

“If this document contains any restriction based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code by submitting a “Restrictive Covenant Modification” form, together with a copy of the attached document with the unlawful provision redacted to the county recorder’s office. The “Restrictive Covenant Modification” form can be obtained from the county recorder’s office and may be available on its internet website. The form may also be available from the party that provided you with this document. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.”

Restrictive Covenant Modification



Pursuant to Government Code Section 12956.2 (https://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV§ionNum=12956.2), a person who holds an ownership interest of record in property that the person believes is the subject of an unlawfully restrictive covenant in violation of subdivision (l) of Government Code Section 12955 may record a document titled Restrictive Covenant Modification. Unlawful restrictions include those restrictions based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, national origin, source of income as defined in subdivision (p) of Government Code Section 12955, or ancestry.

Steps to Recording a Restrictive Covenant Modification:

1. Obtain a complete copy of your property's Covenants, Conditions, and Restrictions (CC&Rs) containing the unlawfully restrictive language. Typically, homeowners receive a copy from the title company when the home is purchased. You can also obtain a copy from our office by following this link (<https://www.sfassessor.org/recorder-information/obtain-copies-recorded-documents>).
2. Locate and strike out any unlawfully restrictive language in the CC&Rs.
3. Complete and print the Restrictive Covenant Modification form (<https://sfassessor.org/forms-notices/forms/restrictive-covenant-modification-form>). Note that the form must include an acknowledgment executed by a notary public or other qualified officer.
4. Submit the completed Restrictive Covenant Modification form and a full copy of the CC&Rs with the unlawful verbiage stricken to the San Francisco Assessor-Recorder's Office, attention Recording Division Manager. No fee is required for this service.
5. The San Francisco Assessor-Recorder's Office will forward the Restrictive Covenant Modification form and the original document to the City Attorney's Office who will determine whether the original document contains any unlawful restrictions.
6. The City Attorney's Office will review and return the documents to the San Francisco Assessor-Recorder's Office along with its determination. If the City Attorney's Office determines that the original document contains the unlawful restrictions as indicated by the stricken language, a Deputy City Attorney will sign the Restrictive Covenant Modification, and the San Francisco Assessor-Recorder's Office will record it. However, if the City Attorney's Office finds that the original document does not contain an unlawful restriction, then the San Francisco Assessor-Recorder's Office will not record the Restrictive Covenant Modification.
7. Once the approved Restrictive Covenant Modification is recorded, imaged, and indexed, it will be returned to the submitter by mail.
8. **NOTE:** The San Francisco Assessor-Recorder's Office is strictly prohibited from altering, changing, obliterating, or inserting new matters into any historical documents that have already been recorded into our Official Public Records.



([http://twitter.com/share?](http://twitter.com/share?text=Restrictive%20Covenant%20Modification&url=https://www.sfassessor.org/property-information/division/homeowners/restrictive-covenant-modification)



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[covenant-](http://www.sfassessor.org/property-information/division/homeowners/restrictive-covenant-modification)

[Share modification](http://www.sfassessor.org/property-information/division/homeowners/restrictive-covenant-modification))

ABOUT US

The mission of our office is to work together to build a better San Francisco through superior customer service, fair property taxation and the preservation of public records. We value doing our work with the highest levels of integrity and professionalism.

Our core responsibilities include locating all taxable property in the City and County of San Francisco (CCSF), identifying ownership, establishing a taxable value, and applying all legal exemptions.

🔗 [Learn more \(/about-us/our-mission\)](/about-us/our-mission)

MAIN OFFICE

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San Francisco, CA 94102-4698

Main Office Hours:

Mon - Fri 8:00 A.M. to 5:00 P.M.

Recorder Office Hours (Main Office):

Mon - Fri 8:00 A.M. to 4:00 P.M.

📍 Google map

(<https://www.google.com/maps/place/1+Dr+Carlton+B+Goodlett+Pl,+San+Francisco,+CA+94102/@37.7792719,-122.4192288,17z/data=!3m1!4b1!4m2!3m1!1s0x8085809977c>)

📞 Business Personal Property Division (/about-us/office-contact-information)

CONTACT US

For general information or to give us your feedback, please call 415-554-5596 during normal business hours. After business hours, please call 3-1-1.

📞 Contact 3-1-1 (<http://www.sf311.org/>)

SEE ALSO

Treasurer & Tax Collector (<http://sftreasurer.org/>)

County Clerk (<http://www.sfgov2.org/index.aspx?page=13>)

Department of Building Inspection (<http://sfdbi.org/>)

Planning Department (<http://www.sf-planning.org/index.aspx>)

Assessment Appeals Board (<http://www.sfbos.org/index.aspx?page=3696>)

State Board of Equalization (<http://www.boe.ca.gov/>)

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WHEN RECORDED MAIL TO:

THIS SPACE FOR RECORDER'S USE ONLY

Street Address:
APN:

RESTRICTIVE COVENANT MODIFICATION
(RACIAL OR OTHERWISE UNLAWFULLY RESTRICTIVE COVENANT MODIFICATION)

I (We) _____ have an ownership interest of record in the property
located at _____ that is covered by the document described below.

The following referenced document contains a restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, or genetic information as defined in subdivision (p) of Section 12955, or ancestry that violates state and federal fair housing laws and that restriction is void. Pursuant to Section 12956.2 of the Government Code, this document is being recorded solely for the purpose of eliminating that restrictive covenant as shown on page(s) _____ of the document recorded on _____ (date) in Book _____ of the official records of the County of _____.

This modification document shall be indexed in the same manner as the original document pursuant to Government Code Section 12956.2(c):
The effective date of the terms and conditions of this modification document shall be the same as the effective date of the original document referenced above.

Signature

Printed Name

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of _____

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s)
whose name(s) is/are subscribed to the within instrument and acknowledged
to me that he/ she/they executed the same in his/her/their authorized
capacity(ies), and that by his/ her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed
the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of
California that the foregoing paragraph is true and correct.
WITNESS my hand and official seal.

Signature _____ (Seal)

The San Francisco City Attorney's Office, pursuant to
Government Code Section 12956.2, hereby states that
it has been determined that the original document
Does ☐ Does Not ☐ contain an unlawful restriction.

San Francisco City Attorney's Office

BY:

Deputy City Attorney

Date: _____

When Recorded Return To:

Jack Wholey, Esq.
BROWNING, WHOLEY & LENVIN
1388 Sutter Street, Suite 900
San Francisco, CA 94109

393265

This is to certify that this is a
true and correct copy of the
original document recorded
on NOV 22 2002 at 8:00 A.M.

as No. H296870 in the

City & County of San Francisco

OLD REPUBLIC TITLE COMPANY

By RSW

Assessor's Block 3514,
Lots 49 through 260, inclusive
(formerly Lot 47)

DECLARATION

OF

CONDITIONS, COVENANTS AND RESTRICTIONS

OF

140 SOUTH,

A CONDOMINIUM PROJECT

"Covenants and restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin are deleted unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons"

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OF
140 SOUTH,
A CONDOMINIUM PROJECT

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DECLARATION
OF
CONDITIONS, COVENANTS AND RESTRICTIONS
OF
140 SOUTH,
A CONDOMINIUM PROJECT

THIS DECLARATION is made on the date hereinafter set forth by CHARIOT SVN LLC, a California Limited Liability Company, referred to herein as "Declarant."

Declarant is the owner of that certain real property located in the City and County of San Francisco, State of California, more particularly described in Attachment A annexed hereto and incorporated by reference herein. Said real property, referred to herein as the "Property", is being improved with two hundred twelve (212) residential units.

Declarant intends to establish a condominium project under the provisions of the Davis-Stirling Common Interest Development Act, providing for separate title to each Unit within the Property, each Unit to have an undivided interest in all the remaining property.

The Property is part of a larger development commonly known as 140 South Van Ness Avenue, which consists of four airspace parcels and shall be referred to herein as the "Project". The four airspace parcels are described on that certain Airspace Parcel Map which is defined in Section 1.1 hereof. One such parcel, Parcel C, as shown on the Airspace Parcel Map, contains all of the residential units and is the only parcel which is the subject of this Declaration. Parcels B and D are commercial parcels and are authorized for commercial uses only; a third parcel, Parcel A, is a parking parcel which will serve Parcels B, C and D, as well as provide storage for the occupants and public parking. The rights and duties of the owners of the parcels are set forth in the Declaration of Reciprocal Easements, Covenants and Restrictions of 140 South Van Ness (hereinafter, the "Project Declaration"), recorded on NOVEMBER 22, 2002, Instrument No. 1296869, in

the Office of the Recorder of the City and County of San Francisco, State of California.

Declarant intends by this document to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all the Condominiums of the Property and the Owners thereof.

Declarant hereby establishes by this Declaration a plan for the individual ownership of the real property estates, consisting of the area of space contained in each Unit, as well as the co-ownership by the individual owners, as tenants in common and as hereafter set forth, of all the remaining portions of the Property, which is hereinafter defined and referred to as the "Common Area".

NOW, THEREFORE, Declarant hereby establishes that the Property hereinafter described shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold and improved, subject to the following declarations, limitations, covenants, conditions, restrictions and easements, all of which are imposed as equitable servitudes, pursuant to a general plan for the development of the Property, for the purposes of enhancing and protecting the value and attractiveness of the Property and the Project, and every part thereof, in accordance with the plan for the improvement of the Property and the division thereof into condominiums. All of the limitations, covenants, conditions, restrictions and easements shall constitute covenants which shall run with the land and shall be binding upon Declarant and the successors and assigns of Declarant and all parties having or acquiring any right, title or interest in or to any part of the Property or the Project.

ARTICLE I

DEFINITIONS

Section 1.1 "Airspace Parcel Map" Shall mean and refer to that certain parcel map entitled 'Parcel Map of 140 South Van Ness Avenue', which was recorded in the Office of the Recorder of the City and County of San Francisco, State of California, on February 12, 2002 in Book 45 of Parcel Maps, Pages 57 through 61.

Section 1.1 "Articles" Shall mean and refer to the Articles of Incorporation of the Association, as amended from time to time.

Section 1.2 "Assessments" Shall mean Regular Assessments and/or Special Assessments which are a portion of the cost of maintaining, repairing, improving, operating and managing the Property, or assessments which are imposed to bring an Owner and his Unit into compliance with the Condominium Documents, and which are to be paid by Owners as determined by the Association.

Section 1.3 "Association" Shall mean and refer to the 140 South Homeowners Association, a California nonprofit mutual benefit corporation, the Members of which shall be Owners of Condominiums in the Property.

Section 1.4 "Board" or "Board of Directors" Shall mean and refer to the governing body of the Association.

Section 1.5 "BMR Units" Shall mean and refer to Units 201, 203, 209, 211, 219, 301, 303, 305, 307, 309, 311, 315, 317, 337, 341, 347, 430, 437, 441, 447, 547, 647 and 747 have been designated below market rate units, as required by the Notice of Special Restrictions.

Section 1.6 "Building" Shall mean and refer to the commercial and residential structure containing the Project.

Section 1.7 "Bylaws" Shall mean or refer to the Bylaws of the Association as amended from time to time.

Section 1.8 "Common Area" Shall mean and refer to those portions of the Property to which title is held by all Owners in common, and excepting the individual Units. The Common Area includes, without limitation, land; stairs (except stairs connecting levels within a Unit); elevators and elevator shafts; basements and storage areas; bearing walls, columns, girders, subfloors, unfinished floors, roofs, and foundations; central heating equipment, ducts, flues and chutes and fire escapes; conduits, pipes, plumbing, wires and other utility installments (except the outlets thereof located within a Unit), required to provide power, light, telephone, gas, water, sewerage, drainage, heat, and elevator services; sprinklers, sprinkler pipes and sprinkler heads which protrude into the air space of a Unit; central television antenna, if any.

Section 1.9 "Common Expenses" Means and includes the actual and estimated expenses of operating the Property and any reasonable reserve for such purposes, as found and determined by the Board,

and all sums designated common expenses by or pursuant to the Condominium Documents.

Section 1.10 "Common Interest" Means the proportionate undivided interest in the Common Area which is appurtenant to each Unit, as set forth in this Declaration.

Section 1.11 "Condominium" Shall mean an estate in real property, as defined in California Civil Code Section 1351(f), consisting of title to a Unit and an undivided interest in the Common Area.

Section 1.12 "Condominium Documents" Means and includes this Declaration, as it may be amended from time to time, the attachments, if any, annexed hereto, the Project Declaration, the Articles, the Bylaws, and the rules and regulations for the Members, as established from time to time.

Section 1.13 "Condominium Plan" Shall mean and refer to those certain portions of the Map, as defined in Article I, Section 1.20, prepared pursuant to California Civil Code Section 1351(e), as modified by Attachment A hereto.

Section 1.14 "Declarant" Shall mean and refer to CHARIOT SVN LLC, a California Limited Liability Company, together with its successors and assigns, provided:

(a) Such successors and assigns acquire five (5) or more Condominiums for the purpose of resale to others, and

(b) Declarant has expressly assigned to such successor(s) its rights and duties to all or a portion of the Property.

Section 1.15 "Declaration" Shall mean and refer to this enabling Declaration.

Section 1.16 "Eligible Insurer or Guarantor" Shall mean and refer to an insurer or governmental guarantor of a first mortgage who has requested notice of certain matters from the Association in accordance with Section 9.6(g).

Section 1.17 "Eligible Mortgagee" Shall mean and refer to a first mortgagee who has requested notice of certain matters from the Association in accordance with Section 9.6(g).

Section 1.18 "Exclusive Use Area" Shall mean and refer to those portions of the Common Area set aside for exclusive use of an Owner, or Owners, pursuant to Article II, Section 2.2(c), and shall constitute "exclusive use common area" within the meaning of California Civil Code Section 1351(i).

