the lien and operation of that certain Purchase Money Deed of Trust dated February 4, 1980 from Swan Run Company, a North Carolina general partnership to Paul H. Efird, III, Trustee for Swan Run Duplexes, securing a Purchase Money Note in the amount of \$1,157,793.99 and recorded in Book 4277 at Page 580 in the Mecklenburg County Public Registry, as modified by that Modification Agreement dated October 13, 1980 and recorded in Book 4361 at Page 197 in the Mecklenburg County Public Registry, to the terms, covenants, conditions, easements and restrictions of that Declaration of Unit Ownership under Chapter 47-A of the North Carolina General Statutes for Swan Run Condominium Phase I (including all exhibits attached thereto and/or incorporated therein by reference) to which this Subordination Agreement is attached as Exhibit Y.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the 24th day of October, 1980.

SWAN RUN DUPLEXES

By [Signature] (SEAL)
General Partner

[Signature] (SEAL)
Paul H. Efird, III, Trustee

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

4360 0951

I, betsy C. Krantz, a Notary Public in and for said County and State, do hereby certify that SAMUEL LERNER, general partner of SWAN RUN DUPLEXES, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this 24th day of October, 1980.

My Commission Expires:

28 October 1984

betsy C. Krantz
Notary Public



STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

I, betsy C. Krantz, a Notary Public in and for said County and State, do hereby certify that PAUL H. BPIRD, III, Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this 24th day of October, 1980.

My Commission Expires:

28 October 1984

betsy C. Krantz
Notary Public

