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HORRY COUNTY ASSESSOR
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Map Blk Parcel 3-10-97

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STATE OF SOUTH CAROLINA)
COUNTY OF HORRY)
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF PORTOFINO IV

THIS DECLARATION ^{R.M.G.} made on the date hereinafter set forth by Scalise Builders of South Carolina, Inc., a South Carolina Corporation, hereinafter referred to as the "Declarant".

WITNESSETH:

WHEREAS, the Declarant is the owner of certain property in the County of Horry, State of South Carolina, which is more particularly described as:

SEE EXHIBIT "A" ATTACHED HERETO.

NOW THEREFORE, the Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to The Portofino IV Homeowners' Association, Inc., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a 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 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association by action of the Declarant.

Section 4. "Common Area" shall mean all real property (including improvements thereto) owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association is designated as Common Area on the above referenced survey.

Section 5. "Lot" shall mean and refer to any plot of the above referenced parcels with the exception of the Common Area.

Offices of
CHANDLER, L.L.C.
Box 15889
side Beach,
C. 29587

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Section 6. "Declarant" shall mean and refer to Scalise Builders of South Carolina, Inc., a South Carolina Corporation.

ARTICLE II PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

(a) the right of the Association to 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 sixty (60) days for any infraction of its published rules and regulations;

(b) 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.

Section 2. Declaration of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III 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. A copy of the Bylaws of the Association is attached to this Declaration.

Section 2. The Association shall have two (2) 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. 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.

Class B. The Class B member shall be the Declarant and shall be entitled to three (3) 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 equals the total votes outstanding in the Class B membership; or

(b) on July 1, 2000.

ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each lot owned within the properties, hereby covenants, and each Owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessment shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessment. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the properties and for the improvement and maintenance of the Common Area and upon the Properties as provided for in this Declaration or in the Bylaws of the Association.

Section 3. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all lots and may be collected on a monthly basis or as otherwise determined by the Association.

Section 4. Date of Commencement of Annual Assessments: Due Dates. The annual assessment provided for herein shall commence as to all lots on the first day of the month

following the conveyance of the Common Area from the Declarant to the Association, but no later than July 1, 1998. 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 assessments on a specified lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

Provided, however, that the initial Purchaser of each lot from the Declarant shall pay an initial assessment for each lot's estimated pro-rata share for pool furniture and capital "start up" which shall not exceed the sum of One Thousand and 00/100 Dollars (\$1,000.00)

Section 5. 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 rate of eighteen (18%) percent per annum, and a late fee of One Hundred Fifty and 00/100 Dollars (\$150.00). The Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against the property. The Owner shall be responsible for attorney's fees and all costs incurred in collecting delinquent assessments. 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.

Section 6. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V ARCHITECTURAL CONTROL

No building, fence, mailbox, outbuilding, deck, gazebo, wall, or other structure that does not exist at the time the particular lot is initially transferred from the Declarant shall be commenced or erected upon such lot, except for the replacement or repair of a pre-existing structure which shall

be of similar design, quality and color as to that which previously existed. No exterior color change shall be made without the express consent of a majority of the Members. Provided, however, that all homes must remain the same color.

ARTICLE VI EXTERIOR MAINTENANCE

In the event an Owner of any lot shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, and after no less than thirty (30) days' written notice to the Owner, shall have the right, through its agents and employees, to enter upon said parcel and to repair, maintain, and restore the lot and the exterior of the buildings and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such lot is subject.

ARTICLE VII USE RESTRICTIONS AND EASEMENTS FOR PUBLIC UTILITIES

Section 1. It shall be the responsibility of each Lot Owner to prevent the development of any unclean, unsightly or unkept condition for the building or grounds on such lot which shall tend to substantially decrease the beauty of the neighborhood as a whole or the specific area.

Section 2. No noxious or offensive activity shall be carried on upon any lot, or shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. There shall not be maintained any plants, poultry, animals (other than household pets) or device or thing of any sort the normal activities or existence of which is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the Owner thereof. All household pets must be housed inside the dwelling and no house or pen for pets of any type may be erected on the premises.

