

Attached is the document you (or someone on your behalf) requested. As required by Section 12956.1(b)(1) of the California Government Code, please take note of the following:

"If this document contains any restriction based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, 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. 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."

If this cover page is a copy which has been transmitted to you by facsimile, email or other form of electronic transmission, please note that the notice above appears in the original cover page in 14-point bold face type.

3811-3773129 (DL)



San Francisco Assessor-Recorder
Phil Ting, Assessor-Recorder
DOC- 2011-J307888-00

Acct 3-FIRST AMERICAN Title Company
Tuesday, NOV 29, 2011 08:00:00
Ttl Pd \$169.00 Rcpt # 0004286966
REEL K531 IMAGE 0047
ogi/MA/2-48

When Recorded Return To:

Tahbazof Law Firm
1256 Howard Street, Suite 201
San Francisco, CA 94103

APN: Block 3726 Lot 191 to 201, inclusive
(formerly APN: 3726-075).

CERTIFIED COPY

78
2-48 al

**DECLARATION OF RESTRICTIONS
AND CONDOMINIUM PLAN**

FOR

**574 NATOMA STREET
SAN FRANCISCO, CALIFORNIA**

a Condominium Project

SST Investments, LLC, a Delaware limited liability company

Declarant

**IF THIS DOCUMENT CONTAINS ANY RESTRICTION BASED ON
RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL
STATUS, MARITAL STATUS, DISABILITY, 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. 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.**

TABLE OF CONTENTS

RECITALS.....	1
ARTICLE 1	1
DEFINITIONS	1
ARTICLE 2	3
DESCRIPTION OF COMMON INTERESTS, PROPERTY RIGHTS, & EASEMENTS.....	3
2.1 Condominiums	3
2.2 No Separate Conveyance of Common Area	4
2.3 Easements and Use Rights	4
2.4 Partition; Power of Attorney	6
2.5 Further Subdivision Prohibited	6
ARTICLE 3	6
ASSOCIATION, ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS	6
3.1 Association to Manage Project	6
3.2 Membership.....	6
3.3 Voting Rights	7
ARTICLE 4	7
ASSESSMENTS.....	7
4.1 Creation of the Lien and Personal Obligation of Assessments.....	7
4.2 Purpose of Assessments.....	7
4.3 Regular Assessments	8
4.4 Special Assessments.....	8
4.5 Assessments for Emergency Purposes	9
4.6 Division of Assessments	9
4.7 Date of Commencement and Due Dates of Assessments; Notice to Owners	9
4.8 Effect of Nonpayment of Assessments	10
4.9 Remedies on Default	10
4.10 Priorities	11
4.11 Mortgagee's Liability for Unpaid Assessments.....	11
4.12 Segregation of Funds.....	11
4.13 Waiver of Exemptions	11
4.14 Unsegregated Real Property Tax Bill	11
4.15 Status Certificates	11
ARTICLE 5	11
DUTIES AND POWERS OF THE ASSOCIATION.....	11
5.1 Applicability of the Davis-Stirling Common Interest Development Act and the Non-Profit Mutual Benefit Corporation Law	11
5.2 Duties and Powers.....	12
5.3 Limitations on Powers of the Board – Prohibited Acts	14

ARTICLE 6	15
ARCHITECTURAL CONTROL.....	15
6.1 Approval Required	15
6.2 Procedures	15
6.3 Improvements to Facilitate Access for Physically Disabled	15
6.4 Antennas.....	16
6.5 Declarant Exempt.....	16
 ARTICLE 7	 16
USE RESTRICTIONS	16
7.1 Condominium Use.....	16
7.2 Nuisance	16
7.3 Sales Activities.....	16
7.4 Signs	16
7.5 Animals	17
7.6 Garbage Disposal	17
7.7 Right to Lease	18
7.8 Clothes Line	18
7.9 Antennas and Satellite Dishes.....	18
7.10 Storage	18
7.11 Window Coverings.....	18
7.12 Decks and Yard	18
7.13 Sound Transmission	18
 ARTICLE 8	 19
MAINTENANCE AND REPAIR OBLIGATIONS.....	19
8.1 Owner's Maintenance and Repair Obligations	19
8.2 Association's Maintenance and Repair Obligations.....	20
8.3 Maintenance Responsibility List	21
 ARTICLE 9	 21
INSURANCE COVERAGE.....	21
9.1 Required Coverage.....	21
9.2 Insurance Required by Certain Lenders.....	22
9.3 Review of Policies Additional Insurance.....	23
9.4 Owner's Insurance.....	23
9.5 Insurance Premiums	23
9.6 Notice of Lapse; Cancellation or Non-Renewal of Insurance Policies	23
9.7 Settlement of Insurance Claims	23
 ARTICLE 10.....	 24
DAMAGE OR DESTRUCTION; CONDEMNATION	24
10.1 Damage to a Single Unit.....	24
10.2 Damage to Two or more Units or Common Areas.....	24
10.3 Condemnation	25

ARTICLE 11.....	26
MORTGAGE PROTECTION PROVISIONS.....	26
11.1 Definitions	26
11.2 Mortgage Permitted; Validity of Mortgage Lien.....	26
11.3 Required Consent of Eligible Mortgage Holders	26
11.4 Notice to Mortgage Holders, Insurers, and Guarantors	27
11.5 Rights to Inspect, Receive Statements, Attend Meetings.....	27
11.6 Limitations on Right of First Refusal.....	27
11.7 Priority as to Proceeds and Awards	28
11.8 Subordination	28
11.9 Lien on Individual unit	28
 ARTICLE 12.....	 28
ENFORCEMENT	28
12.1 Enforcement.....	28
 ARTICLE 13.....	 30
GENERAL PROVISIONS	30
13.1 Headings	30
13.2 Severability	30
13.3 Exhibits.....	30
13.4 Term.....	30
13.5 Amendments.....	30
13.6 Owner's Compliance.....	31
13.7 Power of Attorney	31
13.8 Notices	31
13.9 Indemnification	31
13.10 Standing of Association	32
13.11 Notice of New Ownership	32
13.12 Fair Housing	32
13.13 Singular and Plural	32
13.14 Statutory References	32
13.15 Construction of Provisions	32
13.16 Inconsistency in Definitions.....	32
13.17 Binding Effect.....	32

**DECLARATION OF RESTRICTIONS FOR
574 NATOMA STREET
SAN FRANCISCO, CALIFORNIA
a Condominium Project**

RECITALS

THIS DECLARATION is made by SST Investments, LLC, a Delaware limited liability company, "Declarant," with reference to the following:

A. Declarant is the Owner of a tract of land more particularly described as follows:

All that real property as shown on that certain map entitled "Final 6466, A 11 Residential Unit Condominium Project" which map was filed for record on November 8, 2011, Condominium Map Book 117 pages 43 to 44, San Francisco County, California Records.

B. The land has been improved with a building containing eleven units.

C. By this Declaration, Declarant establishes a condominium project under the provisions of the Davis-Stirling Common Interest Development Act, Division 2, Part 4, Title 6 of the Civil Code (beginning at Section 1350), and imposes upon the real property mutually beneficial restrictions under a general plan of improvement for the benefit of all the Condominiums and Owners of Condominiums.

Declarant declares that the real property is held, conveyed, encumbered, leased, occupied and improved subject to the following declarations, limitations, covenants, conditions, restrictions and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Project, in accordance with the plan for the improvement of the real property and the division of it into Condominiums. All of the limitations, covenants, conditions, restrictions and easements constitute equitable servitudes and covenants that run with the land and are binding upon and inure to the benefit of the successors in interest of such parties. Declarant further declares that it is the express intent that this Declaration satisfy the requirements of California Civil Code, Section 1353.

**ARTICLE 1
Definitions**

1.1 "Articles" mean the Association's articles of incorporation and their amendments.

1.2 "Association" means the 574 Natoma Street Owners' Association, a California Non-Profit Mutual Benefit Corporation.

1.3 "Board" or "Board of Directors" means the governing body of the Association.

1.4 "Bylaws" means the Bylaws of the Association and any amendments to the bylaws.

1.5 "Common Area" means the entire Project except for the Units as defined in this Declaration and as shown on the Condominium Plan. Common Area includes, but is not limited to, all of the following elements if located at the Project: the land, light wells (except light wells within a Unit), entrance, bearing walls, stairways (except stairs within a Unit), hallways, lobby and lounge area, bicycle rack room, garbage and meter room, columns, girders, subfloors, unfinished floors, roofs and roof decks and foundations, central heating, central air-conditioning equipment, central television antennae, reservoirs, tanks, pumps, motors, ducts, flues and chutes, conduits, pipes, plumbing, wires, and other utility installations (except the outlets located within a Unit), required to provide power, light, telephone, gas, water, sewerage, drainage, and air-conditioning, sprinkler pipes and sprinkler heads which protrude into the Unit.

1.6 "Condominium" means an estate in real property consisting of an undivided interest in common in a portion of real property coupled with a separate interest in space called a Unit, the boundaries of which are described on the Condominium Plan. A Condominium includes a Unit, the Exclusive Use Common Areas appurtenant to the Unit, if any, and an undivided interest in the Common Area.

1.7 "Condominium Plan" means the three dimensional description of the Project in sufficient detail to identify the Common Area and the Units pursuant to California Civil Code section 1351(e), and any amendments and corrections to it. The Condominium Plan is attached to this Declaration as Exhibit A and incorporated into it by this reference.

1.8 "County" means San Francisco County, California.

1.9 "Declarant" means SST Investments, LLC, a Delaware limited liability company and any successors and assigns who acquire Declarant's interest in the Project and expressly assume the rights and duties of the Declarant for purposes of this Declaration by a written instrument recorded in the County Recorder's office, or who is a Mortgagee that acquired Declarant's interest in the Project through foreclosure or deed in lieu of foreclosure.

1.10 "Declaration" means this Declaration of Restrictions and any amendments and supplements to it.

1.11 "Exclusive Use Common Areas" mean those portions of the Common Area designated for the exclusive use of the Owners and which are appurtenant to the Units.

1.12 "Governing Documents" means this Declaration, the Condominium Plan, Bylaws, the Articles of Incorporation, and any operating rules of the Association, all as amended from time to time.

1.13 "Map" means the subdivision map referred to in Recital A and any amendments and corrections to it.

1.14 "May", "Must", "May Not" As used in the Governing Documents, the word "may" means an action is permitted, but not required, to be taken or performed; the word "must" means that an action is required to be taken or performed; and the words "may not" mean an action is not permitted and cannot be taken or performed.

1.15 "Member" means a person who is a member of the Association.

1.16 "Mortgage, Mortgagee, Mortgagor" are defined in section 11.1.

1.17 "Owner" means the record holder of title to a Condominium in the Project. If a Condominium is sold under a recorded contract of sale to a purchaser, the purchaser rather than the seller is considered the Owner. "Owner" does not include a person who has an interest that is merely security for the performance of an obligation. "Owner" refers to Declarant as long as Declarant holds title to a Condominium in the Project.

1.18 "Person" means a natural person, a corporation, a partnership, a limited liability company, a trustee, or other legal entity.

1.19 "Project" means the real property described in Recital A, all structures and improvements erected or to be erected on it, and all easements and rights appurtenant to it.

1.20 "Unit" means the elements of a Condominium that are not owned in common with other Owners. Each Unit as separately shown, numbered and designated on the Condominium Plan consists of the space bounded by and contained within the interior unfinished perimeter walls, floors, ceilings, windows, window frames, doors and doorframes of the Unit. Each Unit includes all of the following items, located within it: electrical, heating and plumbing fixtures, appliances, wall board, sheet rock, interior non-structural walls (except for water and other pipes, electrical wires, conduits, vents and similar improvements within the walls that serve more than one Unit), staircases connecting levels within a Unit, cabinets, interior doors, ventilation fans, and wall, floor and ceiling finishes (as, for example, paint, wall paper, paneling, carpet, hardwood, or tile). Each Unit also includes all of the following items, if any, whether located within the Unit or the Common Area that serve only the Unit: air heating, air conditioning, water heating equipment, ventilation systems, alarm systems, and similar fixtures and systems. A Unit does not include any structural elements.

1.21 "Vote of the Owners" means a majority of votes cast by owners entitled to vote either at a meeting of the Owners at which a quorum is present or by written consent, as provided in the Bylaws. However, if a vote greater than a majority is required on any matter, a Vote of the Owners means that higher percentage of votes.