Section 1.19 "Institutional Lender" Shall mean any bank, savings and loan association, insurance company, or other financial institution holding a recorded mortgage on any Unit.

Section 1.20 "Map" Shall mean that subdivision map entitled "Map of 140 South Van Ness Avenue, a Residential Condominium Project", recorded the 19th day of November, 2002, in Book 70 of Condominium Maps, Pages 108 through 135, inclusive, in the Official Records of the City and County of San Francisco.

Section 1.21 "Member" Shall mean and refer to a person entitled to membership in the Association, as provided in this Declaration.

Section 1.22 "Mortgage" Shall include a deed of trust as well as a mortgage.

Section 1.23 "Mortgagee" Shall include a beneficiary or a holder of a deed of trust as well as a mortgagee.

Section 1.24 "Mortgagor" Shall include the trustor of a deed of trust as well as a mortgagor.

Section 1.25 "NSR" Shall mean and refer to that certain Notice of Special Restrictions Under the Planning Code, recorded the 5th day of August, 1999, in Book H442, Page 359, in the Official Records of the City and County of San Francisco.

Section 1.26 "Owner" or "Owners" Shall mean or refer to the record holder or holders of title, if more than one, of a Condominium on the Property. This shall include any person having a fee simple title to any Unit but shall not include contract sellers and those persons or entities having any interest merely as security for the performance of any obligation. If a Unit is sold under a recorded installment land contract to a purchaser, such purchaser, rather than the fee owner, shall be considered the Owner.

Section 1.27 "Person" Means a natural person, a corporation, a partnership, a trust or other legal entity.

Section 1.28 "Project" Shall mean and refer to all of the real property described on the Airspace Parcel Map, including all structures and improvements erected thereon, whether residential or commercial in use.

Section 1.29 "Project Declaration" Shall mean and refer to that certain document entitled Declaration of Reciprocal Easements, Covenants and Restrictions of 140 South Van Ness, recorded the 22ND day of NOVEMBER, 2002, ~~in Reel~~ ** ~~XXXXXXXXXXXXXXXXXXXX at Image~~ XXXXXXXXXX in the Official Records of the City and County of San Francisco. ** Instrument No. 1296869

Section 1.30 "Property" Means and includes the real property described in Attachment A hereto, and all improvements erected thereon and all property, real, personal or mixed, intended for or used in connection with the Property.

Section 1.31 "Regular Assessment" Shall mean an Assessment which is a portion of the cost of maintaining, improving, operating and managing the Property which is to be paid by each Owner, as determined by the Association.

Section 1.32 "Share" Means the percentage interest in and to the Common Area attributed to and appurtenant to each Unit, as set forth on the Condominium Plan.

Section 1.33 "Special Assessment" Shall mean a supplemental Assessment to meet expenses which is to be paid by each Owner when the total amount of funds necessary to defray common expenses is determined to be inadequate by the Association.

Section 1.34 "Unit" Shall mean and refer to the elements of the Condominium, as defined in Article II, Section 2.2(a), which are not owned in common with the Owners of other Condominiums in the Property.

Section 1.35 "Unit Designation" Means the number, letter or combination thereof or other official designations shown on the Condominium Plan.

Section 1.36 "Number and Gender" The singular and plural number and masculine, feminine and neuter gender shall each include the other where the context requires.

Section 1.37 "Mandatory and Permissive" "Shall", "will", and "agree" as used herein are mandatory and "may" as used herein is permissive.

ARTICLE II

DESCRIPTION OF PROJECT, DIVISION OF PROPERTY

AND CREATION OF PROPERTY RIGHTS

Section 2.1 Description of Project.

(a) The Project. The Project consists of the underlying real property with Condominiums and all other improvements located thereon. The entire development consists of four airspace parcels (and the structures thereon) as defined on the Airspace Parcel Map, Parcel A, the Parking Parcel, Parcel B, the Commercial B Parcel, Parcel C, the Residential Parcel, and Parcel D, the Commercial D Parcel.

Parcel C, together with all of the improvements located thereon, is referred to herein as the Property.

There is being built upon the Property residential structures containing two hundred twelve (212) Units. Reference is made to the Condominium Plan to supply further details concerning the Property.

(b) Existing Encumbrances.

(i) The Project and the Property are subject to the terms and conditions of the NSR described in Section 1.25 hereinabove, and shall be operated and managed in compliance with the terms thereof.

(ii) The Project and the Property are subject to the terms and conditions of the Project Declaration and shall be operated and managed in compliance with the terms thereof. The Project Declaration governs the relationship between Parcels A, B, C and D and their respective owners. Reference is made to the Project Declaration to supply further details concerning the terms and conditions of said document.

Section 2.2 Division of Property. The Property is hereby divided into the following separate freehold estates:

(a) Units. Each of the Units, as separately shown, numbered and designated in the Condominium Plan, consists of the space bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows and doors of each Unit, each of such spaces being defined and referred to herein as a "Unit". Each Unit includes both the portions of the Condominium Building so described and the air space so encompassed. The Unit does not include those areas and those things which are defined as "Common Area" in Article I, Section 1.8. Each Unit is subject to such encroachments as are contained in the Condominium Building, whether the same now exist or may be later caused or created in any manner referred to in Article IX, Section 9.5. In interpreting deeds and plans, the then existing physical boundaries of a Unit, whether in its original state or reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its boundaries, rather than the boundaries expressed in the deed or plan, regardless of settling or lateral movement of the Condominium Building and regardless of minor variance between the boundaries shown on the plan or deed, and those of the Condominium Building.

(b) Common Areas. The remaining portion of the Property referred to herein as "Common Area" or "Common Areas" shall include, without limitation, all of the elements set forth in Article I, Section 1.8. Each Owner shall have appurtenant to his Unit the undivided interest in the Common Area set forth on the Condominium Plan (which is based upon the ratio of the square footage of the Unit to the square footage of all the Units).

The ownership of each Condominium shall include a Unit and such undivided interest in the Common Area. The common interest appurtenant to each Unit is declared to be permanent in character and cannot be altered without the consent of all Owners affected and the first mortgagees of such Owners, as expressed in an amended declaration. Such common interest cannot be separated from the Unit to which it is appurtenant. Each Owner may use the Common Area in accordance with the purposes for which it is intended, subject to the provisions of the Declaration as well as reasonable rules and regulations which may be imposed by the Board from time to time, without hindering the exercise of or encroaching upon the rights of any other Owners.

(c) Exclusive Use Areas. Portions of the Common Area shown and delineated on the Condominium Plan shall be "Exclusive Use Areas" and are hereby reserved by Declarant as exclusive use common areas, as defined in California Civil Code Section 1351(i), to be granted as exclusive easements appurtenant to a particular Unit. The Exclusive Use Areas shall be those portions of the Common Area designated as patios (P304, P310, P319 etc.), and decks (D401, D403, D405, etc.) on the Condominium Plan and storage areas (S010, S110, S235, etc.) as set forth on Attachment C hereto. Easements for the exclusive use of the Exclusive Use Area patios, decks and storage areas shall be granted by Declarant as appurtenant to the correspondingly numbered Unit.

The assignment, transfer or exchange, either reciprocal or unilateral, of the right to the exclusive use of an Exclusive Use Area from one Owner to another or between two or more Owners, is authorized, provided that written approval of the Board is first obtained, and the assignment, transfer or exchange of such Exclusive Use Area is evidenced by a recorded document. Any unauthorized transfer is void.

(d) No Separate Conveyance of Undivided Interest. The foregoing undivided interests are hereby established and are to be conveyed with the respective Units, as set forth above. Such undivided interests cannot be changed, except as set forth in this Declaration. Declarant, and the successors, assigns and grantees of Declarant, covenant and agree that the undivided interests in the Common Area referred to in Section 2.2(b) and the fee title to the respective Units conveyed therewith, shall not be separated or separately conveyed, and each such undivided interest shall be deemed to be conveyed or encumbered with its respective Unit, even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the Unit.

(e) Annexation. Any annexation of real property to the Project shall require the vote or written approval of at least sixty-seven percent (67%) of the total votes residing in Members other than Declarant.

(f) Easements. The Property is burdened, in some cases, and benefitted in others by all of the easements among the parcels on the Airspace Parcel Map. Said easements are defined in the Project Declaration and on the Airspace Parcel Map.

Section 2.3 Partition Prohibited. The Common Area shall remain undivided, as set forth herein. Except as provided by

California Civil Code Section 1359, no Owner shall bring any action for partition of the Project or any part thereof, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Property. Judicial partition by sale of a single Unit owned by two or more persons and division of the sale proceeds is not prohibited hereby. However, partition of title to a single Unit is prohibited.

ARTICLE III

ASSOCIATION-ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS

Section 3.1 Association to Manage Common Areas. The management of the Common Area shall be vested in the Association, in accordance with its Bylaws. The Owners of all of the Condominiums covenant and agree that the administration of the Property shall be in accordance with the provisions of this Declaration, the Project Declaration, the Articles and the Bylaws of the Association.

Section 3.2 Membership. The Owner of a Condominium automatically, upon becoming an Owner, shall be a Member of the Association, and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership shall be held in accordance with this Declaration, the Project Declaration, the Articles and the Bylaws of the Association.

Section 3.3 Transferred Membership. Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale of the Condominium to which it is appurtenant, and then only to the purchaser of such Condominium. A mortgagee does not have membership rights until he becomes an Owner by foreclosure or deed in lieu thereof. Any attempt to make a prohibited transfer is void. In the event the Owner of any Condominium should fail or refuse to transfer the membership registered in his name to the purchaser of his Condominium, the Association shall have the right to record the transfer upon its books and thereupon any old membership outstanding in the name of the seller shall be null and void.

Section 3.4 Membership Classes and Voting Rights. The Association shall have two classes of voting membership:

(a) Class A. Class A Members shall be all Owners with the exception of Declarant. Each Condominium shall be allocated one vote in the Association. When more than one Owner holds an interest in any Condominium, all such co-Owners shall be Members of the Association; however, the vote for each Condominium must be cast as a whole. No fractional votes shall be allowed with respect to any Condominium, nor shall more than one vote be cast with respect to any Condominium. When more than one person owns a Condominium, there shall be one "Voting Owner" for such Condominium. The Voting Owner shall be designated by the record Owners of each Condominium by written notice to the Board. The designation shall be revocable at any time by actual notice to the Board given by any Owner of record of such Condominium or by the death or judicially declared incompetency of any record Owner. The power herein conferred to designate a Voting Owner, and to revoke said designation, may be exercised by the Owner's conservator or by the guardian of his estate, or in the case of a minor having no guardian, the parent or parents entitled to custody of said minor, or during the administration of his estate, the executor or the administrator of a deceased Owner, where the latter's interest in the Condominium is subject to administration in his estate. Where no Voting Owner of a Condominium has been designated, or the designation has been revoked as provided herein, the vote for such Condominium shall be exercised as the majority of the co-Owners of the Condominium mutually agree. No vote shall be cast for any Condominium where there is no designated Voting Owner or the majority of co-Owners present in representing the Condominium cannot agree in their vote as provided herein.

(b) Class B. The Class B Member shall be Declarant who shall be entitled to vote as follows: Voting shall be the same as for Class A memberships, except that the Class B Member may triple its vote for each Condominium owned. Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever first occurs:

i. When the total votes outstanding in the Class A membership equals the total vote (tripled as stated) outstanding in the Class B membership; or

ii. On the second anniversary date of the first conveyance of a Condominium in the Property.

Except as otherwise provided in the Condominium Documents, any action by the Association which must have the approval of the Members before being undertaken shall require the vote or written assent of fifty-one percent (51%) of each class of membership during the time that there are two outstanding classes of membership. Any provision in this Declaration which requires that the vote of Declarant be excluded during any such vote shall be applicable only if there has been a conversion of Class B to Class A shares, and shall be understood to require the vote or written assent of fifty-one percent (51%) of the total voting power of the Association and the vote or written assent of fifty-one percent (51%) of the total voting power of Members other than Declarant. The immediately foregoing sentence shall not apply to those situations governed by Title 10, California Code of Regulations, Section 2792.4, governing the enforcement of bonded obligations.

ARTICLE IV

MAINTENANCE AND ASSESSMENT

Section 4.1 Creation of the Lien and Personal Obligation of Assessment. Declarant, for each Condominium owned within the Property, hereby covenants, and each Owner of any Condominium by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association Regular Assessments and Special Assessments, such Assessments to be established, made and collected as provided in this Declaration.

Each Assessment or installment thereof, together with any late charge, interest, collection costs and reasonable attorneys' fees, shall be the personal obligation of the Owner at the time such Assessment, or installment, became due and payable. If more than one person is the Owner of a Condominium, the personal obligation to pay such Assessment, or installment, respecting such Condominium shall be both joint and several. The annual Regular Assessments and the Special Assessments provided for in this Article IV, together with interest, late charges, collection costs and reasonable attorneys' fees, shall be a continuing lien upon the Condominium against which the Assessment is made, as provided in Section 4.14 hereof. No Owner of a Condominium may exempt himself from payment of Assessments, or installments, by waiver of the use

or enjoyment of all or any portion of the Common Area or by waiver of the use or enjoyment of, or by abandonment of, his Condominium.

Section 4.2 Purpose of Assessment. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Members of the Association; the improvement, replacement, repair, operation and maintenance of the Common Area, as well as the contribution of the Residential Parcel to the maintenance of the entire Project; and the performance of the duties of the Association, as set forth in this Declaration.

Section 4.3 Regular Assessment and Reserve Fund.

(a) The Board shall establish and levy annual Regular Assessments in an amount the Board estimates will be sufficient to raise the funds needed to perform the duties of the Association during each fiscal year, subject to the limitations contained in Section 4.5 hereof. Such annual Regular Assessments shall include an adequate reserve fund for maintenance, repairs and replacement of those major components of the Common Area and facilities which the Association is obligated to maintain and that must be replaced on a periodic basis, and shall be payable in regular installments rather than by Special Assessments.