Section 3. All electrical service and telephone lines shall be placed underground and no outside electrical lines shall be placed overhead. No exposed or exterior radio or television transmission or receiving antennae shall be erected, placed or maintained on any part of the premises.

Section 4. No signs shall be displayed upon any lot or house except those installed by the Declarant and as specifically provided for herein. "For Sale" signs shall be of professional appearance and construction and limited to one

sign per lot. "For Sale" signs shall not exceed 20" x 30" in size. At the time of sale, said sign shall be removed. ?

"Rental" signs and/or signs designating the name of the house must be "sand blasted" and uniform in appearance in a manner approved by the Board, must be mounted on the house in a uniform location, and shall not exceed 18" x 10" in size. ?

Section 5. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, placed or permitted upon any part of such premises, nor shall any oil, natural gas, petroleum, asphaltum or hydrocarbon products or minerals of any kind be produced or extracted from the premises.

Section 6. No garbage or trash incinerators or burning of trash shall be permitted upon the premises.

Section 7. The property is subject to all easements and rights of way that appear of record and further a valid easement does and shall continue to exist over, across, through and under each parcel for the installation, maintenance, repair and replacement of telephone systems, electrical systems, television cable systems, sewer, water, power and telephone pipes, storm drains, lines, mains, conduits, wires, poles, transformers and any and all other equipment necessary or incidental to the proper function of any utility system; however, said easements shall not exist over, across, through or under the dwelling units located on each lot.

Section 8. No structure of a temporary character shall be placed upon any lot at any time, provided, however, that this prohibition shall not apply to shelters used by the contractor during the period of construction, it being clearly understood that these latter temporary shelters may not, at any time, be used as residence or permitted to remain on the lot after completion of construction.

Section 9. No trailer, tent, barn, tree house or other similar outbuilding or structure shall be placed on any lot at any time.

Section 10. No boats, pull trailers, travel trailers or campers may be maintained on the premises for a period in excess of forty eight (48) hours, unless parked under the house.

Section 11. No fuel tanks or similar storage receptacles may be exposed to view, and may be installed only within the main dwelling house, or buried underground.

Section 12. No lot shall be subdivided, or its boundary lines changed, except with the written consent of the Declarant. As to all unsold lots, the Declarant reserves the right to change lot lines and the Declarant further reserves the right to increase or decrease the total number of lots in this subdivision by changing the lot lines of any unsold lots (subject to the required approval of any governing authority). The Declarant further reserves the right to add to this Subdivision by Amendment the following described property: Lots 1 and 2, Block 1, Ocean Pines Section, Surfside Beach, SC. If the Declarant determines to add this property to the Subdivision, it shall be done so by an amendment signed by the Declarant and shall be filed on or before January 1, 2005.

Section 13. No clothesline or drying yard shall be located upon the premises.

Section 14. No individual irrigation system shall be permitted upon the premises. The Declarant shall install a central irrigation system to be maintained by the Association.

Section 15. No commercial vehicles, except standard passenger cars and pickup trucks used in trade shall be permitted to remain overnight on any lot.

Section 16. No septic tank or other sewage disposal facility shall be placed upon any lot in the subdivision.

Section 17. All dwellings shall be used for private residential purposes exclusively. However, nothing in this Section or herein elsewhere shall be construed to prohibit the Declarant or its successors or assigns from the use of any dwelling for the promotion or display purposes as a model, sales office or rental office, or the like, or to prohibit the Declarant or an individual Lot Owner from leasing any dwelling or dwellings which the Declarant or an individual Lot Owner may own. No improper, offensive or unlawful use shall be made of the property or any part thereof and valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

Section 18. Each and every Lot Owner is given a Perpetual Wall Maintenance Easement that runs with the land over any adjacent property that lies within five (5') feet of the building located on the lot which is claiming the benefit of this Wall Maintenance Easement. The intent of this Paragraph is to insure that each and every Lot Owner will have a minimum access of five (5') feet from his building's wall for the purposes of maintaining his building, and to the extent that such five (5') foot distance extends over into an adjacent lot, a valid easement over and across such lot for the purposes of maintaining an Owner's building is hereby

granted. Provided, however, that Lot 1 has a zero (0) lot line on the northeast boundary. The Owner of Lot 1 will be afforded such rights for maintaining his building's wall on the northeast side as afforded by the "maintenance easement" reserved in the Deed from Scalise Builders of South Carolina, Inc. to Horry County dated November 21, 1996, and recorded February 10, 1997, in Deed Book 1920 at Page 989, R.M.C. Office of Horry County.