ARTICLE 2

Description of Common Interests, Property Rights and Easements

2.1 CONDOMINIUM. Each Condominium consists of a Unit, the Exclusive Use Common

Areas appurtenant to the Unit, if any, an undivided interest in the Common Area, and any other easements and rights provided for in this Declaration.

A. Units. Each Unit includes the elements defined in section 1.20. A Unit does not include those areas and things defined as Common Area in section 1.5. Each Unit is subject to encroachments that now exist or that may be later caused or created in any manner referred to in section 2.3D. 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, are conclusively presumed to be its boundaries rather than the boundaries expressed in the deed or Condominium Plan, regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown on the Plan or deed and those of the building.

B. Common Area. Each Owner owns, as appurtenant to his or her Unit, an undivided interest in the Common Area as shown on the Condominium Plan. Each Owner may use the Common Area in accordance with the purposes for which it is intended without hindering the exercise of, or encroaching upon the rights of any other Owners.

C. Exclusive Use Common Area. Portions of the Common Area, referred to as Exclusive Use Common Areas, are set aside and allocated for the exclusive use of the Owners. The Exclusive Use Common Areas consist of the private yards (Y-101 and Y-102) as designated on the Condominium Plan. The Exclusive Use Common Areas also consist of internal and external wiring designed to serve a single Unit, fireplaces, windows, window frames, window boxes, screens, shutters, awnings, doorsteps, stoops, exterior doors, door frames and hardware.

2.2 NO SEPARATE CONVEYANCE OF COMMON AREA. The undivided interest in the Common Area appurtenant to each Unit is permanent in character and cannot be altered without the consent of all the Owners affected and their first Mortgagees as expressed in an amended Declaration. The undivided interest in Common Area cannot be separated from the Unit to which it is appurtenant, and is conveyed or encumbered with its respective Unit even though the instrument of conveyance or encumbrance may refer only to the Unit. The foregoing does not prohibit the transfer between Owners of Exclusive Use Common Area that does not directly abut the Unit to which it is appurtenant.

2.3 EASEMENTS AND USE RIGHTS. The following easements, reservations and use rights affect the Project.

A. Owners' Nonexclusive Easements; Association Rights. Each Owner has the unrestricted right of ingress and egress to his or her Condominium. Each Owner has, appurtenant to his or her Unit, nonexclusive easements of use, enjoyment, ingress, egress, and support in, to, and throughout the Common Area and any improvements or facilities on the Common Area. The nonexclusive easements are subject to all of the rights and powers of the Association as described in this Declaration. However, the nonexclusive easements are subordinate to and may not interfere with the right to use Exclusive Use Common Areas.

B. Power to Grant Easements and Exercise Other Property Rights. Declarant or the Association shall have the power to grant and convey in the name of all the Owners as their attorney-in-fact (or in the name of the Association as to any property to which the Association holds title) to any Owner or other party easements and rights-of-way, in, on, over, or under the Common Area for the purpose of constructing, erecting, operating or maintaining lines, cables, wires, conduits, or other devices for electricity, cable television, computer, internet, power, telephone and other purposes, public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities. Each Owner, in accepting a deed to the Condominium, expressly consents to such easements and rights of way and authorizes and appoints the Association and Declarant (as long as Declarant owns one or more Condominiums) as attorney-in-fact of such Owner to execute any and all instruments conveying or creating such easements or rights of way. However, no such easement can be granted if it would substantially interfere with the use, occupancy, or enjoyment by any Owner of his Unit or the Common Area of the Project unless approved by the vote or written consent of the holders of not less than sixty-seven percent (67%) of the voting rights of each class of Members and their first mortgagees.

C. Entry or Use Rights. Each Condominium is subject to the following rights of entry and use:

- (1) Construction of Improvements. Declarant and its contractors, representatives, agents, employees or designees shall have the right to enter upon the Project to develop or construct improvements upon any portion of the Property to make repairs and remedy construction defects. Such entry shall not interfere with the use or occupancy of any occupied Unit unless authorized by the Unit Owner, which authorization shall not be unreasonably withheld or delayed.
- (2) The right of the Association, or its agents, to enter any Unit to cure any violation or breach of any of the Governing Documents, provided that the Owner has been given notice and the opportunity to be heard as provided in the Bylaws. The Association may levy a reimbursement assessment against the Owner for its costs in effecting a cure. The rights of entry and cure are immediate in case of an emergency originating within or threatening any Unit, whether or not its Owner is present.
- (3) The right of the Association, or its agents, to enter any Unit to perform its responsibilities under this Declaration, including responsibilities with respect to construction, maintenance, or repair of the Common Area, or for the benefit of the Owners in common. The rights are immediate in case of an emergency originating within or threatening any Unit, whether or not its Owner is present.
- (4) The right of any Owner, or Owner's agents, to enter the Unit of any other Owner for purposes of performing installations, alterations or repairs to mechanical, electrical, telecommunication and electronic communication services that are reasonably necessary for the use and enjoyment of his or her Unit, provided requests

for entry are made in advance and that entry is at a time convenient to the Owner whose Unit is being entered. In case of emergency, the right of entry is immediate.

D. Encroachment Easements. Each Unit has an easement over all adjoining Units and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, or any other cause as long as the encroachment exists. However, a valid encroachment is not created in favor of an Owner if it occurred due to the Owner's willful misconduct. If a structure is repaired or rebuilt, minor encroachments over adjoining Units and the Common Area are permitted and there are valid easements for the maintenance of these encroachments as long as they exist.

2.4 PARTITION; POWER OF ATTORNEY. Except as provided by Civil Code section 1359 or by sections 10.2 and 10.3 of this Declaration, judicial partition of the Project or any part of it is prohibited. Judicial partition by sale of a single Condominium owned by two or more persons and division of the sale proceeds is not prohibited, but partition of title to a single Condominium is prohibited.

If partition is authorized under Civil Code section 1359 or under sections 10.2 and 10.3 of this Declaration, and subject to obtaining the necessary approval of first Mortgagees and Owners as provided in Article 11, the Association may sell the entire Project, in one or more transactions, for the benefit of all Owners. Each Owner irrevocably appoints the Association as his or her attorney-in-fact to sell the Project under this section.

2.5 FURTHER SUBDIVISION PROHIBITED. An Owner may not further subdivide his or her Condominium except with the approval of the Board. An Owner may not convey time-share interests in his or her Condominium.

ARTICLE 3

Association, Administration, Membership and Voting Rights

3.1 ASSOCIATION TO MANAGE PROJECT. The Project is managed and operated by the Association and the Association shall manage the Project in accordance with the provisions of the Governing Documents.

3.2 MEMBERSHIP. The Association shall have two classes of voting membership.

A. CLASS A. Each Owner other than Declarant is a Class A member. Class A membership entitles the holder to one vote for each Condominium owned. When more than one person holds an interest in a Condominium, all such persons shall be Members. The vote for the Condominium shall be exercised as the Owners determine, but not more than one vote shall be cast for any Condominium. If an Owner disputes the vote cast for his Unit by a co-Owner, the vote for that Condominium shall not be counted.

B. CLASS B. Declarant is the Class B member. Class B membership entitles the holder to

not more than three votes for each Condominium owned. Class B membership shall be irreversibly converted to Class A membership on the first to occur of the following:

(1) When the total outstanding votes held by Class A members equal the total outstanding votes held by the Class B member.

(2) On the second anniversary date of the first conveyance of a Unit in the Project.

3.3 VOTING RIGHTS. Except as provided in Sections 4.3, 4.4 and 5.3, any action by the Association which must have the prior approval of the Members shall require the vote or written consent of at least a majority of each class of membership during the time that there are two outstanding classes of membership. Voting rights attributable to subdivision interests shall not vest until assessments against those interests have been levied by the Association.

Any provisions in the Governing Documents which requires the approval of a prescribed number of Members other than Declarant for action to be taken by the Association shall require:

A. where the two class voting structure is in effect, the vote or written consent of the Class B Member and the vote or written consent of the prescribed number of Class A members;
or

B. if there has been a conversion of Class B membership to Class A membership, the vote or written consent of a majority of the Members of the Association and the vote of the prescribed majority of the Members other than Declarant.

ARTICLE 4

Assessments

4.1 CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS.

Declarant agrees, for each Condominium in the Project owned by Declarant, and each Owner, by acceptance of a deed to a Condominium, whether or not it shall be expressed in the deed, is deemed to agree to pay to the Association Regular Annual Assessments. Assessments are payable without deduction or offset for any claim the Owner may have against the Association. Each assessment, together with interest, costs and reasonable attorneys' fees, is the personal obligation of the Owner of the Condominium at the time when the assessment is levied. If more than one person is the Owner, the personal obligation to pay the assessment is joint and several. No Owner may exempt himself or herself from liability for payment of assessments by waiver of use or enjoyment of any of the Common Area or abandonment of his or her Condominium.

4.2 PURPOSE OF ASSESSMENTS. Assessments levied by the Association must be used exclusively to promote the health, safety, and welfare of all residents of the Project, for the improvement and maintenance of the Common Area, and for the common good of the Project. The Association may not levy an assessment that exceeds the amount necessary to defray the costs for which it is levied.

4.3 REGULAR ASSESSMENTS. The regular assessment is the total amount of funds necessary to defray the expenses attributable to the ownership and operation of the Common Area for the fiscal year. It must include adequate reserve funds for contingencies and for maintenance, repairs, and replacement of Common Area improvements that must be replaced on a periodic basis, sufficient to satisfy the reasonable requirements of any first Mortgagee and to maintain the Common Area in first-class condition and repair.

Until January 1 of the year immediately following the conveyance of the first Condominium, the Regular Annual Assessment shall be approved by the California Department of Real Estate. At least forty-five days and not more than sixty days prior to the beginning of each subsequent fiscal year, the Board shall establish the Regular Annual Assessment for that fiscal year. The Regular Annual Assessment shall not be increased unless the Board has prepared and distributed a pro forma operating budget to the Members, as specified in the Bylaws. The Board may not, without the vote or written consent of a quorum of Members who cast a majority of the votes at a meeting or election of the Association, impose a Regular Annual Assessment which is more than twenty percent greater than the Regular Annual Assessment for the immediately preceding fiscal year. For purposes of this Section 4.3, a quorum means more than fifty percent of the Members. The Board will comply with California Civil Code Section 1366 when increasing assessments.

If the Board fails to establish the regular assessment for any fiscal year, the regular assessment will be the same as that of the prior fiscal year. Subject to the above, if at any time during the year the Board decides that the amount of the Regular Annual Assessment is inadequate or excessive, it may revise the Assessment balance for the fiscal year, effective on the first day of the month following the date of the revision. During the time the Project is subject to an outstanding public report, Declarant shall notify the Department of Real Estate of any increase of ten percent or more over the amount of the Regular Annual Assessment stated in the current public report for the Project.

4.4 SPECIAL ASSESSMENTS. In any fiscal year, the Board may levy a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair or replacement of Common Area, including fixtures and personal property, and for extraordinary expenses incurred by the Association. Any Special Assessment in excess of five percent of the Regular Annual Assessment for the fiscal year shall require approval by the vote or written consent of a quorum of Members who cast a majority of the votes at a meeting or election of the Association. For purposes of this Section 4.4, a quorum means more than fifty percent of the Members. The Board will comply with California Civil Code Section 1366 when levying special assessments.

4.5 ASSESSMENTS FOR EMERGENCY PURPOSES. The Board may increase the regular assessment and impose special assessments if necessary for emergency situations. For purposes of this section, an emergency situation is any one of the following:

- A. An extraordinary expense required by an order of a court;
- B. An extraordinary expense necessary to repair or maintain the Common Area where a threat to personal safety is discovered at the Project; or

C. An extraordinary expense necessary to repair or maintain the Common Area that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget described in the Bylaws. Before imposing or collecting an assessment under this section, the Board must pass a resolution containing written findings as to why the extraordinary expense is necessary and why the expense was not or could not have been reasonably foreseen in the budgeting process.

4.6 DIVISION OF ASSESSMENTS. The expenses for regular assessments are divided among the Owners as follows. All Units shall pay equally the Assessments for refuse disposal, corporation franchise taxes, local licenses and inspection fees, custodial services, the reserve study, minor repairs, pest control, the fire monitor service, management, legal services, accounting, education, miscellaneous office expenses, contingency and exterior lights. Assessments for insurance and water, and reserves for the roof and exterior paint shall be prorated to each Owner according to his percentage interest in the Common Area. The Units shall pay equally the Assessments for electricity, elevator maintenance, the intercom system and telephone, and the reserves for interior paint, interior light fixtures, carpet, the sump pump and roof deck. The Board shall allocate Assessments for items and costs other than those set forth above as it deems appropriate and fair.