(b) Unless the Association is exempt from Federal or State taxes, all reserves shall be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner authorized by law or regulation of the Internal Revenue Service and the California Franchise Tax Board that will prevent such funds from being taxed as income to the Association.

(c) Failure of the Board to set Regular Assessments shall not be deemed a waiver of Regular Assessments but, rather, the prior fiscal year's Regular Assessment shall remain in full force and effect.

(d) The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of major components of the Common Area and facilities which the Association is obligated to repair, restore, replace, or maintain, and for which such reserve fund was established. However, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash-flow requirements or other

expenses, provided the Board has made a written finding, recorded in the Board's minutes, setting forth the reasons that the transfer is needed, and describing when and how the money will be repaid. The transferred funds shall be restored to the reserve fund within one (1) year of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a temporary delay would be in the best interests of the Project, temporarily delay the restoration. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a Special Assessment to recover the full amount of the expended funds within the time limits required by this Section. Such Special Assessment is subject to the limitation imposed by Section 4.5 of this Declaration. The Board may, at its discretion, extend the date on which the payment of the Special Assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid Special Assessment.

(e) When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund, the Association shall notify the Members of that decision in the next available mailing of any nature to all Members (with the Association newsletter, magazine, etc., if there is one) and of the availability of an accounting of those expenses. The Association shall make an accounting of such uses and/or transfers, and such accounting shall be made available for inspection by Members at the Association's office.

Section 4.4 Special Assessments. If the Board determines that the estimated total amount of funds necessary to defray the common expenses of the Association for a given fiscal year is, or will become, inadequate to meet expenses for any reason (including, but not limited to, unanticipated delinquencies, costs of construction, unexpected repairs or replacements of capital improvements on the Common Area), the Board shall determine the approximate amount necessary to defray such expenses, and if the amount is approved by a majority vote of the Board, it shall become a Special Assessment. The Board may, in its discretion, prorate such Special Assessment over the remaining months of the fiscal year or levy the Special Assessment immediately against each Unit. Unless exempt from Federal or State income taxation, all proceeds from any Special Assessment shall be segregated and deposited into a special account and shall be used solely for the purpose or purposes for which they were levied, or they otherwise shall be handled and used in a manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board

in order to avoid, if possible, their taxation as income to the Association.

Section 4.5 Limitation on Board's Authority to Increase and Decrease Assessments.

(a) Any increases in Regular Assessments shall not be imposed unless the Board has complied with Section 9.2(b) of the Bylaws with respect to that fiscal year, or has obtained, in accordance with Section 4.6 hereof, the approval of a majority of the Owners at a meeting or election at which a quorum was present.

(b) Notwithstanding subsection (a) above, the Board may not, without the approval of a majority of the Owners at a meeting or election at which a quorum was present:

i. Increase Regular Assessments more than twenty percent (20%) greater than the Regular Assessments for the Association's preceding fiscal year, or

ii. Impose Special Assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses for the current fiscal year.

(c) Assessment increases are not limited in the case of emergency situations, which are any of the following:

i. An extraordinary expense required by court order.

ii. An extraordinary expense necessary to repair or maintain the Property, or any part of it for which the Association is responsible, where the Association deems there may be a threat to personal safety.

iii. Repairs to or maintenance of the Project that could not have been reasonably foreseen in preparing the budget. Prior to imposition of the Assessment, the Board shall make written findings, distributed to the Members, as to the necessity of the expense and why it could not have been foreseen.

(d) The Association may not charge or collect fees or Assessments in connection with a transfer of a Condominium in excess of the actual cost to change its records.

(e) The annual Regular Assessment may not be decreased by the Board or by the Members by more than ten percent (10%) in any one (1) year without the approval of a majority of the voting power of the Association residing in Members other than Declarant.

Section 4.6 Notice and Quorum for Any Action Authorized Under Section 4.5. Any action authorized under Section 4.5, which requires a vote of the membership, shall be taken at a meeting called for that purpose at which a quorum equal to more than fifty percent (50%) of the total voting power of the Association is present. Written notice of said meeting shall be sent to all Members not less than ten (10) nor more than ninety (90) days in advance of the meeting, specifying the place, day and hour of the meeting and, notwithstanding any other provision of law, shall specify those matters the Board intends to present for action by the Members; but, except as otherwise provided by law, any proper matter may be presented at such meeting for action. The action may also be taken without a meeting, pursuant to the provisions of California Corporations Code Section 7513.

Section 4.7 Levying of Regular and Special Assessments. All Regular and Special Assessments shall be assessed to the Owners according to the schedule attached hereto as Attachment B. Notwithstanding the foregoing, the Board shall exempt an Owner of a Unit from payment of that portion of the Regular Assessment which is allocated for defraying operating expenses and reserves directly attributable to the existence and use of his Unit until the first to occur of the following events: (i) a notice of completion of construction has been recorded, or (ii) the Unit is occupied or otherwise used.

Any Special Assessment for the rebuilding or major repair of the Common Area shall be assessed according to each Owner's Share as described on Attachment B hereto.

Section 4.8 Assessment Period. The Regular Assessment period shall commence on January 1 of each year and shall terminate on December 31 of each year, or such other dates as may be approved by the Board, and Regular Assessments shall be payable in equal monthly installments, unless the Board adopts some other basis for collection. However, the initial Regular Assessment period shall commence on the first day of the calendar month following the date on which the sale of the first Condominium to a purchaser is closed and shall terminate on December 31 of the year in which the initial sale is closed. The first Regular Assessment and all Special Assessments shall be adjusted according to the number of months

remaining in the fiscal year and shall be payable in equal monthly installments, unless the Board adopts some other basis for collection. The Association shall not change the pro rata interest in the Common Area or obligation of any Condominium for purposes of levying Assessments, unless all Owners affected and all the mortgagees of such Owners have given their prior written consent.

Section 4.9 Notice and Assessment Installment Due Dates; Delinquent Assessment.

(a) A single ten (10) day prior written notice of each annual Regular Assessment and Special Assessment, specifying the due dates for the payment of installments, shall be given to each Owner of every Condominium subject to Assessment; provided, however, in the event of an increase in any Regular or Special Assessment, such notice shall be given not less than thirty (30) nor more than sixty (60) days prior to the increased Assessment becoming due. The due dates for the payment of installments normally shall be the first day of each month, unless some other due date is established by the Board. Each installment of Regular Assessments and Special Assessments shall become delinquent if not paid within fifteen (15) days after its due date.

(b) If an Assessment is delinquent, the Association may recover the following:

i. Reasonable costs incurred in collecting the delinquent Assessment, including reasonable attorneys' fees;

..ii. A late charge of ten percent (10%) of the delinquent Assessment, or ten dollars (\$10.00), whichever is greater;

iii. Interest on all sums imposed in accordance with this Section, including the delinquent Assessment, reasonable costs of collection, and late charges, at an annual percentage rate of twelve percent (12%) interest, commencing thirty (30) days after the Assessment becomes due.

Section 4.10 Payment of Delinquent Assessments Under Protest. In accordance with California Civil Code Section 1366.3, an Owner may dispute a delinquent Assessment, as defined in Section 4.9 hereof, by paying to the Association in full the amount of Assessment in dispute, late charges, interest, and all fees and costs associated with the preparation and filing of a notice of the delinquent assessment and giving written notice to the Association

that the amount is being paid under protest. Such notice shall be given by certified mail not more than thirty (30) days from the recording of a notice of delinquent assessment.

Following receipt of such notice, the Association shall inform the Owner that the dispute may be resolved by alternative dispute resolution as set forth in California Civil Code Section 1354, by civil action, or by other dispute resolution procedure available to the Association. The right of any Owner to utilize alternative dispute resolution under this Section shall be limited to not more than two (2) times in any single calendar year and not more than three (3) times in any five calendar years.

Section 4.11 Effect of Transfer of Condominium by Sale or Foreclosure. Sale or transfer of any Condominium shall not affect the Assessment lien. However, the sale of any Condominium pursuant to a power of sale in a first mortgage shall extinguish the lien of such Assessments as to payments which became due prior to such sale. No sale or transfer shall relieve the Owner of such Condominium from liability for any Assessments thereafter becoming due or from the lien thereof.

Where the mortgagee of a first mortgage of record or other purchaser of a Condominium obtains title to the Condominium as a result of foreclosure of any such first mortgage, such purchaser, including said purchaser's successors and assigns, shall not be liable for the share of the common expenses or Assessment by the Association chargeable to such Condominium which became due prior to the acquisition of title to such Condominium by such purchaser (except for Assessments liens recorded prior to the mortgage). Such unpaid share of common expenses or Assessments shall be deemed to be common expenses collectible from Owners of all of the Condominiums, including such purchaser or the purchaser's successors and assigns.

If a Condominium is transferred, the grantor shall remain liable to the Association for all unpaid Assessments against the Condominium through and including the date of transfer. The grantor shall be entitled to a statement from the Association dated as of the date of transfer, setting forth the amount of unpaid Assessments against the grantor due the Association and the Condominium so transferred shall not be subject to a lien for unpaid Assessments in excess of the amount set forth in the statement; provided, however, the grantee shall be liable for any such Assessment that becomes due after the date of the transfer.

Section 4.12 Estoppel Certificate. The Board, on not less than twenty (20) days prior written request, shall execute, acknowledge and deliver to the party making such request a statement in writing stating whether or not, to the knowledge of the Association, a particular Owner is in default as to such Owner's Condominium under the provisions of this Declaration and further stating the dates to which installments of Assessments, Regular or Special, have been paid as to such Owner's Condominium. Any certificate delivered pursuant to this Section may be relied upon by any prospective purchaser or mortgagee of such Condominium, but reliance on such certificate may not extend to any default not involving the payment of Assessments of which the signer had not actual knowledge. The actual costs (rounded) to the Association for providing such estoppel certificate may be charged to the Owner of the Unit.

Section 4.13 Right to Enforce. The right to collect and enforce Assessments is vested in the Board, acting by and on behalf of the Association. The Board, or its authorized representative, can enforce the obligations of the Owners to pay Assessments provided for in this Declaration by commencement and maintenance of a suit at law or in equity, or the Board may foreclose by judicial proceedings or through the exercise of the power of sale, pursuant to Section 4.15, to enforce the lien rights created. Suit to recover a money judgment for unpaid Assessments, together with all amounts described in Section 4.1 shall be maintainable without foreclosing or waiving the lien rights.

Section 4.14 Creation of Lien. If there is a delinquency in the payment of any Assessment or installment thereof on a Condominium, as described in Section 4.9 hereof, any amounts that are delinquent, together with any late charges, interest and all costs that are incurred by the Board or its authorized representative in the collection of the amounts, including reasonable attorneys' fees, shall be a lien against such Condominium upon the recordation in the Office of the County Recorder of the City and County of San Francisco of a notice of delinquent Assessment, as provided in California Civil Code Section 1367. Before the Association may place a lien upon a Condominium to collect a debt which is delinquent under Section 4.9 hereof, the Association shall (1) notify the Owner in writing by certified mail of the Association's fee and penalty procedures, and (2) provide an itemized statement of the charges owed, including the principal, interest, any late charges and the method of calculation, any attorney's fees, and the Association's collection practices, including the right of the Association to reasonable collection

costs. Any payments towards such debt shall be first applied to principal owed, and only after the principal owed is paid in full shall such payments be applied to interest or collection expenses.

The notice of delinquent assessment shall state the amount of the Assessment, collection costs, attorneys' fees, late charges, and interest, a legal description of the Condominium against which the Assessment and other sums are levied, the name of the record Owner, and the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice may state that accruing costs not paid by a certain date, or future assessments if not paid when due, plus future late charges and interest, must also be paid prior to removal of the lien. The notice shall be signed by the President of the Association or such other person designated by the Association for that purpose, and mailed in the manner set forth in California Civil Code Section 2924b, to all record Owners of the Condominium.

Fines and penalties levied by the Association to reimburse the Association for costs incurred in the repair of damage to Common Areas and facilities for which the Owner was allegedly responsible are Assessments which may become a lien against the Unit Owner's subdivision interest enforceable by a sale of the interest in accordance with the provisions of Sections 2924, 2924(b) and 2924(c) of the California Civil Code; however, a monetary penalty imposed by the Association as a disciplinary measure for failure by a Member to comply with the Condominium Documents, except for the late payments, shall not be an Assessment which may become a lien enforceable by the sale of the interest under such Sections.

The Assessment lien created by this Section shall be prior to all other liens recorded subsequent to the notice of delinquent assessment, except for taxes, bonds, assessments and other levies, which by law would be superior thereto, and except for the lien of any first mortgage made in good faith and for value.

Section 4.15 Enforcement of Assessment Lien. After the expiration of thirty (30) days following recording of the lien created pursuant to Section 4.14 above, the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in a notice of delinquent assessment, or sale by a trustee substituted pursuant to California Civil Code Section 2934(a). Any sale by a trustee shall be conducted in accordance with the provisions of California Civil Code Sections 2924, 2924(b), 2924(c), 2924(f), 2924(g) and 2924(h), applicable to the exercise of powers of sale in mortgages and deeds of trust.

Section 4.16 Waiver of Exemptions. Each Owner, to the extent permitted by law, waives, to the extent of any liens created pursuant to this Article IV, the benefit of any homestead or exemption laws of the State of California in effect at the time any Assessment or installment becomes delinquent or any lien is imposed.

Section 4.17 Unallocated Taxes. In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than against the Condominiums, such taxes shall be included in the Assessments made under the provisions of Section 4.1, and, if necessary, a Special Assessment may be levied against the Condominiums in an amount equal to such taxes, to be paid in two (2) installments, not less than thirty (30) days prior to the due date of each installment.