Section 19. In the event of damage or loss by fire or other hazards, then and in that event, each Lot Owner shall rebuild his or her building unit and such rebuilding must commence within sixty (60) days from the date of the loss or damage; or in the event the Lot Owner does not desire to rebuild, then in that event said Lot Owner shall immediately, within thirty (30) days, remove from the lot or lots any and all debris and/or damage caused by said fire or other hazard. In the event an Owner fails or refuses to rebuild his unit or remove the damage and debris as specified above, then and in that event the other Lot Owners and/or the Association shall have all rights to remove the damage and debris. Any and all expenses and charges therefrom may be collected against the Owner who so failed or refused by institution of legal action pursuant to the laws of the state of South Carolina. By acceptance of his or her deed, each Lot Owner agrees that his or her consent for the work to be done is hereby given in the event of his or her failure or refusal to do the work referred to above.

Section 20. All outdoor furniture, deck furniture and pool furniture shall be white PVC and shall be of similar design.

Section 21. No fence may be erected on any lot except by the Declarant. Any fence erected by the Declarant shall be maintained by the Association.

ARTICLE VIII GENERAL PROVISIONS

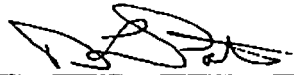
Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any 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

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)


PROBATE

Personally appeared before me one of the above signed witnesses and after being duly sworn deposes that s/he saw the within named Sam Scalise, as President of Scalise Builders of S.C., Inc., as his act and deed sign, seal and deliver the within Declaration of Covenants, Conditions and Restrictions of Portofino IV, and that s/he with the below signed Notary Public witnessed the execution thereof.



Witness

Sworn to before me this 4th day of
March, 1997.



Notary Public for the State
of South Carolina

My Commission Expires: 4/01/01

EXHIBIT "A"

ALL AND SINGULAR, all those certain pieces, parcels or lots of land, situate, lying and being in Horry County, South Carolina, being commonly known as "Portofino IV" and being shown and designated as Lots One through Twelve and Common Area of Portofino IV on that map prepared by Beasley Land Surveying, Inc., dated August 9, 1996 and revised December 23, 1996 and recorded January 28, 1997 in the RMC Office for Horry County in Plat Book 146 at Page 3, reference to which is craved as forming a part of this description.

ARTICLE XIII
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: The Portofino IV Homeowners' Association, Inc.

ARTICLE IVX
AMENDMENTS

Section 1. These Bylaws may be amended at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XV
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the initial directors of The Portofino IV Homeowners' Association, Inc. have hereunto set our hands this 5th day of March, 1997.

Jeresa L Boyd

Sam Scalise, President
Sam Scalise, President

Jeresa L Boyd

Matthew Scalise, Vice Pres.
Matthew Scalise, Vice Pres.

Jeresa L Boyd

E.J. Servant, III, Secretary/Treasurer
E.J. Servant, III,
Secretary/Treasurer

BYLAWS
OF
THE PORTOFINO IV HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is The Portofino IV Homeowners' Association, Inc., hereinafter referred to as the "Association". The principal office of the Corporation shall be located at 161 McDonald Court, Myrtle Beach, SC 29577, but meetings of members and directors may be held at such other place or places within the State of South Carolina, County of Horry, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to The Portofino IV Homeowners' Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any parcel of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "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 6. "Declarant" shall mean and refer to Scalise Builders of S.C., Inc..

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in R.M.C. Office of Horry County, South Carolina.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

**ARTICLE III
MEMBERSHIP AND VOTING RIGHTS**

Section 1. Every Owner of a lot 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.