Special assessments are divided among the Owners on the same basis as regular assessments, except where the special assessment is levied to raise funds for the rebuilding or major repair of structural Common Area that houses the Units. In that case, the special assessment shall be divided upon the basis of the ratio of the square footage of the floor area of the Unit to be assessed to the total square footage of the floor area of all Units.

The square footage of the Units is the approximate square footage for the Units shown on the Condominium Plan or, if not shown on the Condominium Plan, provided to the Board by Declarant. If the square footage of the Units is not shown on the Condominium Plan or provided to the Association by Declarant, then the square footage of the Units will be determined by reference to the final approved architectural plans for the Project.

4.7 DATE OF COMMENCEMENT AND DUE DATES OF ASSESSMENTS; NOTICE TO OWNERS. Regular assessments begin for all Units on the first day of the month following the conveyance of the first Condominium from Declarant to an Owner. The regular assessment is payable in equal monthly installments due on the first day of each month, unless the Board adopts some other basis for collection or due date. The due date for payment of a special assessment or a reimbursement assessment is the date specified in the notice of the assessment. The Association must send each Owner notice of an increase in the regular assessment, any special assessment, and any reimbursement assessment not less than 30 and not more than 60 days before the due date of the assessment. If an assessment for emergency purposes is levied under section 4.5, a copy of the resolution required under that section must be distributed with the notice of assessment.

4.8 EFFECT OF NONPAYMENT OF ASSESSMENT. An assessment or installment that is not received by the Association within 15 days after its due date is a delinquent payment. A

delinquent payment is subject to a late charge of 10 percent of the delinquent assessment or installment or \$10.00, whichever is greater, on all delinquent payments. A late charge may not be imposed more than once on any delinquent payment, does not eliminate or supersede any charges imposed on prior delinquent payments, and constitutes full compensation to the Association for additional bookkeeping, billing, or other administrative costs resulting from the delinquent payment.

Interest accrues on a delinquent payment at the rate of 12 percent per annum, beginning 30 days after the due date of the assessment or installment through and including the date full payment is received by the Association.

An Owner who fails to pay a Property Tax Assessment on time shall be responsible to pay any penalty imposed by the Tax Collector.

4.9 REMEDIES ON DEFAULT. In the event of a default in payment of any assessment or installment, and in addition to any other remedies provided by law, the Association may enforce payment of the assessment or installment in any of the following ways.

A. Personal Obligation. Each action must be authorized by a majority of the Board. The Association may bring legal action against the delinquent Owner for the amount of delinquent assessments or installments, the fees and reasonable costs of collection, reasonable attorney's fees, and late charges and interest, if any. A legal action may be maintained without foreclosing or waiving lien rights.

B. Judicial Foreclosure or Power of Sale. The Association may bring an action for judicial or nonjudicial foreclosure provided that the amount of delinquent assessments, the duration of the delinquency, or both comply with the requirements of Civil Code section 1367.4. Any action by the Association to enforce payment of the assessment or installment by sale of the Condominium through judicial foreclosure or private sale must be conducted according to the notice and sale procedures set forth in section 19 of the Bylaws and section 1367.1 of the Civil Code.

C. Alternative Dispute Resolution. An assessment dispute may be resolved through alternative dispute resolution as provided in Civil Code sections 1367.1 and 1367.4, and according to the procedures set forth in the Bylaws or otherwise adopted by the Association.

4.10 PRIORITIES. A Notice of Delinquent Assessment constitutes a lien on the Condominium against which it is recorded prior to all other liens except taxes, bonds, assessments and other liens which by law would be superior to it, and the lien of any first Mortgage of record that was recorded before the delinquent assessment became due.

4.11 LIABILITY FOR UNPAID ASSESSMENTS. In the case of a subordination of a lien for assessments to a first encumbrance, the transfer of a subdivision interest as a result of the exercise of a power of sale or a judicial foreclosure involving a default under the first encumbrance shall extinguish the lien of assessments which were due and payable prior to the

transfer of the subdivision interest. No transfer of the subdivision interests as the result of a foreclosure or exercise of a power of sale shall relieve the new owner, whether it be the former beneficiary of the first encumbrance or another person, from liability for any assessments thereafter becoming due or from the lien thereof.

4.12 SEGREGATION OF FUNDS. All proceeds paid for reserves or for any special assessment must be segregated and deposited in a special account and, except for a transfer made under Section 19 of the Bylaws, must be used solely for the purpose for which levied.

4.13 WAIVER OF EXEMPTIONS. Each Owner waives the benefit of any homestead or exemption laws of the State of California as to any assessment lien created under this Article.

4.14 UNSEGREGATED REAL PROPERTY TAX BILL. If real property taxes have not been segregated by the County Assessor, each Owner must pay a proportionate share of the unsegregated tax bill. An Owner's proportionate share of the unsegregated tax bill is calculated by multiplying the amount of the bill by a fraction, the numerator of which is the approximate square footage of the Owner's Unit and the denominator of which is the total approximate square footage of all Units in the Project. Square footage will be determined as described in section 4.6.

4.15 STATUS CERTIFICATES. Within ten days of the mailing or delivery of a written request by an Owner, the Board shall provide the Owner with a written statement containing the following information: (i) whether, to the knowledge of the Association, the Owner or his Condominium is in violation of any of the provisions of this Declaration, the Articles, Bylaws or the Rules and Regulations, (ii) the amount of Regular Annual Assessments and Special Assessments, including installments, paid by the Owner during the fiscal year the request is received, (iii) the amount of any Assessments levied against the Owner's Condominium that are unpaid as of the date of the statement, including any late charges, interest, or costs of collection that as of the date of the statement are or may be made a lien against the Owner's Condominium; and (iv) any change in the Association's current Regular Annual and Special Assessments and fees approved by the Board but not yet due and payable as of the date of the disclosure.

ARTICLE 5

Duties and Powers of the Association

5.1 APPLICABILITY OF THE DAVIS-STIRLING COMMON INTEREST DEVELOPMENT ACT AND THE NON-PROFIT MUTUAL BENEFIT CORPORATION LAW.

A. Davis-Stirling Common Interest Development Act. The Association must comply with the requirements of the Davis-Stirling Common Interest Development Act (the "Act"). The Act includes comprehensive regulations concerning the management of the affairs of the Association including, without limitation, conduct of meetings, enforcement of assessments, resolution of disputes, preparation and distribution of financial documents, notices required to be sent to Members, calculation and

maintenance of reserve funds, retention and inspection of Association records, adoption of operating rules, and Board approval of physical improvements to the Project made by Members. The Association must adopt provisions in the Governing Documents as reasonably necessary to implement the Act, and each Owner takes his or her interest in the Project subject to the provisions of the Bylaws, operating rules and policies of the Board in addition to the provisions of this Declaration.

B. Non-Profit Mutual Benefit Corporation Law. The Association may exercise all of the powers granted to a non-profit mutual benefit corporation as enumerated in Corporations Code section 7140 except that it may not adopt or use a corporate seal or issue membership certificates, subject only to the limitations on those powers set forth in the Act and in the Governing Documents. The Association has the power to do any lawful thing required or permitted to be done under the Act and the Governing Documents and necessary, appropriate or incidental to the exercise of the express powers or duties of the Association for the peace, health, comfort, safety and general welfare of the Owners.

5.2 DUTIES AND POWERS. The affairs of the Association must be conducted by a Board of Directors and by the officers of the Association. The duties and powers of the Association include, but are not limited to, the following.

A. Maintenance. The Association must maintain the Project as provided in Article 8.

B. Insurance. The Association must maintain the policies of insurance required by section 9.1 of this Declaration. The Association is authorized to negotiate on behalf of the Owners with any insurer, and to settle, enforce by legal action, and execute releases on claims filed with respect to insurance policies obtained by the Association.

C. Discharge of Liens. The Association must discharge any lien against the Common Area and levy a reimbursement assessment against the Owner responsible for the existence of the lien.

D. Payment of Expenses and Taxes. The Association must promptly pay all expenses and obligations incurred by it in the conduct of its business.

E. Enforcement. The Association must enforce the Governing Documents as provided in this Declaration, the Bylaws and any operating rules adopted by the Association.

Notwithstanding anything to the contrary contained in this Declaration, the Board may not cause a forfeiture or abridgement of an Owner's rights to the full use and enjoyment of his or her Unit except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under power of sale for failure of the Owner to pay assessments levied by the Association.

F. Assessments. The Association must levy against the Owners and collect assessments in the amount necessary to pay for the cost of maintaining, improving, repairing,

rebuilding, operating and managing the Project.

G. Utility Service. The Association has the authority to obtain, for the benefit of all of the Condominiums, utility services such as common water, gas and electric service, telephone, television and other telecommunications and electronic access and services, and refuse collection. The Association must maintain all utility installations located in the Common Area, except those installations maintained by utility companies. The Association must pay all charges for utilities supplied to the Project except those metered or charged separately to the Units.

H. Easements. The Association has the authority to grant easements where necessary for utilities and sewer facilities over the Common Area to serve the Common Area and the Units, as provided in Article 2.

I. Manager. The Association has the authority to employ a manager or other persons, and to contract with independent contractors or managing agents to perform the duties and responsibilities of the Association. A contract with a firm or person appointed as a manager or managing agent cannot exceed a one year term, and must provide for the right of the Association, and to terminate the contract for cause on 30 days' written notice or, without cause or payment of a termination fee, on 90 days' written notice.

J. Operating Rules. The Association has the authority to adopt reasonable operating rules consistent with this Declaration relating to the use of the Project by the Owners, their tenants, guests and invitees. An operating rule is valid and enforceable only if it is reasonable, in writing, within the authority of the Board conferred by law or by the Declaration, consistent with the Governing Documents, and, if applicable, adopted, amended, or repealed in good faith and in substantial compliance with the provisions of Civil Code sections 1357.100 through 1357.150.

K. Access. In order to perform maintenance, repairs, or any other of its responsibilities, the Association, its agents and employees may enter any Unit or any portion of the Common Area as provided in Article 2. Entry must be made at reasonable hours and with as little inconvenience to the occupant as possible, and any damage caused must be repaired at the expense of the Association. Except in case of an emergency, 72 hours' advance notice must be given to the occupant prior to entry.

L. Acquisition and Disposition of Property. The Association has the power to acquire, own, improve, operate, maintain, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with its affairs.

M. Loans. The Association has the authority to borrow money and, with a vote of a majority of Owners, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

N. Contracts. The Association has the authority to contract for goods and services for the Common Area or the Association.

O. Delegation. The Association has the authority to delegate its authority and powers to committees, officers, or employees of the Association, except for the powers to:

- (1) make a decision to commence proceedings for mediation and arbitration or to file litigation when permitted under the Governing Documents or applicable law, record a lien, or foreclose upon a lien for default in payment of assessments;
- (2) make a decision to levy assessments;
- (3) make capital expenditures;
- (4) impose discipline and levy fines for violations of the Governing Documents;
or
- (5) hold hearings required under the Governing Documents.

5.3 LIMITATIONS ON POWERS OF THE BOARD – PROHIBITED ACTS. The Board shall not take any of the following actions, without the vote or written consent of a quorum of Members other than Declarant who cast a majority of votes in accordance with the provisions of Section 3.3B:

A. Enter into a contract with a third person for goods or services for the Common Area or the Association for a term longer than one year with the following exceptions:

- (1) a management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration;
- (2) a contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided however, that the terms of the contract shall not exceed the shortest term for which the supplier shall contract at the regulated rate;
- (3) prepaid casualty and/or liability insurance policies not to exceed three years duration provided that the policy permits short rate cancellation by the insured;
- (4) lease agreements for laundry room fixtures and equipment of not to exceed five years duration provided that the lessor under the agreement is not an entity in which Declarant has a direct or indirect ownership interest of 10 percent or more;
- (5) agreements for cable television services and equipment or satellite dish television services and equipment of not to exceed five years duration provided that the supplier is not an entity in which Declarant has a direct or indirect ownership interest of 10 percent or more;

(6) agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five years duration provided that the supplier or suppliers are not entities in which Declarant has a direct or indirect ownership interest of 10 percent or more;

(7) a contract for a term not to exceed three years that is terminable by the Association after no longer than one year without cause, penalty or other obligation upon ninety (90) days written notice of termination to the other party.

B. Incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent of the budgeted gross expenses of the Association for that fiscal year;

C. Sell during any fiscal year property of the Association having an aggregate fair market value greater than five percent of the budgeted gross expenses of the Association for that fiscal year; or

D. Pay compensation to Directors or to the Officers of the Association for services performed in the conduct of the Association's business. However, the Board may reimburse a Director or Officer for reasonable expenses incurred in carrying on the business of the Association.

ARTICLE 6

Architectural Control

6.1 APPROVAL REQUIRED. The prior written approval of the Board is required before an Owner may make any improvements or modifications ("improvement") to any portion of the Common Area, including Exclusive Use Common Area appurtenant to the Owner's Unit, or make any improvements within his or her Unit that may affect structural Common Area, increase the burden on common building systems, result in an increase in sound transmission between Units, or otherwise adversely affect the Common Area or other Units.

A decision to grant or deny permission to make an improvement is within the discretion of the Board, provided that it is made in good faith and is not unreasonable, arbitrary or capricious. In making its decision, the Board may take into account subjective factors such as the quality of workmanship, design, harmony of external design with existing structures, and location in relation to surrounding structures.

6.2 PROCEDURES. The Board must establish procedures that comply with the requirements of Civil Code section 1378 regarding application for and review of improvements.

6.3 IMPROVEMENTS TO FACILITATE ACCESS FOR PHYSICALLY DISABLED PERSONS. The Board may not deny approval of any improvement to a Unit to facilitate access for persons who are blind, visually handicapped, deaf, or physically disabled, or to alter conditions which could be hazardous to these persons, without good cause. The requested

improvement may include modifications of the route from the public way to the door of the Unit if the Unit is already accessible by an existing ramp or elevator. The Board may condition its approval of the improvement in accordance with the provisions of Civil Code section 1360. The cost of the improvement must be paid by the requesting Owner.

6.4 ANTENNAS. Use of a satellite dish, video or television antenna with a diameter or diagonal measurement of one meter or less is subject to the provisions of federal law, Civil Code section 1376 and any standards set forth in the Bylaws or in operating rules. Approval of the installation or use of any other satellite dish, video or television antenna is within the discretion of the Board.

6.5 DECLARANT EXEMPT. Declarant is exempt from the approval requirements of this Article for a period of three years from the date of close of escrow on the sale of the first Unit in the Project.

ARTICLE 7

Use Restrictions

The Project and the Condominiums are subject to the following restrictions on use. The Board may promulgate operating rules interpreting the use restrictions set forth in this Article and imposing additional use restrictions that, in its judgment, are appropriate to providing for the peace, health, comfort, safety and general welfare of the Owners.

7.1 CONDOMINIUM USE. All Condominiums must be used for residential purposes. No trade or business may be conducted in any Condominium except for administrative and professional practices allowed by local ordinance.

7.2 NUISANCE. No noxious or offensive activities shall be conducted within the Project. No Owner shall permit any thing or condition to exist upon any portion of the Project which shall or may induce, breed or harbor infectious plant disease or noxious or poisonous insects or vermin. Nothing shall be done on or within the Project that may be or may become an annoyance or nuisance to the residents of the Project, or that in any way interferes with the quiet enjoyment of occupants of Units. Unless otherwise permitted by the Association Rules, no Owner shall serve food or beverages, cook, barbecue, or engage in similar activities, except within such Owner's Unit. No Owner shall allow the Owner's furniture, furnishings, or other personalty to remain within any portion of the Common Area, except as may be permitted by the Association.

7.3 SALES ACTIVITIES. Declarant may use any Units in the Project owned by Declarant to conduct sales activities and as sales models until all Units have been sold. Declarant may maintain displays and conduct activities within the Common Area related to sales of Condominiums so long as the displays and activities do not materially or unreasonably interfere with the use of the Common Area by the Owners.

7.4 SIGNS. The following signs may be posted within the Common Area:

A. Project identification signs and other signs approved by the Board;

B. Signs, billboards and other advertising devices or structures used by Declarant in connection with the Project, subdivision, advertising and sale of the Property and Condominiums therein;

C. "For Sale" or "For Rent" signs provided they do not exceed five square feet in size. "For Sale" or "For Rent" signs may be posted only on those parts of the Common Area easily viewed by the general public and designated by the Board. All other signs are prohibited in the Common Area;

D. Non-commercial signs, posters, flags and banners made of paper, cardboard, cloth, plastic, or fabric, within his or her Unit. Signs and posters may not exceed 9 square feet in size and banners and flags may not exceed 15 square feet in size. An Owner may display a flag of the United States of any size made of fabric, cloth or paper on or in the Owner's Unit or Exclusive Use Common Area appurtenant to the Unit. All other signs, posters, flags and banners are prohibited; and

E. Such signs as may be required for legal proceedings or notices.

7.5 ANIMALS. No animals, reptiles, rodents, birds, fish, livestock or poultry shall be kept within any Unit or elsewhere within the Project, except that domesticated dogs, cats, aquatic animals kept within an aquarium, domestic rodents in cages (for example, hamsters and mice), and birds inside bird cages may be kept as household pets within any Unit, if they are confined or kept on leash and not kept, bred or raised for commercial purposes or in unreasonable quantities. As used in this Declaration, "unreasonable quantities" shall be deemed to limit the total number of all dogs, cats and birds to two (2) per Unit. The Board can prohibit the keeping of any pet or other animal that, in the sole and exclusive opinion of the Board, constitutes a nuisance to any other Owner in the sole and exclusive opinion of the Board and any decision rendered by the Board shall be enforceable as other restrictions contained herein. Pure or mixed breed dogs from the following breeds may not be kept at the Project: Pit Bull, Presa Canario, Rottweiler, Doberman Pinscher, Mastiff, and any other fighting breed. Owners must clean up after their pets immediately.

Any dog in the Common Area (other than an Exclusive Use Common Area private yard appurtenant to its Owner's Unit) must be leashed. After making a reasonable attempt to notify the Owner, the Board or another Owner may cause an unleashed dog found within the Common Area to be removed to a pound or animal shelter by calling the appropriate authorities. The Owner may, upon payment of all expenses, repossess the animal.

Owners must comply with all operating rules for the keeping and control of pets in the Units and Common Area. The Board may prohibit the keeping of any animal that it determines, after notice to the Owner of the pet and the opportunity to be heard according to the procedures set forth in the Bylaws, is a nuisance or danger to any other Owner, or interferes with the quiet enjoyment of the resident of any Condominium. Each person bringing or keeping a pet upon the Project is liable for damage to persons or property proximately caused by the pet.

7.6 GARBAGE DISPOSAL. All garbage, recycling and other waste must be kept in sanitary containers and regularly removed from the Project. Equipment for the storage or disposal of waste must be kept in a clean and sanitary condition and must be kept only on those portions of the Project designated by the Board.

7.7 RIGHT TO LEASE. No Owner may rent a Condominium for transient or hotel purposes, which are defined as rental for any period less than 30 days, or any rental if the occupants are provided customary hotel services such as room service for food and beverage, maid service, furnishing laundry and linen, and bellboy service. Subject to these restrictions, an Owner may lease his or her Condominium, provided the lease is in writing, is made subject to the Governing Documents, and a copy of the lease is sent to the Board. An Owner is responsible for a tenant's compliance with the Governing Documents. An Owner who rents his or her Condominium must provide the Association with his or her address and telephone number, as well as the name and telephone number of the tenant.

7.8 CLOTHES LINES. Outside laundering or drying of clothes is not permitted.

7.9 ANTENNAS AND SATELLITE DISHES. Antennas, satellite dishes and cables for the reception of television, radio and other signals may be installed within the Common Area as provided in Article 6.

7.10 STORAGE. Any obstruction of the Common Area is prohibited. Nothing may be kept or stored in the Common Area without the prior consent of the Board, except in designated storage areas.

7.11 WINDOW COVERING. All window coverings visible from the street or Common Area must be in a neutral color, unless otherwise approved by the Board.

7.12 DECKS AND YARDS. Unless otherwise approved by the Board, the use of the roof deck and the private yards is subject to the following restrictions. Nothing may be stored in those areas. Clothing, towels or other items may not be left on rails. Sharp objects and other items that may penetrate or damage any waterproof membrane may not be used or placed within those areas. Any modification to the surface material or railings of the deck requires the approval of the Board as provided in Article 6. Charcoal barbecues may not be used on Exclusive Use Common Area private yards or other portions of the Project if their use would impair the ability of the Association to obtain insurance coverage.

7.13 SOUND TRANSMISSION.

A. Floor Covering. Each hallway and room (other than the kitchen and bathrooms) in a Unit must have carpet and pad or other noise deadening materials approved by the Board in 80 percent of its square footage. Except for replacing existing floor with materials of equal or greater acoustical insulation value as that being removed, an Owner must obtain the prior approval of the Board, according to the procedures set forth in the Bylaws or otherwise established by the Board for review of improvements, before removing or replacing carpet and pad or other existing flooring materials.

B. Audio Equipment. Speakers and other audio equipment may not be attached to any wall or ceiling, or placed on the floor, in a manner that would cause or increase sound transmission between the Units.

C. Wheeled Recreational Vehicles. Wheeled recreational vehicles such as bicycles, tricycles, scooters, wagons, roller skates and roller blades, may not be used within any Unit or interior Common Area. The Board may promulgate operating rules limiting or prohibiting use of those items in exterior Common Areas.

ARTICLE 8

Maintenance and Repair Obligations

8.1 OWNER'S MAINTENANCE AND REPAIR OBLIGATIONS.

A. Unit. Each Owner must maintain his or her Unit in good condition and repair at his or her own expense. Each Owner must perform commonly accepted homeowner's maintenance and repair responsibilities within his or her Unit. Each Owner must comply with maintenance standards and guidelines provided by the Association or by Declarant upon initial sale of the Unit, and with manufacturers' instructions for all improvements and fixtures that are part of the Unit, such as appliances, countertops, cabinets, and wall and floor coverings.

B. Exclusive Use Common Areas. Each Owner must keep all Exclusive Use Common Areas appurtenant to his or her Unit clean and neat. Each Owner must repair and replace window glass in the windows of the Owner's Unit.

C. Obligation to Inspect and Notify. Each Owner must promptly report to the Association any evidence of water intrusion and any other defective condition the Association is responsible to maintain that is evident from within the Owner's Unit or from an Exclusive Use Common Area appurtenant to the Owner's Unit. An Owner is responsible for the cost of any work required because of his or her delay in reporting the evidence of water intrusion or other defective condition. An Owner must reimburse the Association for the cost of work that is not covered by insurance, or, if repair of the condition is covered by insurance, that portion of the cost that is not paid by the Association's insurance carrier. The Association may levy a reimbursement assessment against the Owner if the Owner fails to reimburse the Association for any amount owed by the Owner to the Association under this section.

D. Failure to Maintain and Repair. If an Owner fails to maintain the interior of his or her Unit or the Exclusive Use Common Areas appurtenant to his or her Unit as required by the Governing Documents, the Association may, after notice and the opportunity to be heard according to the procedures set forth in the Bylaws or otherwise adopted by the Board, enter the Unit and perform the necessary work. The Owner must reimburse the Association for the cost of work that is not covered by insurance, or, if repair of the condition is covered by insurance, that portion of the cost that is not paid by the

Association's insurance carrier. The Association may levy a reimbursement assessment against the Owner if the Owner fails to reimburse the Association for any amount owed by the Owner to the Association under this section.

E. Maintenance Recommendations. Each Owner is subject to all maintenance recommendations provided by Declarant, including, without limitation, all guides and other documents and maintenance schedules, as they pertain to the Owner's Unit and those portions of the Common Area, if any, that an Owner is required to maintain and repair. Civil Code Sections 907 and 945.5 provide that Owners and the Association have an affirmative duty to maintain the Project pursuant to written maintenance recommendations.

8.2 ASSOCIATION'S MAINTENANCE AND REPAIR OBLIGATIONS. The Association must maintain all portions of the Project that are not maintained by the Owners.

A. In General. The Association must maintain in good condition, repair and replace the Common Area, including all Exclusive Use Common Areas except for those to be maintained by Owners under section 8.1B.

B. Wood-Destroying Pests. The Association is responsible for the repair and maintenance of Common Area occasioned by the presence of wood-destroying pests and organisms in accordance with the procedure set forth in Civil Code section 1364.