ARTICLE V

DUTIES AND POWERS OF THE ASSOCIATION

Section 5.1 Duties. In addition to the duties enumerated in its bylaws, or elsewhere provided in this Declaration, and without limiting the generality thereof, the Association shall perform the following duties:

(a) Maintenance. The Association shall maintain, repair, replace, restore, operate and manage all of the Common Area (except Exclusive Use Areas decks and patios, which shall be maintained in accordance with Section 9.7 hereof) and all facilities, improvements, furnishings, equipment and landscaping thereon, and all property that may be acquired by the Association. Maintenance shall include, without limitation, painting, maintaining, repairing and replacing all Common Areas (except Exclusive Use Areas decks and patios, which shall be maintained in accordance with Section 9.7 hereof), exterior glass surfaces, and landscaping; periodic sweeping or cleaning of fireplace chimneys and flues, if any; and periodic maintenance and testing of all mechanical, electrical, and security access and conveying systems, as well as built-in fire detection and protection devices and equipment, if any. The Association shall bear the costs for any portion of the Common Area damaged by the presence of wood-destroying pests or organisms. The Association shall be responsible for cleaning lint from the exhaust shafts located

either in the kitchens or the bathrooms in certain Units on the Property; the Association shall, upon proper notice to the Owner, have an access easement over such Units in order to perform such cleaning through access panels in each Unit. The following Units have access panels to exhaust shafts: 201, 209, 211, 219, 305, 307, 315, 317, 302, 304, 310, 321, 424, 347, 341, 337, 331, 330, 340, 346, 328, 329, 426, 333, and 335.

The responsibility of the Association for maintenance, repair and replacement shall not extend to repairs or replacements arising out of or caused by the willful or negligent act or neglect of an Owner or his guests, tenants or invitees, the cost of which is not covered by insurance. Repairs or replacements resulting from such excluded items shall be the responsibility of each Owner; provided, however, that if an Owner shall fail to make the repairs or replacements which are his responsibility as provided herein, then, upon a vote of a majority of the Board of Directors, and after not less than thirty (30) days notice to the Owner, and hearing (except in an emergency situation), the Association shall have the right (but not the obligation) to make such repairs or replacements, and the cost thereof shall be added to the Assessments chargeable to such Condominium and shall be payable to the Association by the Owner of such Condominium.

(b) Insurance. The Association shall obtain and maintain the following policy or policies of insurance:

i. A policy or policies of fire and casualty insurance (Special Form), for the full replacement value, covering:

A. Common Area: All Common Area improvements, including building(s) and any additions or extensions thereto; all fixtures, machinery, equipment, and lines permanently affixed to the building(s) and not located within a Unit; fences; monuments; lighting fixtures; exterior signs; recreational facilities, if any; and personal property owned by the Association (but excluding land, foundations, excavations and other items typically excluded from property insurance coverage);

B. Units: Interior walls and doors; ceiling, floor and wall surface materials (e.g., paint, wallpaper, mirrors, carpets, and hardwood floors); utility fixtures (including gas, electrical, and plumbing); cabinets; built-in appliances; heating and air conditioning systems; water heaters (but excluding any improvements or upgrades to any of the foregoing to the extent of any such improvement or upgrade); and

C. Landscaping: Lawn, trees, shrubs and plants located in the Common Area.

The policy or policies shall be primary and noncontributing with any other insurance policy or policies covering the same loss.

Each policy shall provide that it shall not be canceled without at least thirty (30) days prior written notice to the Association and to each of the Owners and their mortgagees of record. The Board shall review the limits of such insurance at least every year and shall increase or adjust the same, if necessary, to provide the coverage and protection required by this Declaration. Such policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees of each Condominium, if any.

ii. A policy or policies of comprehensive public liability insurance, including, but not limited to, general public liability insurance, including coverage for bodily injury, emotional distress, wrongful death, and/or property damage. Such insurance shall insure the Association, the Declarant, the Board, the directors, the officers, the Owners and any appointed manager, against any liability to the public or to any Owner incident to the ownership and/or use of the Property or incident to the use of, or resulting from, any accident or intentional act occurring in or about any Unit or the Common Area. The general public liability insurance required by this Section shall each be in an amount of not less than five million dollars (\$5,000,000) per occurrence, or such other minimum amount in excess of five million dollars as may be required by California Civil Code Section 1365.9. The Board shall review the limits and coverage of such insurance at least every year and shall increase or adjust the same, if necessary, to provide the coverage and protection required by this Declaration.

iii. Worker's Compensation Insurance to the extent necessary to comply with all applicable laws of the State of California or the regulations of any governmental body or authority having jurisdiction over the Property.

iv. Fidelity insurance, in a commercial blanket fidelity insurance form, naming such persons as may be designated by the Board as principals, and the Owners as obligees, in an amount to be determined by the Board in its absolute discretion.

v. Flood insurance if the Project is located in an area designated by an appropriate governmental agency as a special flood hazard area.

vi. Earthquake insurance only if a majority of the Members vote to purchase such insurance. If the Members elect to purchase such earthquake insurance, the insurance may be subsequently cancelled on a vote of the majority of the Members. If cancelled, the Association shall make reasonable efforts to notify the Members of the cancellation.

vi. Any insurance policy or policies which the Project Declaration requires the Association to carry.

Nothing in this subsection (b) [except as provided in subsection (b)(vi)] shall restrict or prohibit the Board from maintaining such additional policies of insurance or endorsements as it, in its absolute discretion, shall deem reasonable and necessary. Any insurance acquired by the Board may be taken in the name of the Board as trustee, for the use and benefit of the Board and all Owners.

The Board periodically (and not less than once each year) shall review the Association's insurance policies and make such adjustments to the policies terms and conditions as the Board considers to be in the best interests of the Association. The review shall include an appraisal by a qualified appraiser of the current replacement costs of all covered property under the Association's fire and casualty policy unless the Board is satisfied that the current dollar limit of such policy, coupled with the amount of actual reserves on hand, is equal to or greater than the current replacement costs.

The amount, term, and coverage of any policy required hereunder (including the type of endorsements, the amount of the deductible, the named insureds, the loss payees, standard mortgage clauses, and notices of changes or cancellations) shall satisfy the minimum requirements imposed for this type of project by the Federal National Mortgage Association ("FNMA") or any successor thereto. If FNMA does not impose requirements on any policy required hereunder, the term, amount, and coverage of such policy shall be no less than that which is customarily carried by prudent owners of similar property in the City and County of San Francisco.

Each Owner appoints the Association or any insurance trustee (as defined in Section 9.9(b)(ii) below) designated by the

Association to act on behalf of the Owners in connection with all insurance matters arising from any insurance policy maintained by the Association, including, without limitation, representing the Owners in any proceeding, negotiation, settlement or agreement.

Any insurance maintained by the Association shall contain "waiver of subrogation" as to the Association and its officers, directors, and Members, the Owners and occupants of the Condominiums (including Declarant) and mortgagees, and, if obtainable, cross liability endorsements or severability of interest endorsements insuring each insured against the liability of each other insured.

Except in the case of earthquake insurance and subject to any restrictions imposed by any Mortgagees, the Board shall have the power and right to deviate from the insurance requirements contained in this Section 5.1(b) in any manner that the Board, in its discretion, considers to be in the best interests of the Association. If the Board elects to materially reduce the coverage from the coverage required in this Section 5.1(b), the Board shall make all reasonable efforts to notify the Members of the reduction in coverage and the reasons therefor at least thirty (30) days before the effective date of the reduction.

The Association and its directors and officers shall have no liability to any Owner or Mortgagee if, after a good faith effort, (1) the Association is unable to obtain any insurance required hereunder because the insurance is no longer available; (2) if available, the insurance (except for earthquake insurance) can be obtained only at a cost that the Board, in its sole discretion, determines is unreasonable under the circumstances; or (3) the Members fail to approve any assessment increase needed to fund the insurance premiums.

(c) Discharge of Liens. The Association shall discharge by payment, if necessary, any lien against the Common Area, and assess the cost thereof to the Member or Members responsible for the existence of such lien; provided that such Member(s) is given notice and the opportunity to be heard before the Board before discharge of the lien.

(d) Assessments. The Association shall fix, levy, collect and enforce Assessments, as provided in Article IV hereof.

(e) Payment of Expenses. The Association shall pay all expenses and obligations incurred by the Association in the conduct

of its business including, without limitation, all licenses, taxes or governmental charges levied or imposed against the Property of the Association.

(f) Enforcement. The Association shall enforce this Declaration.

(g) Account Review. The Association shall review its operating and reserve accounts, their reconciliations and account statements, as set forth in the Bylaws. For purposes herein, "reserve accounts" shall mean monies that the Association has identified from its annual budget to defray the future repair or replacement of, or additions to, those major components of the Common Area and facilities which the Association is obligated to maintain.

(h) Notice of Civil Action. The Association shall notify the Members of filing of any civil action by the Association against the Declarant or other developer for alleged damage, as specified in Section 9.7 of the Bylaws.

(i) Condominium Documents and Statement of Unpaid Assessments. Within ten (10) days of receipt of a written request from a Member, the Association shall provide copies of the Condominium Documents, copies of the documents required by Article IX of the Bylaws and a statement of any unpaid Regular or Special Assessments, late charges, interest and collection costs which are or may become a lien against his Unit, for delivery to a prospective purchaser of the Unit, pursuant to Civil Code Section 1368. The Association may charge a reasonable fee for such service, which shall not exceed the reasonable cost to prepare and reproduce the requested items. In addition, for the period of ten years following the closing of the escrow for the first Unit in the Project, the Association shall provide to a Member, in the same manner as described above, a copy of Declarant's disclosures (which were delivered by Declarant to each of the initial purchasers), and for the same time period, each Member shall deliver a copy of such disclosures to any prospective purchaser of such Member's Unit.

(j) Inspection and Maintenance Guidelines; Periodic Inspections. The Board shall adopt inspection and maintenance guidelines for the periodic inspection and maintenance of the Common Area and landscaping, including, but not limited to, foundations, garages, building skin, gutters, down-spouts, siding, trim, roofs, balconies, windows and caulking, elevator, mechanical, plumbing and electrical systems, irrigation system, utility

equipment and sanitary sewer and storm drainage facilities (the "Common Area Improvements"). The guidelines shall require at a minimum an annual inspection by a qualified person of each of the foregoing.

No less than once every three (3) years, the Association shall, using third party property inspection experts, conduct a comprehensive inspection of the Common Area Improvements and for each inspection obtain from said inspectors a written report of the findings, conclusions and recommendations. The Association shall, immediately following receipt of each report, forward a copy of such report to Declarant for ten years beginning with the closing of the first Unit.

(k) Obligations Under Project Declaration. On behalf of the Residential Parcel, the Association shall perform all of the duties and responsibilities of the Residential Parcel Owner which are set forth in the Project Declaration. The Association is hereby authorized to act as delegatee of all the Joint Maintenance Committee's duties, responsibilities and obligations as set forth in the Project Declaration if such delegation is made by the Committee.

Section 5.2 Powers. In addition to the powers enumerated in its Bylaws, or elsewhere provided herein, and without limiting the generality thereof, the Association shall have the following powers:

(a) Utility Service. The Association shall have the authority to obtain, for the benefit of all of the Condominiums, all water, gas and electric service, and refuse collection; janitorial or window cleaning service; and fireplace cleaning and chimney cleaning service.

(b) Easements. The Association shall have the authority to grant easements, where necessary, for utilities and sewer facilities over the Common Area to serve the Common Areas and the Condominiums.

(c) Manager. The Association shall have the authority to employ a manager or managing agent and to contract with independent contractors to perform all or any part of the day to day management duties and responsibilities of the Association, each of whom shall be subject to the direction and control of the Board, provided that any contract with a firm or person appointed as manager or managing agent shall not exceed a one (1) year term and

shall provide for the right to terminate by either party without cause and without payment of a termination fee on thirty (30) days written notice. Any delegation of authority to a manager or managing agent shall be subject to Section 5.2(k) hereof.

Notwithstanding the above, no manager or officer may be delegated the power or authority to levy fines, hold hearings or impose discipline, make capital expenditures, file suit, record a claim of lien, or foreclose for failure to pay Assessments.

(d) Adoption of Rules. The Association may adopt reasonable rules not inconsistent with this Declaration relating to the use of the Common Area, the Exclusive Use Areas, and all facilities thereon, and the conduct and use thereof and the conduct of Owners and their tenants and guests with respect to the Property and other Owners.

(e) Access. For the purpose of performing the maintenance authorized herein, or for any other purpose reasonably related to the performance by the Association or the Board of their respective responsibilities, the Association's agents or employees shall have the right, after reasonable notice to the Owner thereof, to enter any Unit or to enter any portion of the Common Area at reasonable hours. Except in the case of any emergency, forty-eight (48) hours advance notice shall be given to the Owner or occupant prior to any entry of a Unit.

(f) Assessments, Liens and Fines. The Association shall have the power to levy and collect Assessments, in accordance with the provisions of Article IV hereof. The Association may impose fines or take disciplinary action against any Owner for failure to pay Assessments or for violation of any provision of the Condominium Documents. Penalties may include but are not limited to: fines, temporary suspension of voting rights or other appropriate discipline, provided that the accused Member is given at least fifteen (15) days notice and the opportunity to be heard orally or in writing before the Board of the Association with respect to the alleged violations at least five (5) days before a decision to impose discipline is made. All notices required under this Section shall be made pursuant to Section 9.12 of this Declaration.

(g) Enforcement. The Association shall have the authority to enforce this Declaration, as provided in Section 9.1 hereof.

(h) Acquisition of Property. The Association shall have the power to acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of, real or personal property in connection with the affairs of the Association.

(i) Loans. The Association shall have the power to borrow money, and only with the consent (by vote or written consent) of three-fourths (3/4) of each class of Members, to mortgage, to pledge, to encumber or to hypothecate any or all of its real or personal property as security for monies borrowed or debts incurred.