Section 2. The Association shall have two (2) 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. 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.

Class B. The Class B Members shall be the Declarant and shall be entitled to three (3) 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 first:

(a) when the total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership; or

(b) on July 1, 2000.

**ARTICLE IV
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 a day in the last calendar quarter (October, November or December) of each year thereafter, with a specific date to be determined by the Board of Directors from year to year.

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-third (1/3) of all of the votes of the Class A Membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, two-thirds (2/3) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

**ARTICLE V
BOARD OF DIRECTORS: SELECTION: TERM
OF OFFICE: INDEMNIFICATION**

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) Directors who must be members of the Association. Provided, however, that prior to the first annual meeting, the Board shall be determined by the Declarant who shall appoint one or more individuals to act as Directors until the first annual meeting, and who do not need to necessarily be members of the Association.

Section 2. Term of Office. At the first annual meeting the members shall elect one (1) director for a term of one (1) year and two directors for a term of two (2) years; and at annual meetings thereafter the members shall elect one (1)

director or two (2) directors, respectively, each for a term of two (2) years, so that the total number of directors remain at three (3). (At the second annual meeting, one director shall be elected for a two year term; at the third annual meeting two directors shall be elected for a two year term; at the fourth annual meeting, one director shall be elected for a two year term, etc.)

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 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.

Section 6. Indemnification. Each director and officer shall be held harmless and shall be indemnified by the Association for any acts or omissions of such director and/or officer during such time as he is acting in his capacity as director and/or officer of the Association, except for such acts or omissions which would constitute gross negligence or willful misconduct.

ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS

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, who may be, but are not required to be, Directors. 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 the number of vacancies that are to be filled.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held annually, immediately following the meeting of members.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two (2) directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. 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 of the Board.

ARTICLE VIII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

(a) adopt and publish rules and regulations governing the use of the 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 of 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 infracting 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 Bylaws, the Articles of Incorporation or the Declaration;

(d) exercise for the Association all powers reasonably necessary for the overall benefit of the Association provided the exercise of such power does not conflict with other provisions of these Bylaws or of the Declaration;

(e) 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 meetings of the Board of Directors without a valid and substantial excuse;

(f) employ a manager, an independent contractor, or such other employees as it deems necessary and to prescribe their duties;

(g) 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 such special meeting when such statement is requested in writing by one-third (1/3) of the Class A members who are entitled to vote;

(h) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the owner personally obligated to pay the same.

(i) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable

charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(j) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(k) cause officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(l) cause the Common Area to be maintained;

(m) take such action as is required or permitted by the Declaration, including any act which may be incidental to express powers; and

(n) take such other action as may be beneficial to the Association, and permitted by South Carolina law.

ARTICLE IX OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president, and 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 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.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Officers. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, notes, and other written instruments.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal

year; and shall prepare an annual budget (as approved by the Board), 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.

ARTICLE X COMMITTEES

The Association shall appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE XI BOOKS AND RECORDS

The books, records and papers of the Association shall at all times during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XII 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 against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen (18%) percent per annum, together with a late fee of One Hundred Fifty and 00/100 (\$150.00) Dollars, and the Association may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the property. Attorneys' fees and costs incurred in collecting delinquent assessments shall be added to the amount of such assessment. 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.

ARTICLE XIII
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: The Portofino IV Homeowners' Association, Inc.

ARTICLE IVX
AMENDMENTS

Section 1. These Bylaws may be amended at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XV
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the initial directors of The Portofino IV Homeowners' Association, Inc. have hereunto set our hands this 5th day of March, 1997.

Jeresa L Boyd

Sam L. Scalise, pres.
Sam Scalise, President

Jeresa L Boyd

Matthew Scalise
Matthew Scalise, Vice Pres.

Jeresa L Boyd

E.J. Servant, III
E.J. Servant, III,
Secretary/Treasurer


CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of The Portofino IV Homeowners' Association, Inc., a South Carolina Corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 5th day of March, 1997.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 5th day of March, 1997.



E.J. Servant, III, Secretary