C. Water Intrusion and Defective Conditions. The Association has the authority to inspect the Common Area, including Exclusive Use Common Areas, and the Units for evidence of water intrusion or other defective conditions that the Association is required to repair. The Association must repair any water damage or other defective condition found during an inspection.

D. Utility Installations. The Association must maintain all utility installations except those maintained by utility companies. If a utility installation exclusively serves one Unit but is located in the Common Area, the Association is responsible for maintenance, repair and replacement of the installation, but the cost of the work must be paid by the Owner of the Unit of which that installation is a part. If the Owner fails to reimburse the Association, the Association may levy a reimbursement assessment against the Owner for the cost of the work that is not covered by insurance, including that portion of the cost not paid by the Association's insurance carrier if the condition is covered by insurance. Alternately, the Association may require that, before it performs the work, the Owner pay to the Association the cost of the work, or that portion of the cost that will not be paid by the Association's insurance carrier if the condition is covered by insurance, unless delay in performing the work would be detrimental to the health, safety or welfare of the Owners or result in damage to the Common Area or any Unit.

E. Common Area Damages Caused by an Owner. If damage to the Common Area is caused by the willful or negligent act or omission of an Owner, or his or her guests or tenants, the Association must repair the damage and may levy a reimbursement assessment against the Owner for the cost of the work that is not covered by insurance, or that is not

paid by the Association's insurance carrier if the condition is covered by insurance.

F. Maintenance Recommendations. The Association is subject to all maintenance recommendations provided by Declarant, including, without limitation, all guides and other documents and maintenance schedules, as they pertain to the Common Area and those portions, if any, of the Units that the Association is required to maintain and repair. Civil Code Sections 907 and 945.5 provide that Owners and the Association have an affirmative duty to maintain the Project pursuant to written maintenance recommendations.

8.3 MAINTENANCE RESPONSIBILITY LIST. The types of items to be maintained by the Association and the individual Owners are set forth on the Maintenance List attached to this Declaration as Exhibit B. The Board has the sole authority to determine whether the Association or the Owners are responsible for maintenance of any item not included on the Maintenance List.

ARTICLE 9

Insurance Coverage

9.1 REQUIRED COVERAGE. The Association must acquire and maintain the following insurance coverage:

A. Fire and Casualty. The Association must maintain a master policy of fire and casualty insurance.

(1) The policy must include coverage for:

a. all Common Area improvements described in section 1.5 and landscaping located within the Common Area, but excluding land, foundations, excavations and other items typically excluded from property insurance coverage, and

b. standard components of the Unit as described in section 1.20 that were originally installed by the Declarant, and any equivalent replacements to them. However, any upgrades installed by an Owner are excluded to the extent the replacement cost of the upgraded improvements exceeds the insurable replacement value of the original Unit improvements, as determined on the date that immediately precedes the date of the damage or destruction. Personal property located in a Unit is also excluded.

(2) The policy must provide coverage against losses due to fire and other casualties normally covered by a "special form" policy or its equivalent. Coverage must be in an amount equal to the full insurable replacement cost of the covered property and include an agreed amount endorsement or its equivalent and a building laws endorsement or its equivalent.

(3) The policy must be in a form and from an insurance carrier satisfactory to the Board and to any first Mortgagee that inquires of the Association as to the terms of the policy. The policy must be primary and noncontributing with any other insurance

policy covering the same loss. The policy must waive all subrogation rights against any Owner or occupant and his or her family members and invitees and provide that coverage may not be canceled or substantially changed without at least thirty days' prior written notice to the Association, each Owner, and his or her first Mortgagee.

B. Commercial General Liability. The Association must obtain and maintain commercial general liability insurance insuring the Association, any managing agent, Declarant, and the Owners and occupants of the Condominiums, and their respective family members, guests, invitees, and the agents and employees of each of them, against any liability incident to the ownership or use of the Common Area or any other real or personal property owned or maintained by the Association, and including, if obtainable on commercially reasonable terms, a cross-liability or severability-of-interest clause or endorsement insuring the liability of each insured against claims by each other insured. The limits of the insurance may not be less than \$2,000,000, or any greater amount required by Civil Code section 1365.9, covering all claims for death, personal injury, and property damage arising from a single occurrence. This insurance must include coverage against water damage liability, liability for non-owned and hired automobiles, liability for the property of others, and any other liability or risk customarily covered with respect to developments similar in construction, location and use.

C. Director and Officer Liability Insurance. The Association must purchase and maintain insurance on behalf of any director, officer or member of a committee of the Association against any liability asserted against or incurred by any of these persons in their capacity or arising out of their status as agents of the Association, regardless of whether the Association has the power to indemnify these persons against liability under applicable law. The insurance must be in an amount of not less than \$500,000, or any greater amount required by Civil Code section 1365.7 and include a "duty to defend" provision and a "pay on behalf of" clause.

D. Fidelity Bond. If required by any institutional lender or at the discretion of the Board, a fidelity bond or policy of insurance against dishonest acts on the part of any person entrusted with or permitted to handle funds belonging to or administered by the Association, including a professional manager and its employees, naming the Association as the insured.

E. Worker's Compensation Insurance. Worker's compensation insurance to the extent necessary to comply with any applicable law.

9.2 INSURANCE REQUIRED BY CERTAIN LENDERS. When FNMA or FHLMC is a Mortgagee, an insurer or guarantor of a Mortgage, or an Owner of a Condominium within the Project, a policy required under this Declaration must satisfy the minimum requirements imposed for this type of Project by FNMA or FHLMC with respect to amount, term coverage, deductible, named insureds, loss payees, standard mortgage clauses, notices of change and cancellation, and insurance company rating. However, to the extent that coverage is not available upon reasonable terms and at a reasonable cost, or has been modified or waived in writing by FNMA or FHLMC, it need not be obtained.

9.3. REVIEW OF POLICIES; ADDITIONAL INSURANCE. All policies of insurance must be reviewed at least annually and adjusted, if necessary, to provide coverage and protection as the Board deems prudent or as reasonably required by any first Mortgagee. The Board may obtain additional policies of insurance other than those required by this Article as it deems necessary or prudent.

9.4 OWNER'S INSURANCE. Each Owner must maintain property insurance insuring against losses to the Owner's personal property located within the Unit and Exclusive Use Common Area appurtenant to the Unit, and to upgrades and fixtures installed by the Owner that are part of the Unit and are not covered by the Association's property insurance described in section 9.1. Each Owner must maintain liability insurance insuring against any liability to persons or property arising from any act or omission occurring within the Owner's Unit. The Board may establish minimum insurance amounts.

All individually owned insurance must contain a waiver of subrogation, and all Owners are deemed to have waived subrogation rights as to the Association and other Owners and occupants and their family members and invitees whether or not their policies so provide. An Owner may not separately insure any property covered by the Association's property insurance, and is liable to the Association to the extent of any diminution in insurance proceeds payable to the Association resulting from doing so. The Association is not liable for damages incurred by an Owner on account of injuries to person or property where the Owner fails to carry the required insurance. The Board may establish reasonable minimum liability insurance amounts for the Units.

9.5 INSURANCE PREMIUMS. The cost of the Association's insurance premiums must be included in the regular assessment levied by the Association.

9.6 NOTICE OF LAPSE, CANCELLATION OR NON-RENEWAL OF INSURANCE POLICIES. The Association must, as soon as reasonably practical, notify the Owners by first-class mail if any of the insurance policies required to be maintained by it have lapsed or been canceled and not immediately replaced, or if there is a significant change in the terms of any insurance policy, such as a reduction in coverage or limits or an increase in the deductible. If the Association receives any notice of non-renewal of an insurance policy, it must immediately notify the Owners if replacement coverage will not be in effect by the date the existing coverage will lapse.

9.7 SETTLEMENT OF INSURANCE CLAIMS. The Association is authorized to negotiate and agree on the value and extent of any loss under any policy carried by the Association. The Association is granted full right and authority to compromise and settle any claim or enforce any claim by legal action or otherwise, and to execute releases in favor of any insurer on behalf of the Owners and itself with respect to any policy carried by the Association.

ARTICLE 10
Damage or Destruction; Condemnation

10.1 DAMAGE TO A SINGLE UNIT. If a single Unit within the Project is damaged by a casualty that is covered by insurance, the insurance proceeds must be paid to the Owner of the Unit and his or her Mortgagee according to their respective interests in the Condominium. The insurance proceeds must be used to rebuild and repair the Unit. If the proceeds are insufficient to complete the work, the Owner must pay all additional sums necessary to complete the rebuilding and repair. If a single Unit within the Project is damaged by a casualty that is not covered by insurance, the entire cost of repairing and rebuilding the Unit must be paid by the Owner.

10.2 DAMAGE TO TWO OR MORE UNITS OR COMMON AREA. If the damage extends to two or more Units or any part of the Common Area, the following apply:

A. Insurance Proceeds. All insurance proceeds and proceeds from a special assessment levied to provide sufficient funds to complete the repair and rebuilding of damaged improvements must be held by the Association for the benefit of the Owners and their Mortgagees according to their respective interests in the Condominiums. All insurance proceeds must be deposited with a third party depository that supervises disbursement of funds, such as an insurance trustee or a commercial lending institution experienced in the disbursement of construction loan funds. However, if the Board determines that the amount of proceeds required to complete the repair and rebuilding is so small that the cost of a third party depository is excessive in relation to that amount, the proceeds may be deposited into an Association bank account established for the sole purpose of holding monies for the repair and rebuilding and disbursed by the Board.

B. Bids for Reconstruction. The Board must retain a construction consultant, who is a licensed general contractor, architect, or engineer with at least 5 years experience in repair and rebuilding of property damaged through fire or other casualty. In conjunction with the consultant, the Board must obtain firm bids from two or more responsible contractors to rebuild the Project, and may also obtain an estimate from the insurance carrier of the work it will perform for the amount of available insurance proceeds. The Board must accept the bid or insurance estimate it considers most favorable, conditional upon the levy of a special assessment if funds in excess of available insurance proceeds plus Association reserve funds are required to complete the reconstruction. If the Board determines that the amount of proceeds required to complete the repair and rebuilding is so small that the cost of a construction consultant is excessive in relation to the cost of the work, the Board may waive the requirement.

C. Obligation to Rebuild; Special Assessment. The Board must contract to repair and rebuild the damaged portions of all Units and the Common Area if:

- (1) the insurance carrier offers the full amount required to repair and restore all of the damage;
- (2) the available insurance proceeds offered or paid by the insurer plus the amount of

Association reserves equals or exceeds 90% of the cost of repairing or rebuilding; or,

(3) the available insurance proceeds offered or paid by the insurer plus the amount of Association reserves is less than 90% of the cost of repairing or rebuilding and the Board has obtained the vote of a majority of Owners for a special assessment. Failure of the Owners to approve the special assessment will be deemed an election not to repair and rebuild.

D. Election Not to Rebuild. Upon an election not to rebuild, the Association, as agent for the Owners, must promptly sell the entire Project, in its then condition, on terms satisfactory to the Board. For the purpose of effecting a sale under this section, each Owner grants to the Association an irrevocable power of attorney to sell the entire Project for the benefit of the Owners, to terminate the Declaration and to dissolve the Association. The net proceeds and all funds held by the third party depository described in subsection A. must be distributed to the Owners and their respective Mortgagees proportionately, according to the respective fair market values of the Units at the time of the destruction as determined by a qualified independent appraiser, with an M.A.I. certificate or the equivalent, selected by the Board. The Association must pay the cost of the appraisal. If the Association fails to sell the Project promptly, any Owner may bring an action for judicial partition of the tenancy in common ownership of the Project.

Upon distribution of proceeds from the sale of the Project, this Declaration terminates.

E. Standards for Rebuilding and Repair. The Project must be rebuilt to its existing condition immediately prior to the damage, modified to comply with building codes and construction standards in effect at the time of the rebuilding.

F. Emergency Repairs. Without waiting to obtain insurance settlements or bids, the Board may undertake emergency repair work as it deems necessary.

G. Notice of Damage or Destruction. Within 60 days after damage or destruction occurs, the Board must, and if it does not, any Owner, Mortgagee, the insurer or the third party depository described in subsection A. may record in the County Recorder's Office a sworn declaration setting forth a description of the damage or destruction, the name of the insurer against whom the claim is made, the name of the third party depository and a statement that the sworn declaration is recorded pursuant to this section of the Declaration.