(j) Contract. The Association shall have the power to contract for goods and/or services for the Common Area facilities and interests or for the Association, subject to any limitations set forth in the Condominium Documents.

(k) Delegation. The Association shall have the power to delegate its authority and powers to committees, officers or employees of the Association. The Association may not, however, delegate the following powers:

i. To levy fines, hold hearings, or impose discipline;

ii. To make capital expenditures;

iii. To file suit, to cause a claim of lien to be recorded, or to foreclose for failure to pay Assessments; or

iv. To levy Regular Assessments or Special Assessments.

(l) Temporary Removal of Occupants. The Association may cause the temporary removal of any occupant for such periods and at such times as necessary for prompt, effective treatment of wood-destroying pests or organisms, or the repair of extensive dry rot or significant structural or building skin repairs. The cost of the temporary relocation is to be borne by the Owner of the Unit affected. Not less than fifteen (15) days nor more than thirty (30) days notice of the need to temporarily vacate shall be given to occupants and to the Owner of the Unit affected. The notice shall state:

- i. The reason for the temporary relocation;
- ii. The date and time of the beginning of the treatment and/or repairs;
- iii. The anticipated date and time of termination of treatment and/or repairs; and
- iv. That the occupants will be responsible for their own accommodations during the temporary relocation.

Notice is deemed complete as prescribed in Section 5.3 hereinbelow.

(m) Appointment of Trustee. The Association, or the Board on behalf of the Association, shall have the power to appoint a trustee to enforce Assessment liens as provided in Section 4.15 hereof, and as provided in California Civil Code Section 1367(b).

(n) Arbitration, Mediation or Administrative Proceedings. The Association, or the Board on behalf of the Association, shall have the power to institute, defend, settle or intervene on behalf of the Association in arbitration, mediation, or administrative proceedings in matters pertaining to (1) enforcement of the Condominium Documents, (2) damage to the Common Areas, (3) damage to the separate interests which the Association is obligated to maintain or repair, or (d) damage to the separate interests which arises out of, or is integrally related to, damage to the Common Areas or separate interests that the Association is obligated to maintain or repair, subject to compliance with California Civil Code Section 1354.

(o) Power to Enforce Project Declaration. The Association shall, upon delegation by the Joint Maintenance Committee, have the power to enforce all of the provisions of the Project Declaration which are vested in the Committee.

(p) Other Powers. In addition to the powers enumerated in this Declaration and in the Bylaws, the Association may exercise the powers granted to a nonprofit mutual benefit corporation, as such exist from time to time, under the California Corporations Code.

Section 5.3 Notices. Any notices required herein shall be deemed complete if a copy is personally delivered or mailed first-class to the occupants and a copy is sent to the non-occupying

Owners via first-class mail. Notices shall be delivered or mailed to the Owner's Unit unless the Owner has given the Association a different address.

ARTICLE VI

UTILITIES

Section 6.1 Owners' Rights and Duties. The rights and duties of the Owners of Condominiums within the Property with respect to electric, telephone, water, gas and sanitary sewer lines, facilities and connections; cable, fibre optic, data/communication or master television antenna lines, facilities and connections; and security system lines, facilities and connections (collectively referred to as "utility facilities") shall be as follows:

(a) Whenever utility facilities are installed within the Property, which utility facilities, or any portion thereof, lie within or upon Condominiums owned by other than the Owner of a Condominium served thereby, the Board or its authorized representative shall have the right to enter (or to have the utility company enter) upon the Condominiums within or upon which such utility facilities, or any portion thereof, lie, in connection with construction, maintenance or emergency repair for the benefit of the Common Area or the Owners in common.

(b) Whenever utility facilities are installed within the Property, which utility facilities serve more than one Condominium, the Owner of each Condominium served thereby shall be entitled to the full use and enjoyment of the portions of such utility facilities as service his Condominium.

(c) In the event of a dispute between Owners with respect to the maintenance, repair or rebuilding of such utility facilities, or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board of Directors who shall decide the dispute, and the decision of the Board, except in cases of grossly negligent or discriminatory abuse of discretion, shall be final and conclusive on the parties.

Section 6.2 Easements for Utilities and Maintenance. Easements over and under the Property for the installation, repair and maintenance of utility facilities, drainage facilities,

walkways, and landscaping, as shown on the Map, and as may be hereafter required or needed to service the Property are hereby reserved by Declarant and the successors and assigns of Declarant, including the Association, together with the right to grant and transfer the same. Declarant further reserves an easement over and under the Property for the installation, maintenance, repair and replacement of cable in accordance with any agreement for a term of five (5) years.

Section 6.3 Association's Duties. The Association shall maintain all utility installations located in the Common Area except those installations maintained by utility companies, public, private or municipal. The Association shall pay all charges for utilities supplied to the Property, except those metered and charged separately to the Condominiums.

ARTICLE VII

USE RESTRICTIONS

Section 7.1 Condominium Use.

(a) Residential Use. No Condominium shall be occupied and used except for residential purposes by the Owners, their tenants, and guests, except that an Owner may maintain an office to conduct a trade or business provided such office complies with the requirements of local laws and regulations governing the maintenance of offices in residential dwelling units.

(b) Model Homes. Declarant, and the successors or assigns of Declarant, may use any Condominium or Condominiums in the Property owned by Declarant for a model home site or sites and display and sales office until the last Condominium is sold by Declarant.

Section 7.2 Nuisances. No illegal or seriously offensive activity shall be transacted or conducted in any Unit or in any part of the Property, nor shall anything be done thereon which is a serious annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the Owners of his respective Unit, or which shall in any way increase the rate of insurance for the Property, or cause any insurance policy to be

canceled or to cause a refusal to renew the same, or which will impair the structural integrity of the Condominium Building.

Section 7.3 Signs. No signs shall be displayed to the public view on any Unit or any portion of the Property except signs as are approved by the Board. In accordance with California Civil Code Section 712, one (1) "For Sale" or "For Rent" sign for each Condominium shall be allowed without such approval, provided that it is reasonable in size and posted at appropriate locations on the Property. The Board may adopt rules and regulations concerning the size and location of "For Sale" or "For Rent" signs.

Section 7.4 Animals. No animals or birds of any kind shall be raised, bred or kept in any Condominium, or any portion of the Property; except that no more than two (2) usual and ordinary household pets (excluding fish), such as dogs, cats, birds, etc., may be kept, provided that no dog shall exceed forty (40) pounds, and further provided that they are not kept, bred or maintained for any commercial purposes, and they are kept under reasonable control at all times. Notwithstanding the foregoing, no pet may be kept on the Property which is a serious annoyance or is obnoxious to other Owners. No pet shall be allowed in the Common Area except as may be permitted by the rules of the Association; however, no pet shall be permitted at any time in the garden area on the third floor. Declarant or any Owner may cause any unauthorized pet found in the Common Area to be removed to a pound or animal shelter under the jurisdiction of the City and County of San Francisco, by calling the appropriate authorities, whereupon the Owner (upon payment of all expenses connected therewith) may repossess the pet. No dog whose barking or noise made by any other pet which seriously disturbs other Owners shall be permitted to remain on the Property. In addition, the Board may fine an Owner for such abuses by their pet. Any decision regarding the conduct of a pet shall be made only after notice to the Owner and the opportunity to be heard before the Board. Owners shall prevent their pet from soiling any portion of the Common Area and shall promptly clean up any fouling by their pet, and be responsible for any damage to the Common Area caused by an Owner's pet or pet under the Owner's control or owned or controlled by the Owner's guest or invitee. The Board may levy fines against the Owner for any such damage. The Board, after a hearing, may order that a pet shall be permanently removed from the Property.

Section 7.5 Garbage and Refuse Disposal. All rubbish, trash, recycling materials and garbage shall be regularly removed from the Property and shall not be allowed to accumulate thereon. Trash,

garbage, recycling materials and other waste shall not be kept except in sanitary containers. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. All equipment, garbage cans, wood piles or storage piles shall be kept screened and sealed from view of other Units, streets and Common Areas. No toxic or hazardous materials shall be disposed of within the Property by dumping in the garbage containers or down the drains, or otherwise, other than those required, in limited quantities, for the normal cleaning of a Condominium.

Section 7.6 Radio and Television Antennas; Data Communication. No Owner shall alter or modify a central radio antenna, television antenna system, cable television system, data communication system or satellite dish, if any, as developed by Declarant and as maintained by the Association, without the permission of the Board. No Owner shall construct and/or use and operate his own external radio, television antenna or satellite dish without the approval of the Board, except that the Board may not prohibit or restrict the construction and or/use of a satellite dish having a diameter or diagonal measurement of one (1) meter or less which is installed entirely within the Unit or that Unit's Exclusive Use Common Area. Nothing shall be attached in any manner to the exterior facade of the Property, including the balcony railings. Notwithstanding the foregoing, the Board may impose reasonable restrictions for the installation and use of a video or television antenna, including a satellite dish, that do not significantly increase the cost of the system or significantly decrease its efficiency or performance, as set forth in Civil Code Section 1376. If the Board requires approval for the installation of such antenna or satellite dish, the application for approval shall be processed in the same manner as an application for architectural modification and the issuance of a decision on the application shall not be willfully delayed.

Section 7.7 Right to Lease. Owners shall be entitled to rent or lease their Unit provided that:

(a) Not less than the entire Unit is rented or leased. Nothing contained in this Section 7.7(a) shall be construed to prohibit roommates.

(b) The lease term is for a period of not less than thirty (30) days.

(c) Any lease or occupancy agreement for a Unit shall be in writing and shall specifically provide that it is subject to the Condominium Documents, and that violation or infraction of the Condominium Documents shall constitute a default thereunder. The Owner shall remain liable for any violation or infraction of the Condominium Documents by the tenant.

Section 7.8 Floor Covering. In order to reduce noise and maximize quiet enjoyment of all Owners, except for bathrooms, kitchens and a maximum area of 48 square feet abutting the entry door of each Unit, and except for original installation and its repair, all rooms in each Unit shall be covered by any floor covering that, when installed in the Unit, will not permit a breach of the sound transmission restrictions as set forth below or as modified by the Association's Rules and Regulations. In connection with any installation or floor covering replacement, each Owner shall be responsible to maintain an "A-WEIGHTED SOUND LEVEL" OR "A-WEIGHTED NOISE LEVEL" for airborne sounds from the Unit of not less than 55 dbL. Each Owner shall be liable to its neighbors, including legal fees and costs if any, for any breach of this covenant. All hardwood or hard surface flooring installed in Units must be installed over an acoustical underlayment in accordance with guidelines established by the Association.

Section 7.9 Reduction of Noise. Although the residential portion of the Building has been constructed according to applicable laws and regulations governing sound transfer, noise transmission between adjacent Units is to be expected. Such noise transmission may include, but not be limited to, sounds generated by plumbing systems, opening and closing cabinet drawers, the impact of closing doors, use of stereos, radios, telephones and televisions and by voices. In order to maintain the highest level of acoustical privacy possible, the Board shall, from time to time, adopt Rules and Regulations to reduce levels of noise emission from Units; violation of such Rules and Regulations may subject the offending Owner to fines, penalties and or legal fees and costs.

No loudspeakers shall be affixed to any wall, ceiling, shelving or cabinets so as to cause vibrations discernible between Units. The use of stereo equipment, televisions and musical instruments shall be subject to the Board's rules and regulations. All Owners covenant and agree to take all reasonable precautions to lower noise transference between Units and to abide by the rules and regulations of the Association and any noise reduction ordinance of the City and County of San Francisco.

The Owners may expect to hear noise generated from the opening and closing of the garage doors as well as from commercial operations on the ground floor.

Section 7.10 Clothes Lines. No exterior clothes lines shall be erected or maintained and there shall be no outside laundering or drying of clothes. No draping of towels, carpets or laundry over railings shall be allowed.

Section 7.11 Patios and Decks; Barbeque Cooking. The Exclusive Use Area patios and decks with open railings are to be used only for patio or deck furniture and plants not exceeding seventy-two inches (72") in height, and shall not be used for the storage of any items. No leaking plants, pointed objects, high-heeled shoes, or any other item or use which might cause damage to the patios or decks (or their floorings), to a Unit or to the Common Area shall be allowed on the patios or decks. On those patios or decks with open railings, bicycles, unattended pets, umbrellas, trash, recyclables and garbage, dead plants, storage boxes and unattended objects less than four (4) inches in diameter are specifically prohibited. Neither planter boxes nor screen material of any kind shall be attached to or suspended from railings. The use of barbecues, smokers, or other cooking devices whether fueled by charcoal, gas or otherwise, is prohibited on the patios or decks or at any location within the Property, except on the top residential floor of the Building. The Association may grant permission for such cooking on Common Area exterior patios or the third floor garden area at a distance of at least twenty (20) feet from any Unit or any Common Area structure. Each Owner shall be responsible for any loss or damage caused by barbecuing, as well as for cleaning up the area after use. Patio and deck cleaning shall be limited to damp mopping only.

In order to maintain a high quality aesthetic appearance at all times, the Board shall have the authority to direct what each Owner may leave on the Owner's balcony, such as, for example, furniture types and colors. The Board may adopt rules and regulations from time to time to regulate such balcony use. The Board may impose fines, which may increase based on the number of violations in one calendar year (not just repeating the same violation).

Section 7.12 Window Covering. Window coverings on windows visible from the street or the Common Area shall be restricted to drapes, curtains, shutters or blinds of a neutral or white color,

unless expressly approved in writing by the Association. No windows, wherever located, shall be covered by aluminum foil.

Section 7.13 Liability of Owners for Damage to Common Area. The Owner of each Condominium shall be liable to the Association for all damages to the Common Area, or improvements thereon, caused by such Owner or Owner's agent, any occupant, invitee, guest or pet of said Owner or under control of the Owner, guest or invitee, except for that portion, if any, fully covered by insurance. Liability of an Owner shall be established only after notice to the Owner and hearing before the Board.