10.3 CONDEMNATION. The Association is the representative of the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of all or part of the Common Area. In the event of a taking or acquisition of all or part of the Common Area by a condemning authority, the award or proceeds of settlement is payable to the Association, or a trustee appointed by the Association, for the use and benefit of the Owners and their mortgagees as their interests may appear. In the event of a taking of any Condominium in the Project by eminent domain, the Owner is entitled to receive the award. An award for a taking that extends to two or more Condominiums or the Common Area must be apportioned among the Owners according to a court judgment or agreement

between the condemning authority and each of the Owners. In the absence of such an apportionment, the award must be distributed among the Owners and their respective Mortgagees according to the relative values of the Condominiums affected as determined by independent appraisal in accordance with the procedure set forth in section 10.2D.

ARTICLE 11

Mortgage Protection Provisions

11.1 DEFINITIONS. "Mortgage" includes a deed of trust as well as a mortgage, and means a conveyance of a security interest in real property made in good faith and for value. "Mortgagee" includes a beneficiary or a holder of a deed of trust as well as a mortgage. "Mortgagor" includes the trustor of a deed of trust as well as a mortgagor.

11.2 MORTGAGE PERMITTED; VALIDITY OF MORTGAGE LIEN. Any Owner may encumber his or her Condominium with a Mortgage. A breach of any of the provisions of this Declaration does not invalidate the lien of a first Mortgage made in good faith and for value. This Declaration is binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise.

11.3 REQUIRED CONSENT OF ELIGIBLE MORTGAGE HOLDERS.

A. Eligible Mortgage Holder. As used in this section 11.3, "eligible mortgage holder" means a first Mortgagee, or the insurer or governmental guarantor of a first Mortgage, that has submitted a written request to the Association to notify it of any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

B. Amendments of a Material Nature. Amendments to the provisions of the Governing Documents of a material adverse nature to mortgagees require the approval of eligible mortgage holders that represent at least 51% of the votes of Units that are subject to mortgages held by eligible mortgage holders.

Except for minor, non-substantive changes, changes to provisions governing any of the following are of a material adverse nature: (1) voting rights; (2) increases in assessments that increase the previously assessed amount more than 25%, assessment liens or priority of such liens; (3) reductions in reserves for maintenance, repairs and replacement of the Common Area; (4) hazard or fidelity insurance requirements; (5) reallocation of interests in or rights to use the Common Area or Exclusive Use Common Area; (6) responsibility for maintenance and repair of the Project; (7) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project; (8) redefinition of boundaries of any Unit; (9) convertibility of Units into Common Area or of Common Area into Units; (10) imposition of any restrictions on the leasing of Units; (11) imposition of any right of first refusal or any other restriction on the right of an Owner to sell, transfer, or otherwise convey his or her Condominium; (12) restoration or repair of the Project (after a hazard damage or partial condemnation) in a manner other than that specified in the Governing Documents; or (13) any provisions which are for the express benefit of

mortgage holders, insurers or guarantors.

C. Termination of Legal Status of Project. Any action to terminate the legal status of the Project after substantial destruction or condemnation occurs requires the approval by eligible mortgage holders that represent at least 51% of the votes of Units that are subject to mortgages held by eligible mortgage holders.

D. Implied Consent. An eligible mortgage holder is assumed to have approved a written proposal if it fails to submit a response to the proposal within 60 days after it has received proper notice of the proposal, provided the notice was delivered by certified or registered mail, "return receipt" requested.

11.4 NOTICE TO MORTGAGE HOLDERS, INSURERS AND GUARANTORS. Upon written request to the Association identifying the name and address of the mortgage holder, insurer or guarantor and the Unit number or address of the Unit, a mortgage holder, insurer or guarantor is entitled to timely written notice of the following:

A. Any condemnation loss or any casualty loss that affects a material portion of the Project or the Unit securing its mortgage;

B. Any 60 day delinquency in the payment of assessments owed by the Owner of any Unit on which it holds the mortgage;

C. Any lapse, cancellation or material modification of an insurance policy maintained by the Association; or

D. Any proposed action that requires the consent of eligible mortgage holders, as specified in section 11.3.

11.5 RIGHTS TO INSPECT, RECEIVE STATEMENTS, ATTEND MEETINGS.

A. All Owners and lenders, and all holders, insurers or guarantors of any first Mortgage are entitled to inspect current copies of the Declaration, Bylaws, the Association rules and any other rules concerning the Project and the books, records and financial statements of the Association. Inspection may be made upon request, during normal business hours or under other reasonable circumstances.

B. If the Association has not prepared an audited financial statement, the holder, insurer or guarantor of any first Mortgage may have an audited financial statement for the immediately preceding fiscal year prepared at its own expense.

C. Upon written request to the Association, a first Mortgagee is entitled to receive written notice of, and may appear (but not vote) at meetings of the Owners and the Board.

11.6 LIMITATION ON RIGHT OF FIRST REFUSAL. The Governing Documents contain no provision creating a "right of first refusal," but if any of these rights is created in the future,

they must not impair the rights of any first Mortgagee to foreclose or take title to a Condominium pursuant to the remedies provided in the Mortgage, accept a deed (or assignment) in lieu of foreclosure in the event of a default by the Mortgagor, or sell or lease a Condominium acquired by the Mortgagee.

11.7 PRIORITY AS TO PROCEEDS AND AWARDS. No Owner or other party has priority over the rights of a Mortgagee pursuant to its Mortgage in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of Units or the Common Area.

11.8 SUBORDINATION. Any lien created or claimed under the provisions of this Declaration is subject and subordinate to the rights of any first Mortgagee with a first Mortgage that encumbers a Condominium, and will not defeat, invalidate or impair the obligation or priority of a first Mortgage unless the Mortgagee expressly subordinates its interest in writing.

11.9 LIEN ON INDIVIDUAL UNIT. All taxes, assessments and charges which may become liens prior to a first Mortgage under local law relate only to the individual Units and not to the Project as a whole.

ARTICLE 12

Enforcement

12.1 ENFORCEMENT.

A. ACTIONS BY THE ASSOCIATION OR AN OWNER TO ENFORCE GOVERNING DOCUMENTS. The Association or any Owner may enforce the Governing Documents. The parties to a dispute between the Association and an Owner must, in all cases, use good faith efforts to resolve the dispute through alternative dispute resolution according to the procedures set forth in the Bylaws or operating rules adopted by the Board.

Neither the Association nor an Owner may file an action in the superior court for enforcement of the Governing Documents that includes a request for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of \$5,000 unless the parties have endeavored to submit their dispute to alternative dispute resolution as required by sections 1369.510 through 1369.580 of the Civil Code and according to the procedures set forth in the Bylaws or operating rules adopted by the Board. An Owner may not seek to enforce this Declaration until the Owner has delivered a written request to the Association for enforcement and the Association has refused to perform or has not responded to the request within 60 days from the date of delivery. The foregoing does not apply to a small claims action or an assessment dispute.

This provision applies to any dispute between the Association and Declarant acting in its capacity as an Owner of a Unit and that does not arise out of defects in design or construction of the Project.

B. LEGAL ACTIONS AGAINST DECLARANT FOR DEFECTS IN DESIGN OR CONSTRUCTION . The following provisions apply where the Association seeks to take legal action against Declarant or other party who may be liable for defects in design or construction of the Project.

(1) Mandatory Binding Arbitration. Any disputes, claims, issues or controversies between any Owner and Declarant or between the Association and Declarant regarding any matters that arise out of or are in any way related to the Project, the relationship between Owner and Declarant or the relationship between the Association and Declarant, or any action for claimed constructions defects must be resolved through neutral, binding arbitration and not by any court action except as provided for judicial review of arbitration proceedings by California law.

Except as otherwise set forth in this Section, the arbitration proceedings must be conducted by and in accordance with the Streamlined or Comprehensive Rules and Regulations of Judicial Arbitration and Mediation Services, Inc. (JAMS) or the Commercial Arbitration Rules of the American Arbitration Association (AAA), or any successor to them. The Declarant shall advance the fees necessary to initiate the dispute or claim resolution process, with the cost and fees, including ongoing costs and fees, if any, to be paid as agreed by the parties and if they can't agree then the costs and fees to be paid as determined by the person or persons presiding at the dispute or claim resolution proceeding or hearing. The venue of the arbitration proceedings will be in the County of San Francisco. The arbitrator must be appointed within sixty days of the receipt of a written request to arbitrate the dispute by JAMS or AAA. In selecting the arbitrator, the provisions of section 1297.121 of the Code of Civil Procedure will apply. An arbitrator may be challenged for any of the grounds listed in that section or in section 1297.124 of the Code of Civil Procedure. The arbitrator is authorized to provide all recognized remedies available in law or equity in resolution of any dispute between the parties. However, the arbitrator does not have the authority to award punitive damages.

(2) Civil Code Sections 910-938 Prelitigation Requirements. Before filing any arbitration, legal action or other proceeding against Declarant, or a builder, developer, or contractor, for any claimed defects in the design and construction of the Project or for a violation of the functionality standards set forth in Civil Code sections 896-897 ("functionality standards"), the Association must comply with the procedures found in Title 7 of Part 2 of Division 2 of the California Civil Code, beginning at section 910. These procedures impact the legal rights of the Association and the Owners.

It is Declarant's intent to relinquish control over the Association's ability to decide whether to initiate a claim for violation of the functionality standards from and after the date of substantial completion of the Project. Therefore, a director appointed by Declarant or elected by votes cast by Declarant has no power or authority to participate in or vote on any action taken by the Association to initiate a claim for violation of the functionality standards. A decision by the Board to initiate a claim

for violation of the functionality standards also requires a Vote of the Owners. This section becomes effective automatically on the date that the first director is elected to the Board without the vote of Declarant.

C. COVENANT NOT TO SUE. Declarant, the Association, each Owner agrees to be bound by these provisions, and each Owner covenants that each shall forbear from commencing any litigation without complying with the procedures described in this Section 12. If any party breaches the foregoing covenant, the other party may obtain an appropriate order compelling the breaching party to comply with the procedures described in this Section 12. Despite the foregoing, any party may file a lawsuit and take such other action as may be necessary in order to toll the running of any applicable statute of limitations, provided that the party shall immediately stay any further proceedings under the legal action and shall comply with the provisions of this Section 12.

ARTICLE 13

General Provisions

13.1 HEADINGS. The headings used in this Declaration are for convenience only and are not to be used to interpret the meaning of any of the provisions of this Declaration.

13.2 SEVERABILITY. The provisions of this Declaration are independent and severable, and the invalidity or unenforceability of one does not affect the validity or enforceability of the others.

13.3 EXHIBITS. All Exhibits referred to are attached to this Declaration and incorporated by reference.

13.4 TERM. The initial term of this Declaration is 50 years from the date it is recorded, unless it is terminated earlier because of damage and destruction or condemnation as provided in sections 10.2 and 10.3 or by partition as permitted by Civil Code section 1359. After that 50 year period, this Declaration will extend automatically for successive periods of 10 years, unless by a vote of 67% of all Owners, the Owners vote to terminate it, and an instrument in writing to that effect is recorded within the year preceding the beginning of the next period of 10 years.

13.5 AMENDMENTS. Prior to close of escrow on the sale of the first Condominium, this Declaration may be amended by Declarant. Thereafter, this Declaration may be amended by an instrument in writing signed and acknowledged by the president or the secretary of the Association certifying under penalty of perjury that the amendment was adopted with the consent of a majority of Owners.

Any amendments of the Declaration may be enacted by requiring the vote or written assent of members representing both (1) a majority of the total voting power of the association which is at least a bare majority and not more than 75%; and (2) at least a bare majority of the votes of members other than Declarant. Where a greater percentage than a majority is required to amend any provision of this Declaration, amendment of that provision requires the approval of the

prescribed percentage of all of the Owners.

Notwithstanding the above provisions, Declarant reserves the right as the attorney-in-fact for each Owner to record an amendment or appropriate instrument of correction to correct any errors, as determined by a surveyor or architect, in this Declaration, or any exhibits thereto, including any Condominium Plans, and the consent of neither the Association nor any Condominium Owner is required, provided that if the correction affects size, location or access or use rights to any Unit or any Exclusive Use Common Area appurtenant to that Unit, the consent of that Unit Owner is required. An amendment must be recorded and becomes effective only upon being recorded in the County Recorder's Office. An amendment does not adversely affect the rights of the holder of any Mortgage of record recorded prior to the amendment. This Declaration may also be amended in accordance with the provisions of Civil Code section 1356.

13.6 OWNER'S COMPLIANCE. Each Owner must comply with the provisions of this Declaration, the Bylaws, the operating rules, and the decisions and resolutions of the Board. All agreements and determinations lawfully made by the Board in accordance with the voting percentages established in this Declaration or the Bylaws are binding on Declarant, all Owners, their successors and assigns.

13.7 POWER OF ATTORNEY. Any power of attorney exercisable by the Board on behalf of the Owners under this Declaration may be exercised only after the recording with the County Recorder of a certificate, executed by a majority of the Board, that the power of attorney is being exercised under the authority of this Declaration. The certificate is conclusive evidence of proper exercise in favor of any person relying on it in good faith.

13.8 NOTICES. Any notice permitted or required by the Governing Documents must be in writing. Unless expressly provided otherwise in a particular provision, delivery of a notice may be by any of the following means: (1) personal delivery, (2) certified or registered U.S. mail, (3) delivery by commercially recognized courier service, or (4) email, facsimile or other electronic means if the recipient has previously agreed to that method of delivery. If delivery is by mail, the notice is deemed delivered 72 hours after a copy of it has been deposited in the United States mail, postage prepaid, addressed to the Owner at the current address given by to the Owner to the secretary of the Board or addressed to the Unit of the Owner if no address has been given to the secretary. Electronic notice is deemed delivered upon transmission to the current email address or facsimile number delivered to the Association in accordance with the provisions of this section.

13.9 INDEMNIFICATION. Each Owner is liable to the Association for damage to the Common Area caused by the willful misconduct or negligence of the Owner, members of the Owners' family, and a contract purchaser, tenant, guest or invitee of the Owner, to the extent that the damage is not covered by insurance. Each Owner must indemnify and defend each other Owner and the Association against any claim of personal injury or property damage that occurred in the Owner's Unit and was caused by the willful or negligent act or omission of the Owner, his or her family members, contract purchasers, tenants, guests and invitees to the extent the injury or damage is not covered by insurance.

13.10 STANDING OF ASSOCIATION. The Association has standing to institute, defend, settle, or intervene in litigation, arbitration, mediation, or administrative proceedings in its own name as the real party in interest and without joining with it the individual Owners in matters pertaining to the following: (a) enforcement of the Governing Documents; (b) damage to the Common Area; (c) damage to a Unit that the Association is obligated to maintain or repair, and (d) damage to a Unit that arises out of, or is integrally related to, damage to the Common Area or a Unit that the Association is obligated to maintain or repair.

13.11 NOTICE OF NEW OWNERSHIP. No later than five days after close of escrow on the purchase of a Condominium, the new Owner must inform the Association of his or her name and address, the number of the Unit purchased, and the date of close of escrow on the purchase.

13.12 FAIR HOUSING. No Owner may, either directly or indirectly, forbid or restrict the conveyance, encumbrance, leasing, or occupancy of his or her Unit to any person of a specified race, color, religion, ancestry, national origin, sex, marital status, sexual orientation or physical disability.

13.13 SINGULAR AND PLURAL. The singular and plural number and masculine, feminine and neuter gender each include the other where the context requires.

13.14 STATUTORY REFERENCES. References to particular statutes of the State of California include any amendment of the statute. If a particular statute is repealed, reference to the statute will include any other statute that thereafter governs the same subject.

13.15 CONSTRUCTION OF PROVISIONS. The provisions of this Declaration must be construed liberally and in conjunction with the Bylaws and operating rules established by the Board to effect its purpose of creating a uniform plan for the development and operation of a condominium project pursuant to the provisions of section 1350 et seq. of the California Civil Code.

13.16 INCONSISTENCY IN DEFINITIONS. If there are any inconsistencies in the definitions contained in the Declaration and any notes on the Map or the Condominium Plan, the definitions contained in the Declaration control.

13.17 BINDING EFFECT. This Declaration shall inure to the benefit of and be binding on the successors and assigns of the Declarant, and the heirs, personal representatives, grantees, tenants, successors and assigns of the Owners.

Declarant has executed this Declaration on November 22, 2011.

SST Investments, LLC, a Delaware Limited
Liability Company



By: Siavash Tahbazof
Its: Manager-Member



By: Samaneh Tahbazof
Its: Manager-Member

State of California

County of

SAN FRANCISCO

On Nov 22, 2011 before me, William H. Travis Jr., a notary public, personally appeared SAMANET TANBAZOF & SIYASHA TANBAZOF 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

William H. Travis Jr.

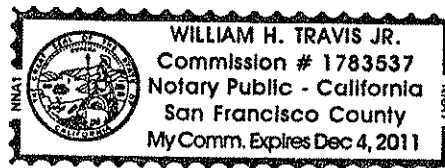


EXHIBIT "A"

CONDOMINIUM PLAN for 574 NATOMA STREET
ASSESSOR'S BLOCK 3726, LOTS 191 to 201
CITY AND COUNTY OF SAN FRANCISCO

SHEET 1 OF 8

SURVEYOR'S STATEMENT:

I hereby state that I am a Licensed Professional Land Surveyor of the State of California and that this condominium plan, consisting of seven sheets, truly represents the boundaries and elevations of the units and common area. No structural analysis or design features were considered nor were any design features reviewed for conformance with local building codes or ordinances.

PREPARED BY:
WESTOVER SURVEYING, INC.
336 CLAREMONT BLVD. STE 3
SAN FRANCISCO, CALIFORNIA 94127
(415) 242-5400



SIGNED:


DANIEL J. WESTOVER, P.L.S. NO. 7779
REGISTRATION EXPIRES 12/31/11

DATE: 8/29/11

GENERAL NOTES:

1. This condominium plan as defined by section 1351(e) of the California Civil Code is referenced to "FINAL MAP No. 6466, An 11 Residential Unit Condominium Project" recorded November 8, 2011, in Book 117 of Condominium Maps at pages 43 and 44, in the San Francisco County Records, State of California. This condominium project consists of 11 units and common area.
2. This condominium plan and the dimensions shown hereon are subject to the provisions of the Davis-Stirling Common Interest Development Act of the California Civil Code.
3. Refer to the "Declaration of Restrictions" for definitions of unit and common area.
4. The boundaries and dimensions of each unit shall be established as follows and graphically depicted hereon:
 - a) The upper boundary shall be the unfinished surface of the bottom of the ceiling and the lower boundary shall be the unfinished surface of the top of the floor.
 - b) The side boundaries shall be the unfinished interior surfaces of the perimeter walls of the units.
5. The diagrammatic floor plans shown hereon intentionally omit detailed information of internal partitioning within individual units. likewise, such details as protrusion of vents, beams, columns, window casings and other such features are not intended to be reflected on this condominium plan.
6. Bay windows, fire escapes and other encroachments (if any shown hereon, that exist, or that may be constructed) onto or over Natoma Street are permitted through and subject to the restrictions set forth in the Building Code and Planning Code of the City and County of San Francisco. This Condominium Plan does not convey any ownership interest in such encroachment areas to the condominium unit owner(s).
7. The unit area calculations shown hereon are approximate and for informational purposes only. The areas are based upon the horizontal surface within the dimensioned unit boundary lines of each level and does not reflect actual living floor space. They should not be relied upon for determining ownership or the value of a unit.
8. All distances are shown in feet and decimals of a foot and all deflection angles are at 45 or 90 degrees unless otherwise noted.
9. Elevations are based on the City and County of San Francisco datum.
10. Exclusive Use Common Areas are defined in the "Declaration of Restrictions" and are shown graphically on the following sheets of this Condominium Plan.

EXHIBIT "A"

CONDOMINIUM PLAN for 574 NATOMA STREET
ASSESSOR'S BLOCK 3726, LOTS 191 to 201
CITY AND COUNTY OF SAN FRANCISCO

SHEET 2 OF 8

OWNER'S STATEMENT:

We hereby state that we are the only owners and holders of record title interest or have some right, title, or interest in and to the real property included within the Subdivision shown upon the attached Condominium Plan; that we are the only persons whose consent is necessary to pass clear title to said real property; that we hereby consent to the making and recording of said Condominium Plan and Subdivision as shown; that said Condominium Plan constitutes and consists of Certified Diagrammatic Floor Plans within the meaning of paragraph 1351(e) of the civil code of the State of California; and we hereby consent to the making and recording of said Condominium Plan pursuant to Chapter 1, Title 6, Part 4, division second of the civil code of the State of California. in witness whereof we have caused these presents to be executed this 22 day of NOVEMBER, 2011.

OWNER: SST INVESTMENTS, LLC, A DELAWARE LIMITED LIABILITY COMPANY

BY:



SIAVASH TAHBAZOF, MEMBER

BY:



SAMANEH TAHBAZOF, MEMBER

EXHIBIT "A"

CONDOMINIUM PLAN for 574 NATOMA STREET
ASSESSOR'S BLOCK 3726, LOTS 191 to 201
CITY AND COUNTY OF SAN FRANCISCO

SHEET 3 OF 8

OWNER'S ACKNOWLEDGMENT:

STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO

}
}SS.
}

On Nov 22, 2011, before me, WILLIAM H. TRAVIS JR a Notary Public, personally
appeared SAMANEH TAHAZOF & SIAVASH TAHAZOF

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 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:

Signature

WILLIAM H. TRAVIS JR

Notary Public in and for said County and State

Principal County of Business: SAN FRANCISCO

Commission Expires: 12/4/11

Commission # of Notary: 1783537

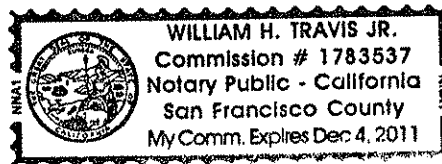
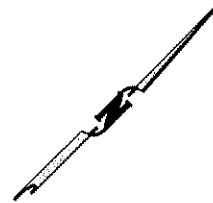


EXHIBIT "A"

CONDOMINIUM PLAN
574 NATOMA STREET
DIAGRAMMATIC FLOOR PLAN
LEVEL TWO
SHEET 5 OF 8



LEGEND

U.E. UPPER ELEVATION

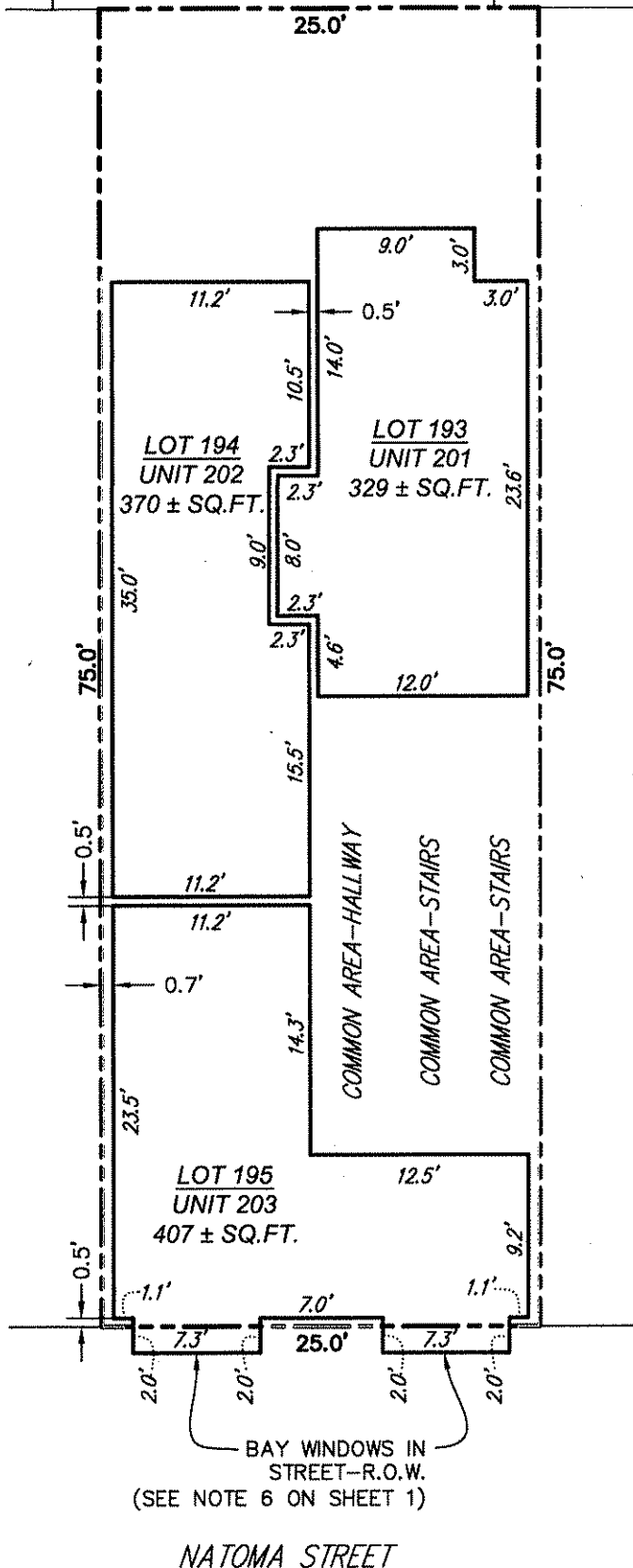
L.E. LOWER ELEVATION

----- PROPERTY LINE

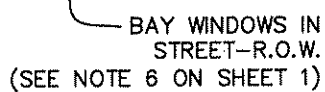
LEVEL TWO ELEVATION BOUNDARIES

L.E. = 28.2

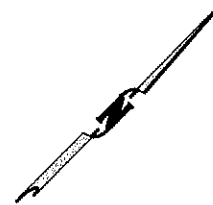
U.E. = 37.2



CONDOMINIUM PLAN
574 NATOMA STREET
DIAGRAMMATIC FLOOR PLAN
LEVEL THREE
SHEET 6 OF 8



NATOMA STREET



1 INCH = 10 FEET

U.E. UPPER ELEVATION
L.E. LOWER ELEVATION

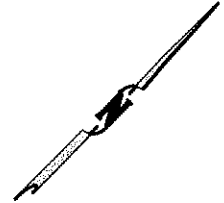
===== PROPERTY LINE

LEVEL THREE ELEVATION BOUNDARIES

L.E. = 38.2
U.E. = 47.2

EXHIBIT "A"