Section 7.14 Hazardous Materials. An Owner shall not use or keep in a Unit or the Common Area any kerosene, gasoline or inflammable or combustible fluid or material or other hazardous materials, other than those required, in limited quantities, for normal cleaning or landscaping work.

Section 7.15 Combining Units. Subject to prior written approval of the Board, which approval shall not be unreasonably withheld, the Owner of two or more adjacent Units may combine the Units by creating internal access from one Unit to another through the walls or other portions of the Common Area which separate and divide the individual Units, or separate and divide two or more Units previously joined hereunder, so long as any such work does not impair the structural integrity of the Condominium Building. All of such work shall be done at the expense of the Owner and shall be performed in accordance with any permits which may be required by the City and County of San Francisco. All plans must be approved by the Board prior to commencement of work, or by the Architectural Control Committee, in accordance with Article VIII of this Declaration.

Any Owner combining Units, as provided in this Section, shall indemnify all other Owners and the Association against and hold them harmless from any cost, loss, liability, damage or injury to property or persons arising from or caused by, such work. As a condition to granting its approval, the Board (or any committee appointed by the Board) may impose reasonable terms and conditions, including, without limitation, a requirement that the Owner obtain lien and completion bonds to assure lien-free completion of the work. Assessments by the Association shall continue to be made to each Unit and each Unit shall have one (1) vote, whether or not combined.

Section 7.16 Parking Garage. Parking for the Unit Owners shall be in the public garage located in the Project in airspace Parcel A, as shown on the Airspace Map, and shall in accordance with the requirements of the NSR and the Project Declaration. Parking shall be on a for-fee, first-come, first-served basis, on a daily or month-to-month or lease arrangement with the parking garage operator.

Access to the parking garage or the loading dock on the street level of the garage located in Parcel A shall be limited to vehicles of a maximum of seventeen (17) feet in length and not more than 10,000 pounds gross weight.

Section 7.17 Storage Lockers. Storage lockers located in the Common Area on the Basement Level, Street Level and Level 2 of the Project are assigned to certain Units as set forth in Attachment C hereto. The Owner's Locker List shows the assignments according to locker number; the Locker Numbers List shows the assignments according to Unit number. All lockers are the property of the Association. Owners are responsible for keeping their assigned lockers clean and undamaged.

Section 7.18 Attachments to EIFS System. Except for original installation and the repair and/or replacement thereof, the attachment of anything to the EIFS System exterior of the Building, such as screws, bolts, hangers, etc., whether by glue or any other such surface-type fasteners onto the surface of the EIFS materials is prohibited at all times, unless the express prior written approval from the guarantor of the exterior finish product, plus the prior written approval from the Architectural Control Committee is obtained. The product guarantor, in its sole and exclusive discretion, may grant or deny its approval. The requirement of written approval from the guarantor shall terminate upon the latter to occur: (A) expiration of the guarantee held by the developer, or (B) twelve (12) years after the sale and closing of the first Unit.

ARTICLE VIII

ARCHITECTURAL CONTROL

Section 8.1 Approval of Plans. No improvement or structure of any kind, including but not limited to a building, fence, wall,

pool, spa, obstruction, outside or exterior wiring, balcony, deck, screen, patio, patio cover, tent, awning, carport, carport cover, trellis, shall be commenced, installed, erected, painted or maintained upon the Property, nor shall any alteration or improvement of any kind be made thereto, or to the exterior of any residence, until the same has been approved in writing by the Architectural Control Committee appointed by the Board, pursuant to Section 8.2 hereof. Notwithstanding the foregoing, an Owner may improve or alter any improvements located within the interior boundaries of the Owner's Unit, provided the improvement or alteration does not impair the structural or acoustical integrity of any Common Area, the utilities, or other systems servicing the Common Area or other Condominiums, and does not involve altering any Common Area (including roofs and bearing walls), and does not cause an increase in the sound-transmitting coefficient rating (STC) to adjacent condominiums, nor cause the STC rating in any adjacent contiguous condominium to exceed 45. Plans and specifications detailing the nature, kind, shape, color, size, materials and location of such improvements, alterations, etc., shall be submitted to the Architectural Control Committee for approval as to quality of design, workmanship and design and harmony with all improvements located in the Property, and as to location and harmony in relation to surrounding structures, topography and finish grade elevation. No permission or approval shall be required to repaint in accordance with Declarant's original color scheme previously approved by the Committee, or to rebuild in accordance with plans and specifications previously approved by the Committee. Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of his residence, or to paint the interior of his residence any color desired.

Section 8.2 Architectural Control Committee Action. The Architectural Control Committee shall consist of three (3) members. Declarant may appoint all of the original members of the Committee and all replacements until the first anniversary of the issuance of the original final public report by the Department of Real Estate. The Declarant reserves to itself the power to appoint a majority of the members to the Committee until ninety percent (90%) of all the Condominiums in the Property have been sold or until the fifth anniversary of the issuance of the final public report for the Project, whichever first occurs. After one (1) year from the date of issuance of the original public report for the Project, the Board shall have the power to appoint at least one (1) member to the Committee until ninety percent (90%) of all the Condominiums in the Project have been sold or until the fifth anniversary date of

the issuance of the original final public report for the Project, whichever first occurs. Thereafter, the Board shall have the power to appoint all of the members of the Architectural Control Committee. In the event of death or resignation of any Committee member, said member's replacement shall be appointed by whomever (the Board or Declarant) appointed that member. A majority of the members of the Committee may appoint a single member to act for it. Neither the members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant thereto. In the event the Committee fails to approve or disapprove plans and specifications within thirty (30) days after the same have been submitted to it, approval will not be required and the related covenants shall be deemed to have been fully complied with. The Committee may alter conditions to its part of said approval. Any work of alteration or improvement done shall be in accordance with the terms and conditions of the Committee's approval.

Section 8.3 Governmental Approval. Before commencement of any alteration or improvements approved by the Architectural Control Committee, the Owner shall comply with all appropriate governmental laws and regulations. Approval by the Committee does not satisfy the appropriate approvals that may be required by any governmental entity with appropriate jurisdiction or any other agency with jurisdiction over such alteration permits.

ARTICLE IX

GENERAL PROVISIONS

Section 9.1 Enforcement.

(a) Enforcement Rights. The Association (or any Owner) and the Declarant or any director, officer, partner, employee, subcontractor or agent of the Declarant 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, or decisions made by the Association pursuant to the provisions of this Declaration. Failure to enforce any covenant or restriction contained herein shall in no event be deemed a waiver of the rights to so do thereafter. Any dispute relating to this Declaration, the use and or condition of the Property, or the design, construction

and installation of any improvements located thereon shall be subject to the following provisions:

(1) Notice, Any person or entity with a claim against the Declarant shall notify the other parties to the dispute in writing of the claim, describing the nature of the claim and the proposed remedy.

(2) Right to Inspect and Right to Corrective Action. Within a reasonable period after receipt of the claim notice, not to exceed sixty (60) days, the parties to the dispute shall meet at a mutually acceptable place within the Property to discuss the claim. At such meeting or at such other mutually agreeable time, Declarant and Declarant's representatives shall have full access to the Property that is subject to the claim to inspect the Property. The parties shall negotiate in good faith in an attempt to resolve the claim. If the Declarant elects to take any corrective action, Declarant and Declarant's representatives and agents shall be provided full access to the Property to take and complete corrective action. If the claim is subject to the provisions of California Civil Code Section 1375 (or any successor statutes), compliance with the procedures of 1375(b), (c) (d) and (e) shall satisfy the requirements of subsections (a) and (b) of this Section 9.1.

(b) Mandatory Alternative Dispute Resolution. If the parties cannot resolve the claim pursuant to subparagraph (1) above and, if applicable, Civil Code Section 1375 (or any successor statutes) procedures, and prior to the filing by either the Association or an Owner of a civil action related to the enforcement of this Declaration, the use or conditions of the Property, or the design, construction, and installation of any improvements located thereon, the parties shall, as an express condition precedent to the initiation of any litigation, submit the dispute to mediation (or, if the parties agree in writing, arbitration) pursuant to the procedures adopted by the American Arbitration Association or any other person or entity offering mediation or arbitration services that is mutually acceptable to the parties. The parties shall hold the mediation (or, if the parties agree in writing, arbitration) in the City and County of San Francisco, or such other place that is mutually acceptable. The expenses of the mediation (or, if the parties agree in writing, arbitration) shall be borne equally by the parties unless the parties in writing agree otherwise. The alternative dispute resolution procedure selected may be binding or non-binding at the option of the parties.

Where applicable, compliance with California Civil Code Section 1354 for disputes seeking remedies (i) solely for declaratory relief, or (ii) solely for injunctive relief, or (iii) for declaratory relief or injunctive relief in conjunction with a claim for monetary damages not in excess of Five Thousand Dollars (\$5,000), will satisfy this subsection.

(c) Mediation of Claims Against Declarant. Any controversy or claim between or among Declarant, as the builder, on the one hand, and either the Association or any Owner, on the other hand, relating to the design or construction of Building, shall be submitted to mediation prior to the filing of a court action. The mediator shall be a person agreed to by the parties, or by an established mediation service. The parties shall comply with the requirements of California Civil Code Section 1375 prior to initiating mediation under this Section.

(d) Optional Alternative Dispute Resolution. In addition to the requirements of Sections 9.1(b) and (c) above, the Association may perform any act reasonably necessary to resolve any civil claim or action through alternative dispute resolution proceedings, including, without limitation, the following:

i. Provide advance notice of the Association's intent to initiate the prosecution of any civil action.

ii. After initiating the prosecution or defense of any civil action, meet and confer with every person who is a party.

iii. Consider diversion of the prosecution or defense of any civil action to alternative dispute resolution proceedings.

iv. Agree to both participate in alternative dispute resolution proceedings and pay costs therefor incurred by the Association.

(e) Judicial Reference of Claims Against Declarant. Any controversy or claim referenced in 9.1(c) above shall be adjudicated by using voluntary judicial reference in accordance with the provisions of Code of Civil Procedure sections 638-645.1 or any successor statutes. The parties shall use a general referee acceptable to both parties, or, if the parties cannot agree, any party may petition the Superior Court of the City and County of San Francisco for appointment of a general referee by the presiding judge. The parties shall cooperate in good faith to ensure that

all necessary and appropriate parties are included in the judicial reference proceeding. Declarant shall not be required to participate in the judicial reference proceeding unless Declarant is satisfied that all necessary and appropriate parties will participate.

The judicial reference shall be a general reference. The general referee shall have the authority to try any all of the issues in the proceeding whether of fact or of law, and to report a statement of decision thereon. Neither the referee nor any party shall have the right to impanel a jury. Each party retains the same appeal rights of the referee's decision as if the decision were rendered by a trial court judge.

Section 9.2 Invalidity of any Provision. Should any provision or portion of any Condominium Document be declared invalid or in conflict with any law of the jurisdiction in which this Property is situated, the validity of all the remaining provisions and portions thereof shall remain unaffected and in full force and effect.

Section 9.3 Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the Property and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any property subject to this Declaration, their respective legal representatives, heirs, successors and assigns for a term of thirty (30) years from the date that this Declaration is recorded, after which time, these covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by seventy-five percent (75%) of the then Owners of the Condominiums (and approved by first mortgagees in accordance with Section 9.6) has been recorded within the year preceding the year of each successive period of ten (10) years, agreeing to change such covenants and restrictions, in whole or in part, or to terminate them.

Section 9.4 Amendments. This Declaration may be amended only by the affirmative vote of seventy-five percent (75%) of each class of the Association Members, if the two class voting structure is still in effect. Under the single class voting structure, amendment of this Declaration shall require both the affirmative vote of seventy-five percent (75%) of the total voting power of the Association Members and a bare majority (51%) of the votes of Members other than Declarant, each Unit having one (1) vote. In no event, however, may any clause, provision or Section of this

Declaration be amended by a percentage of voting power of the Association which is lower than the percentage of affirmative votes prescribed for action to be taken under that clause, provision or Section. All such amendments must be recorded and shall become effective upon being recorded in the Recorder's Office of the City and County of San Francisco.

Section 9.5 Encroachment Easements. Each Condominium within the Property is hereby declared to have an easement over all adjoining Condominiums and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settling or shifting of the Condominium Building, or any other cause. There shall be valid easements for the maintenance of such encroachments as long as they shall exist, and the rights and obligations of the Owners shall not be altered in any way by such encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if such encroachment occurred due to willful misconduct of such Owner or Owners. In the event that a structure is partially or totally destroyed, and subsequently repaired or rebuilt, the Owners of each Condominium agree that minor encroachments over adjoining Condominiums or Common Area shall be permitted and that there shall be valid easements for the maintenance of such encroachments, so long as they shall exist.

Section 9.6 Mortgage Protection Provision.

(a) Mortgage Permitted. Any Owner may encumber his Condominium with a mortgage. The Exclusive Use Areas are a part of the Property and are covered by the mortgage at least to the same extent as are the Common Areas. All such areas are fully installed, completed, and in operation for use by the Owners.

(b) Subordination. Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any first mortgage that encumbers any Condominium, made in good faith and for value, and no such lien shall in any way defeat, invalidate or impair the obligation or priority of such mortgage, unless the mortgagee expressly subordinates his interest in writing to such lien. The transfer of ownership of a Unit and its appurtenant percentage interest in the Common Area, as the result of the exercise of a power of sale or a judicial foreclosure involving a default under the first mortgage, shall extinguish the lien of Assessments which were due and payable prior to the transfer of the ownership interest. No transfer of an

ownership interest, as the result of a foreclosure or exercise of a power of sale, shall relieve the new Owner, whether it be the former mortgagee or beneficiary of the first mortgage or another person, from liability for any Assessments thereafter becoming due or from the lien thereof. All taxes, assessments and charges which may become liens prior to the first mortgage under local law shall relate only to the individual Condominiums and not to the Property as a whole.

(c) Amendment. No amendment to the Condominium Documents shall affect the rights of any mortgagee under any mortgage made in good faith and for value and recorded before the recordation of any such amendment, unless a mortgagee either joins in the execution of the amendment or approves it in writing as a part of such amendment.

(d) Restrictions on Certain Changes.

i. Unless sixty-seven percent (67%) of all first mortgagees of Condominiums (based on one vote for each first Mortgage owned) and sixty-seven percent (67%) of Owners (other than Declarant or sponsors, developers, or builders) have given their prior written approval (unless a higher percentage is required by a specific provision of this Declaration), neither the Association nor the Owners shall be entitled:

A. By act or omission to seek to abandon or terminate the Property, except for abandonment provided by statute in case of substantial loss to the Units and the Common Area.

B. "To change the pro rata" interest or obligations of any Condominium for purposes of levying Assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or for determining the pro rata share of ownership of each Condominium in the Common Area.

C. To partition or subdivide any Condominium.

D. By act or omission to seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area by the Association or the Owners shall not be deemed a transfer within the meaning of this subparagraph.

E. To use hazard insurance proceeds for losses to Units or Common Area for other than the repair, replacement or reconstruction of improvements, except as provided by statute in case of substantial loss to the Units or Common Area of the Property.

ii. A. Unless a higher percentage is required by a specific provision of this Declaration, the consent of sixty-seven percent (67%) of Owners and the approval of Eligible Mortgagees holding mortgages on Condominiums which have at least fifty-one percent (51%) of the votes of Condominiums subject to mortgages held by Eligible Mortgagees shall be required to add or amend any material provisions of the Condominium Documents which establish, provide for, govern, or regulate any of the following: (1) voting; (2) increases in Assessments that raise the previously assessed amount by more than twenty-five percent (25%), Assessment liens or the priority of such liens; (3) reductions in reserves for maintenance, repair and replacement of the Common Area; (4) insurance requirements; (5) reallocation of the interests in the Common Area or the Exclusive Use Areas or rights to their use; (6) responsibility for maintenance and repair; (7) expansion or contraction of the Property or the addition, annexation, or withdrawal of any real property to or from the Property; (8) the redefinition of boundaries of any Condominium; (9) restoration or repair of the Property (after damage or partial condemnation) in a manner other than that specified herein; (10) convertibility of Units into Common Area or of Common Area into Units; (11) imposition of any restriction on the leasing of Condominiums; (12) imposition of any right of first refusal or similar restriction on the right of a Condominium Owner to sell, transfer, or otherwise convey his Condominium; and (13) any provisions which are for the express benefit of Eligible Mortgagees or Eligible Insurers or Guarantors).

B. An addition or amendment to such document shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. Any Eligible Mortgagee who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

iii. Unless the prior consent of sixty-seven percent (67%) of Owners and approval of Eligible Mortgagees holding mortgages on Condominiums which have at least sixty-seven percent (67%) of the votes of Condominiums subject to mortgages held by

Eligible Mortgagees has been obtained, neither the Association nor the Owners shall be entitled to terminate the legal status of the Property as a condominium project; except that the approval of only fifty-one percent (51%) of Eligible Mortgagees shall be required to terminate the legal status of the Property after substantial destruction or a substantial taking in condemnation.

(e) Right to Examine Books and Records. The Association shall make available to Owners and first mortgagees (and insurers or guarantors of any first mortgage), current copies of the Condominium Documents, Declarant's disclosures (as required under Section 5.1(i) hereof) and the books, records, and financial statements of the Association. "Available" means available for inspection and copying, upon request, during normal business hours or under other reasonable circumstances. The Association may impose a fee for providing the foregoing which may not exceed the reasonable cost to prepare and reproduce the requested documents. Any first mortgagee shall be entitled, on written request, to have an audited financial statement for the immediately preceding fiscal year. Such statement shall be furnished within a reasonable time following such request.

(f) Distribution of Insurance and Condemnation Proceeds. No Owner, or any other party, shall have priority over any right of first mortgagees of Condominiums pursuant to their mortgages in case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of Units or Common Area. Any provision to the contrary in this Declaration or in the Bylaws or other documents relating to the Property is to such extent void. All applicable fire and all physical loss or extended coverage insurance policies shall contain loss payable clauses acceptable to the affected mortgagees, naming the mortgagees, as their interests may appear.

(g) Notice to Mortgagees of Record. On receipt of written request to the Association from any Eligible Mortgagee or Eligible Insurer or Guarantor, identifying both its name and address and the Unit number or address of the Unit on which it has the mortgage, the Association shall give written notice to each Eligible Mortgagee or Eligible Insurer or Guarantor of the following:

i. Any loss to any Unit covered by such mortgage, if such loss exceeds one thousand dollars (\$1,000), or any taking of such Unit;

ii. Any loss to the Common Area, if such loss exceeds five thousand dollars (\$5,000), or any taking of the Common Area;

iii. Any default by the Owner of any Unit covered by such mortgage under any provision of this Declaration or any other provision of the Bylaws or rules and regulations adopted by the Association, which default is not cured within sixty (60) days after written notice to such Owner (such notice to include the fact that said sixty (60) day period has expired);

iv. Any lapse, cancellation, or material modification of any insurance policy or fidelity insurance maintained by the Association; and

v. Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 9.6(d)(ii).

(h) Effect of Breach. No breach of any provision of this Declaration shall invalidate the lien of any mortgage made in good faith and for value, but all covenants, conditions and restrictions shall be binding on any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

(i) Foreclosure. If any Condominium is encumbered by a first mortgage made in good faith and for value, the foreclosure of any lien created by any provision set forth in this Declaration for Assessments, or installments of Assessments, shall not operate to affect or impair the lien of the first mortgage. On foreclosure of the first mortgage, the lien of Assessments, or installments, that have accrued up to the time of foreclosure shall be subordinate to the lien of the first mortgage, with the foreclosure-purchaser taking title to the Condominium free of the lien for Assessments, or installments, that have accrued up to the time of the foreclosure sale. On taking title to the Condominium, the foreclosure-purchaser shall only be obligated to pay Assessments or other charges levied or assessed by the Association after the foreclosure-purchaser acquired title to the Condominium. The subsequently levied Assessments or other charges may include previously unpaid Assessments, provided all Owners, including the foreclosure-purchaser, and his successors and assigns, are required to pay their proportionate share, as provided in this Section.

(j) Appearance at Meetings. Because of its financial interest in the Property, any mortgagee may appear at meetings of

the Members and the Board to draw attention to violations of this Declaration that have not been corrected or made subject to remedial proceedings or Assessments.

(k) Right to Furnish Any Information. Any mortgagee may furnish information to the Board concerning the status of any mortgage.

(l) Inapplicability of Right of First Refusal to Mortgagee. The Condominium Documents contain no right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey the Owner's Condominium. No such right of first refusal or similar right shall be granted to the Association in the future without the consent of any mortgagee of the Condominium. Any right of first refusal or similar right that may be granted to the Association (or other person or entity) shall not apply to any conveyance or transfer of title to such Condominium, whether voluntary or involuntary, to a mortgagee who acquires title to or ownership of the Condominium, pursuant to the remedies provided in its mortgage or by reason of foreclosure of the mortgage or deed (or assignment) in lieu of foreclosure. In addition, said right of first refusal or similar right shall not impair the rights of a mortgagee to sell or lease a Condominium acquired by the Mortgagee.

(m) Payment of Taxes or Insurance by Mortgagees. First mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Common Area; provided such first mortgagees making such payment have given notice to the Association prior to the making of such payment(s) and the Association has failed to pay the same.

Section 9.7 Owner's Right and Obligations to Maintain and Repair. Except for those portions of the Property that the Association is required to maintain and repair, each Owner shall, at his sole cost and expense, maintain and repair his Unit, keeping the same in good condition. Each Owner shall keep those portions of Exclusive Use Areas, if any, to which he has an exclusive easement or license, clean and neat. The Owner of each Unit to which an exclusive easement for the use of a patio or deck has been granted shall maintain and repair such patio or deck; excluding, however, the structural components of the Common Area associated therewith. Each Owner shall have the exclusive right to paint,

plaster, panel, tile, wax, paper or otherwise refinish or decorate the inner surfaces of the walls, ceilings, floors, windows, and doors bounding his Unit, subject to the restrictions on alterations elsewhere herein set forth.

In the event that an Owner fails to maintain and repair the interior of his Unit, or the Exclusive Use Area patio or deck, in a manner which the Board in its sole discretion deems necessary to preserve the appearance and value of the Property or the Exclusive Use Areas, the Board may notify the Owner of the work required and request that it be done within sixty (60) days from the giving of such notice. In the event the Owner fails to carry out such maintenance or repair within such sixty (60) day period, the Board may give notice and hold a hearing and cause such work to be done and may specially assess the cost thereof to such Owner and, if necessary, place a lien on his Condominium for the amount thereof.

Section 9.8 Entry for Repairs. The Board or its appointed agents may enter any Unit when necessary in connection with any maintenance, repair or construction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Owner as is practicable, and any damage caused thereby shall be repaired by the Board at the expense of the Association. Except in the case of any emergency, forty-eight (48) hour advance notice shall be given to the Owner or occupant prior to any such entry, which shall be done during reasonable hours.

Section 9.9 Damage or Destruction.

"(a) If the Property improvements are damaged by fire or other casualty, the improvements shall be rebuilt or repaired substantially the same as the improvements existed prior to the fire or other casualty, subject to local building codes and other applicable governmental regulations, unless either of the following occurs:

i. The cost of repair or reconstruction is more than fifty percent (50%) of the current replacement of all the improvements located in the Property, the available insurance proceeds are not sufficient to pay eighty-five percent (85%) of the cost of such repairs or reconstruction, and seventy-five percent (75%) of the total voting power of the Association residing in Members and their first mortgagees vote against the repair and reconstruction; or

ii. Available insurance proceeds are not sufficient to repair or reconstruct the improvements substantially to their condition prior to the casualty, a Special Assessment fails to receive the requisite vote, if required, pursuant to Article IV, Section 4.4 hereof, and the Board is unable to supplement the insurance by borrowing in the name of the Association sufficient funds to reconstruct the improvements within a reasonable time.

(b) The following procedures shall be employed for disposition of insurance proceeds and guidance in reconstruction:

i. Minor Casualty. If the cost to repair or reconstruct does not exceed the sum of thirty thousand dollars (\$30,000), adjusted for CPI every ten (10) years, the Board shall thereupon contract to repair and rebuild the damaged portions of all Units and the Common Area, in accordance with the conditions existing immediately prior to damage (modified at the discretion of the Board to comply with building codes and construction standards in effect at the time of the rebuilding) and the funds held in the insurance trust fund shall be used for that purpose. If the insurance proceeds are insufficient to pay all of the costs of repairing or rebuilding, the Owners of the Units affected shall pay for the portion of the insufficiency attributed to their Unit by the Board and the Board shall levy a Special Assessment on all Condominiums to make up any deficiency attributed to the Common Area. The Special Assessment shall be subject to the provisions of this Declaration governing membership approval of Special Assessments and shall be levied according to the Owner's Share, as set forth on the Condominium Plan.

ii. Major Casualty. If subparagraph (b)(i) is inapplicable, then,

A. All insurance proceeds and funds borrowed by the Association, if any, shall be paid to a bank, trust company or other entity designated by the Board ("the insurance trustee") to be held for the benefit of the Owners and their mortgagees, as their respective interests may appear. Said funds shall be disbursed according to standard construction loan procedures. The Board, on behalf of the Association and of the Owners, hereby is authorized to enter into an insurance trust agreement, consistent with this Declaration, with such insurance trustee, relating to its powers, duties and compensation.

B. The Board shall take such action as it deems necessary or desirable to employ such consultants to prepare

plans and specifications (whether preliminary or detailed in scope) in order to obtain firm bids from two (2) or more responsible contractors to rebuild the Property in accordance with the conditions existing immediately prior to damage and destruction (modified at the direction of the Board to comply with building codes and construction standards in effect at the time of the rebuilding). The Board may also obtain an estimate from the insurance carrier of the scope of work included within the amount of the insurance coverage. To be considered, any contractors' bid shall include the premium payable for performance, labor and material payment bonds from a reputable bonding company.

C. The Board shall, as soon as reasonably possible after receipt of such contractors' bids or insurance estimate, call a special meeting of the Owners to consider such bids or insurance estimate. If the Board fails to do so within sixty (60) days after the casualty occurs, any Owner may obtain such contractors' bids or insurance estimate and call and conduct such meeting, as provided herein. Failure to call such a meeting, or to commence repair within twelve (12) months from the date such damage occurred and diligently thereafter complete the work, shall be deemed, for all purposes, a decision not to rebuild the damaged or destroyed improvements.

D. At such meeting, the Owners may elect to reject all such bids or estimates and thus not to rebuild, or to obtain new bids and/or new or additional detail to the scope of work prior to obtaining bids. A vote in excess of seventy-five percent (75%) of each class of Association Members shall be required to reject all bids or estimates; provided, however, that a vote in excess of fifty percent (50%) shall be sufficient to reject any bid or estimate requiring more than fifteen thousand dollars (\$15,000) over and above insurance proceeds for such reconstruction, repair or rebuilding. Failure of the Owners to reject all bids and estimates shall authorize the Board to accept the unrejected bid it considers most favorable; provided, however, that if acceptance of any such bid would require the levy of a Special Assessment, such acceptance shall only be granted following membership approval of such Special Assessment, as required by this Declaration. If such membership approval is not obtained, the bid shall be deemed to have been rejected.