CONDOMINIUM PLAN
574 NATOMA STREET
DIAGRAMMATIC FLOOR PLAN
LEVEL FOUR
SHEET 7 OF 8



LEGEND

U.E. UPPER ELEVATION

L.E. LOWER ELEVATION

----- PROPERTY LINE

LEVEL FOUR ELEVATION BOUNDARIES

L.E. = 48.2

U.E. = 57.2

ASSESSORS BLOCK 3726
OLD LOT NUMBER 075

PERCENTAGE OF UNDIVIDED INTEREST IN COMMON AREA AS ASSIGNED BY OWNERS			
UNIT	LOT NO.	SQ.FT.	%
101	191	303±	7.58%
102	192	376±	9.41%
201	193	329±	8.23%
202	194	370±	9.26%
203	195	407±	10.18%
301	196	329±	8.23%
302	197	370±	9.26%
303	198	407±	10.18%
401	199	329±	8.23%
402	200	370±	9.26%
403	201	407±	10.18%

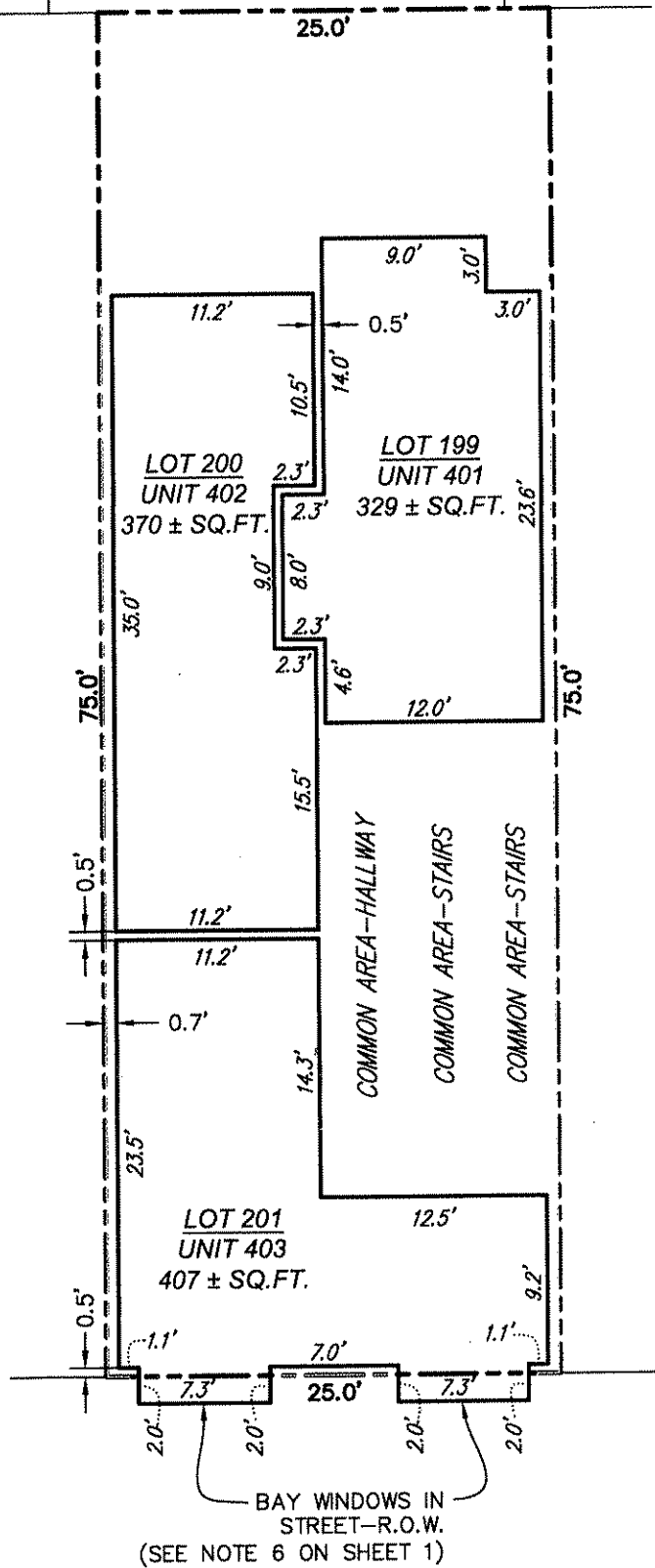
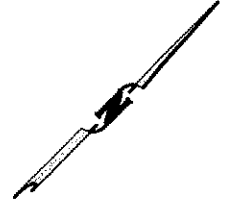
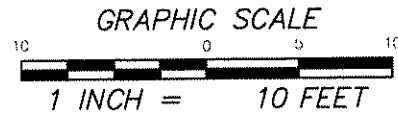


EXHIBIT "A"

CONDOMINIUM PLAN
574 NATOMA STREET
DIAGRAMMATIC FLOOR PLAN
ROOF LEVEL
SHEET 8 OF 8



LEGEND

U.E. UPPER ELEVATION

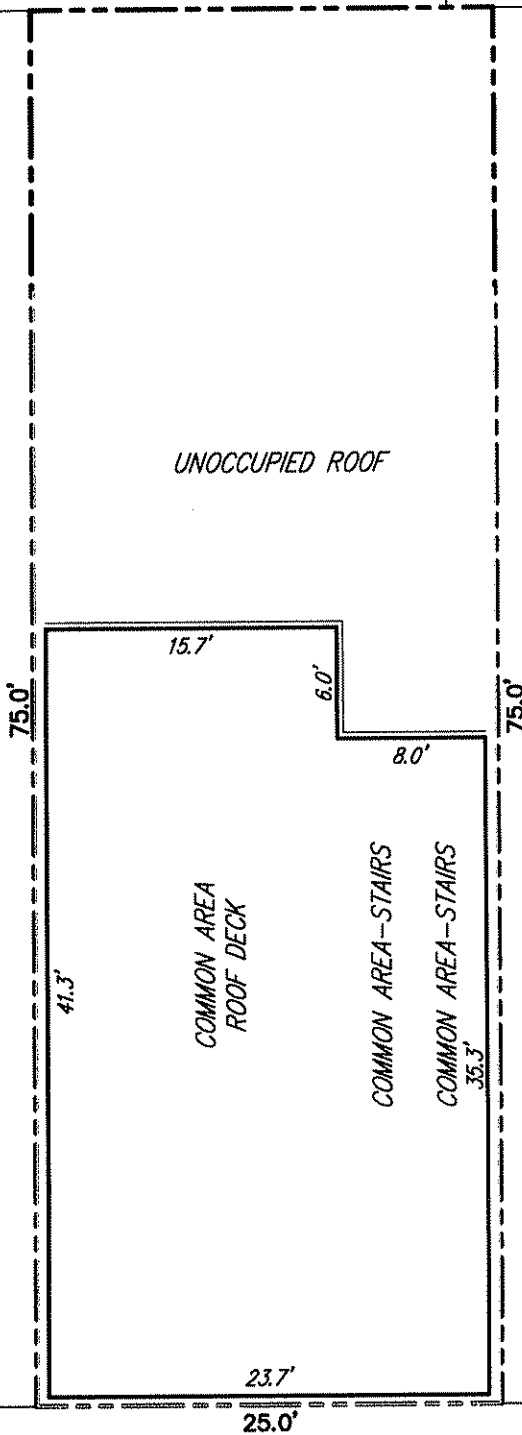
L.E. LOWER ELEVATION

--- PROPERTY LINE

ROOF LEVEL ELEVATION BOUNDARIES

L.E. = 58.2

U.E. = INFINITY



NATOMA STREET

EXHIBIT B

Maintenance Responsibilities

This Exhibit describes the respective maintenance responsibilities of the Owners and the Association. It may include some improvements not found at the Project, and may omit some improvements found at the Project. It is the sole responsibility of the Board to determine whether maintenance of an improvement not mentioned below is the responsibility of the Owner or the Association.

Owner maintenance responsibilities include:

- Appliances
- Cabinets and other fixtures
- Drains in the Exclusive Use Common Area decks - the Owner should maintain and clean all drains in the private yard before the beginning of each rainy season.
- Drywall and sheet rock
- Exclusive Use Common Areas specified in Section 2.1C
- Exterior doors - see below
- Exterior light fixtures at entry, deck and yard, and other fixtures and bulbs where fixture is connected to Unit's electrical system
- Heating system
- Hot water heater
- Interior Doors and hardware
- Interior Light fixtures
- Outlets and plugs for electrical and telecommunications wiring
- Keys and garage door openers required for entry into the Unit
- Partition walls
- Plumbing fixtures (sinks, toilets, etc.)
- Smoke detectors - battery operated
- Wall, floor and ceiling surfaces (e.g. paint, wallpaper, carpet and other flooring materials)
- Window coverings
- Windows - see below

Owners are reminded that they are obligated to notify the Association of any evidence of leaks or other defective condition that is the responsibility of the Association to repair.

Association maintenance responsibilities include:

- Electrical fixtures and outlets serving the Common Area (except those maintained by an Owner)
- Exterior doors (see below)
- Fences
- Floor, wall and ceiling surfaces of interior common areas, if any - clean, paint repair, replace
- Irrigation System (if any)
- Life Safety Systems - fire sprinkler system, including sprinkler heads within a Unit, hard

wired smoke alarms, fire alarm.

- Mailboxes
- Retaining walls
- Structural elements
- Water proofing - roof, exterior paint
- Windows - see below
- All other items as provided in the Budget Worksheet, Form RE 623

Exterior Doors and Windows: Responsibility for maintenance of exterior doors and windows is assigned as follows.

- **Exterior Doors.** Exterior doors include front doors, and doors to decks, screen doors, and garage doors that serve a single Unit. The Association is responsible for maintenance, repair and replacement of the door frame, door casing and door, and repair, refinishing and painting of door exterior. The Owner is responsible for repair and replacement of those portions of the door accessible from inside the Unit, including, repairing and painting the interior of the door, hardware, seals, weather stripping any other portion of the door assembly accessible from inside the Unit.
- **Windows.** The Association is responsible for maintenance, repair and replacement of the window frame, exterior trim, and repair, refinishing and painting of the exterior window frame. The Owner is responsible for repair and replacement of those portions of the window accessible from inside the Unit, including, repairing and painting the interior of the window frame and interior window trim, hardware, seals, weather stripping, window glass and any other portion of the window assembly accessible from inside the Unit.
- **Window Washing.** Each Owner is responsible for washing the exteriors of windows of his or her Unit.

CERTIFIED COPY

This is a true certified copy of the record
if it bears the seal, imprinted in purple ink,
of the Assessor-Recorder

PHIL TING NOV 29 2011



ASSESSOR-RECORDER
SAN FRANCISCO COUNTY CALIFORNIA

A large, stylized handwritten signature in black ink, which appears to read "Phil Ting", is written over the printed name and title of the Assessor-Recorder.