E. In the event the Owners elect not to rebuild, insurance proceeds received by the Association shall be distributed by the Association among Owners and their respective mortgagees, according to the respective fair market values of the

Condominiums at the time of destruction, as determined by the following procedure: The Board shall appoint two (2) independent appraisers to determine the relative value of the Condominiums affected. The two appraisers shall appoint a third independent appraiser. If the two appraisers are unable to agree on a third, then the third shall be appointed by the presiding Judge of the Superior Court of the State of California for the City and County of San Francisco. The market value of the respective Condominiums shall then be the average of the three values submitted by each of the appraisers.

F. If a bid or estimate is accepted, the Board shall levy a Special Assessment to make up any deficiency between the total insurance proceeds or insurance work and the cost for such repairs or rebuilding, and such Assessment and all insurance proceeds, whether or not subject to liens of mortgages, shall be paid to the insurance trustee to be used for such rebuilding. The Special Assessment shall be levied according to the Owner's Share, as set forth on the Condominium Plan.

(c) Notwithstanding any provision in this Section to the contrary, if the insurance carrier offers the full amount required to repair and restore all of the damage, then the Board shall contract to repair and rebuild the damaged portions of all Units and the Common Area in the manner provided in subparagraph (b)(i) for a minor casualty.

(d) Without waiting to obtain insurance settlements or bids, the Board may undertake such emergency repair work after a casualty as it may deem necessary or desirable under the circumstances.

Section 9.10 Condemnation. In the event of an award for the taking of any Condominium in the Property by eminent domain, the Owner of such Condominium shall be entitled to receive the award for such taking and, after acceptance thereof, he and his mortgagee shall be divested of all interest in the Property, if such Owner shall vacate his Unit as a result of such taking. The remaining Owners shall decide by majority vote whether to rebuild or repair the Property or take other action. The remaining portion of the Property shall be resurveyed, if necessary, and the Declaration shall be amended to reflect such taking and to adjust proportionately the percentages of the undivided interests of the remaining Owners in the Property. The Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for the

acquisition of the Common Area or any part thereof, and the award or proceeds of settlement shall be payable to the Association, or any trustee appointed by the Association, for the use and benefit of the Condominium Owners and their mortgagees, as their interests may appear. If Condominiums are not valued separately by Court judgment or by agreement between the condemning authority and each of the affected Owners in the Property, the condemnation award shall be distributed as follows: The Board shall appoint two (2) independent appraisers to determine the relative values of the Condominiums affected by the condemnation. The two appraisers shall appoint a third independent appraiser. If the two appraisers are unable to agree on a third, then the third shall be appointed by the presiding Judge of the Superior Court of the State of California for the City and County of San Francisco. The value of the respective interests shall be the average of the three values submitted by each of the appraisers. In the event any Owner disagrees with the proposed allocation, he may have the matter submitted to arbitration under rules of the American Arbitration Association. In the event of eminent domain proceedings against the Property or any portion thereof, institutional lenders shall be given timely written notice thereof.

Section 9.11 Owners' Compliance. Each Owner, tenant or occupant of a Condominium shall comply with the provisions of this Declaration, the Bylaws, and the decisions and resolutions of the Association or its duly authorized representative, as lawfully amended from time to time, and failure to comply with any such provisions, decisions or resolutions shall be grounds for an action to recover sums due for damages or for injunctive relief.

All agreements and determinations lawfully made by the Association, in accordance with the voting percentages established in this Declaration or in the Bylaws, shall be deemed to be binding on all Owners of Condominiums, their successors and assigns.

Section 9.12 Notices. Any notice permitted or required by this Declaration or the Bylaws may be delivered either personally, by fax, or by mail. If delivery is by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to each person at the current address given by such person to the Secretary of the Board or addressed to the Unit of such person if no such address has been given to the Secretary.

Section 9.13 Required Documentation. Declarant hereby agrees to furnish the Association with copies of all documentation

required by California Department of Real Estate Regulations Section 2792.23(a) within ninety (90) days after the close of escrow of the first interest in the subdivision.

IN WITNESS WHEREOF, the undersigned, being Declarant herein, has executed this Declaration this 21 day of NOVEMBER, 2000.

Declarant:

CHARIOT SVN LLC,
a California Limited Liability Company

By:

Charles M. Pruech

Its:

Managing Member

CSVN1\C-CCRS.FINAL.NM2

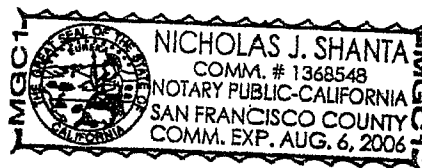
State of California
County of San Francisco

On **November 21, 2002** before me, the undersigned, a Notary Public in and for said State, personally appeared **Charles M. Sprincin** proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature *Nicholas J. Shanta*

Name Nicholas J. Shanta



(Seal)

ATTACHMENT A
TO THE
DECLARATION OF
CONDITIONS, COVENANTS AND RESTRICTIONS
OF
140 SOUTH,
A CONDOMINIUM PROJECT

Description:

All that certain real property situated in the City and County of San Francisco and more particularly described as follows:

All that certain real property described on that certain map entitled, "Map of 140 South Van Ness Avenue, a Residential Condominium Project" recorded the 19th day of November, 2002, in Book 70 of Condominium Maps, at Pages 108 through 135, inclusive, Official Records of the City and County of San Francisco, State of California.

ATTACHMENT B
TO
DECLARATION OF
CONDITIONS, COVENANTS AND RESTRICTIONS
OF
140 SOUTH VAN NESS
A CONDOMINIUM PROJECT

Unit Number	Common Expenses Proration Percentages		
201	0.0049	1	0.2200
203	0.0038	2	0.2300
209	0.0038	3	0.6200
211	0.0038	4	0.5600
219	0.0052	5	0.3200
301	0.0049	6	0.3200
302	0.0028	7	0.3500
303	0.0038	8	0.3400
304	0.0055	9	0.4300
305	0.0040	10	0.4800
307	0.0040	11	0.2900
309	0.0038	12	0.3000
310	0.0038	13	0.2800
311	0.0038	14	0.4300
315	0.0040	15	0.4500
317	0.0042	16	0.3700
319	0.0052	17	0.5500
321	0.0056	18	0.3200
322	0.0038	19	0.3200
328	0.0038	20	0.3500
329	0.0056	21	0.3400
330	0.0038	22	0.4300
331	0.0052	23	0.4800
333	0.0040	24	0.2900

Unit Number	Common Expenses Proration Percentages		
335	0.0040	25	0.3000
337	0.0028	26	0.2800
340	0.0054	27	0.4100
341	0.0030	28	0.4500
343	0.0040	29	0.3600
345	0.0040	30	0.6000
346	0.0055	31	0.5100
347	0.0054	32	0.3200
401	0.0049	33	0.3300
402	0.0034	34	0.3500
403	0.0038	35	0.3400
404	0.0055	36	0.4300
405	0.0040	37	0.4600
407	0.0040	38	0.2900
409	0.0038	39	0.3000
410	0.0056	40	0.2800
411	0.0038	41	0.4100
415	0.0040	42	0.4500
417	0.0040	43	0.3600
419	0.0052	44	0.6000
421	0.0056	45	0.5100
422	0.0056	46	0.2800
424	0.0040	47	0.4500
426	0.0040	48	0.3500
428	0.0038	49	0.3400
429	0.0056	50	0.4300
430	0.0038	51	0.4600
431	0.0052	52	0.2900
437	0.0028	53	0.3000
440	0.0054	54	0.2800
441	0.0030	55	0.4100
446	0.0061	56	0.4500
447	0.0054	57	0.3600
501	0.0087	58	0.6000
502	0.0034	59	0.5100
504	0.0055	60	0.2800
509	0.0038	61	0.4500
510	0.0056	62	0.3500
511	0.0038	63	0.3400

Unit Number	Common Expenses Proration Percentages		
519	0.0052	64	0.4300
521	0.0056	65	0.4600
522	0.0056	66	0.2900
524	0.0040	67	0.3000
526	0.0040	68	0.2800
528	0.0038	69	0.4100
529	0.0056	70	0.4500
530	0.0038	71	0.3600
531	0.0052	72	0.6000
537	0.0028	73	0.5100
540	0.0054	74	0.2800
541	0.0030	75	0.4500
546	0.0061	76	0.3500
547	0.0054	77	0.3400
601	0.0087	78	0.4300
602	0.0034	79	0.4600
604	0.0055	80	0.2900
609	0.0038	81	0.3000
610	0.0056	82	0.2800
611	0.0038	83	0.4100
619	0.0052	84	0.4500
621	0.0056	85	0.3600
622	0.0056	86	0.6000
628	0.0038	87	0.5100
629	0.0056	88	0.2800
630	0.0038	89	0.4500
631	0.0052	90	0.3500
633	0.0040	91	0.3400
635	0.0040	92	0.4300
637	0.0028	93	0.4600
640	0.0054	94	0.2900
641	0.0030	95	0.2900
643	0.0040	96	0.2800
645	0.0040	97	0.4100
646	0.0061	98	0.4500
647	0.0054	99	0.3600
701	0.0087	100	0.6000
702	0.0034	101	0.5100
704	0.0055	102	0.2800

Unit
Number

Common Expenses
Proration Percentages

705	0.0040	103	0.4500
707	0.0040	104	0.3500
709	0.0038	105	0.3400
710	0.0056	106	0.4300
711	0.0038	107	0.4600
715	0.0040	108	0.2900
717	0.0040	109	0.3000
719	0.0052	110	0.2800
721	0.0056	111	0.4100
722	0.0056	112	0.4500
724	0.0040	113	0.3600
726	0.0040	114	0.6000
728	0.0038	115	0.5100
729	0.0056	116	0.2800
730	0.0038	117	0.4500
731	0.0052	118	0.3500
733	0.0040	119	0.3400
735	0.0040	120	0.4300
737	0.0028	121	0.4600
740	0.0054	122	0.2900
741	0.0030	123	0.3000
743	0.0040	124	0.2800
745	0.0040	125	0.4100
746	0.0061	126	0.4500
747	0.0054	127	0.3600
801	0.0087	128	0.6000
802	0.0034	129	0.5100
804	0.0055	130	0.2800
805	0.0040	131	0.4500
807	0.0040	132	0.3500
809	0.0038	133	0.3400
810	0.0056	134	0.4300
811	0.0038	135	0.4600
815	0.0040	136	0.2900
817	0.0040	137	0.3000
819	0.0052	138	0.2800
821	0.0056	139	0.4100
822	0.0056	140	0.4500
828	0.0038	141	0.3600

Unit Number	Common Expenses Proration Percentages		
829	0.0056	142	0.6000
830	0.0038	143	0.5100
831	0.0052	144	0.2800
837	0.0028	145	0.4500
840	0.0054	146	0.3500
841	0.0030	147	0.3400
846	0.0061	148	0.4300
847	0.0054	149	0.4600
901	0.0087	150	0.2900
902	0.0034	151	0.3000
904	0.0055	152	0.2800
909	0.0038	153	0.4100
910	0.0056	154	0.4500
911	0.0038	155	0.3600
919	0.0052	156	0.6000
921	0.0056	157	0.5100
922	0.0056	158	0.2800
928	0.0038	159	0.4500
929	0.0056	160	0.3500
930	0.0038	161	0.3400
931	0.0052	162	0.4300
937	0.0028	163	0.4600
940	0.0054	164	0.2900
941	0.0030	165	0.2900
946	0.0061	166	0.2800
947	0.0054	167	0.4100
1001	0.0087	168	0.4500
1002	0.0034	169	0.3600
1004	0.0055	170	0.6000
1005	0.0038	171	0.5100
1009	0.0038	172	0.2800
1010	0.0056	173	0.4500
1011	0.0038	174	0.3500
1015	0.0038	175	0.3400
1019	0.0052	176	0.4600
1021	0.0056	177	0.4700
1022	0.0056	178	0.5100
1024	0.0040	179	0.2800
1026	0.0040	180	0.4500

Unit Number	Common Expenses Proration Percentages		
1028	0.0038	181	0.3500
1029	0.0056	182	0.3400
1030	0.0038	183	0.5100
1031	0.0052	184	0.4700
1033	0.0040	185	0.5100
1035	0.0040	186	0.2800
1037	0.0028	187	0.4500
1040	0.0054	188	0.3500
1041	0.0030	189	0.3400
1043	0.0040	190	0.5100
1045	0.0040	191	0.4700
1046	0.0061	192	0.5100
1047	0.0054	193	0.2800
1101	0.0087	194	0.4500
1102	0.0034	195	0.3500
1104	0.0055	196	0.3400
1110	0.0056	197	0.5100
1111	0.0184	198	0.4700
1121	0.0056	199	0.5100
1122	0.0056	200	0.2800
1124	0.0040	201	0.4500
1128	0.0038	202	0.3500
1129	0.0056	203	0.3400
1130	0.0038	204	0.5100
1131	0.0052	205	0.4700
1135	0.0040	206	0.5100
1137	0.0028	207	0.2800
1140	0.0054	208	0.4500
1141	0.0030	209	0.3500
1143	0.0040	210	0.3400
1146	0.0061	211	0.5100
1147	0.0054	212	0.4700

Common Expenses are Regular and Special Assessments for the following:

83.8800

1. Operating Expenses

A. Administrative

Insurance

Miscellaneous (3% of category)

B. Utilities

PG&E - Natural Gas

Water and Sewer

Refuse Collection

Miscellaneous (3% of category)

2. Reserves

A. Building Exteriors

Caulking Siding

EIFS Power Wash

EIFS Paint

EIFS Repair

Metal Railing Paint

Metal Railing Repair

B. Mechanical Systems - Water

Boilers

Booster Pumps

Circulation Pumps

Holding Tank

C. Mechanical System - Trash

Trash Chute

Trash Compactor Repair

D. Roofing System

BUR

Gutters and Downspouts

Tile Shingles

Roof Inspection and Repair

Total

1.00

4.4600