

BYLAWS OF

PORTSIDE

HOMEOWNERS' ASSOCIATION

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ATTACHMENT A

BYLAWS OF

PORTSIDE

HOMEOWNERS' ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the Association is Portside Homeowners' Association, a California nonprofit mutual benefit corporation, hereinafter referred to as the "Association". The principal office of the Association shall be located at 38 Bryant Street, San Francisco, California 94107.

ARTICLE II

DEFINITIONS

Section 2.1 The definitions contained in the Declaration are incorporated by reference herein.

Section 2.2 "Declaration". shall mean and refer to the Declaration of Conditions, Covenants and Restrictions of Portside, a Condominium Project recorded on the 11th day of February, 1994, in Book G67, Pages 584 and following, in the Official Records of the County of San Francisco.

ARTICLE III

MEETING OF MEMBERS AND VOTING

Section 3.1 Annual Meeting. The first annual meeting of the Members shall be held within forty-five (45) days after the closing of the sale of the Condominium in the Project which represents the fifty-first percentile interest authorized for sale under the first final public report of the Project, provided that such public report authorizes the sale of fifty (50) or more Condominiums in the Project. However, in no event shall the first annual meeting be held later than six (6) months after the closing of the sale of the first Condominium in the Project without regard to the number of Condominiums authorized for sale in the first public report. The next annual meeting shall be set by the Board so as to occur no later than ninety (90) days after the close of the Association's

fiscal year. Subsequent regular annual meetings of the Members shall be held within sixty (60) days of the same date of the same month of each year thereafter, at the hour of 7:30 p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2 Special Meetings. Special meetings of the Members of the Association shall be promptly scheduled by the Board in response to a vote of the Board itself or upon receipt of a written request for a special meeting signed by Members representing at least five percent (5%) of the total voting power of the Association.

Section 3.3 Notice, Place of Meetings and Procedure. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call a meeting, by personal delivery or mailing a copy of such notice postage prepaid at least fifteen (15), but not more than thirty (30), days before such meeting to each Member, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of the notice. Such notice shall specify the place, day and hour of the meeting, and, notwithstanding any other provision of law, shall specify those matters the Board intends to present for action by the Members; but, except as otherwise provided by law, any proper matter may be presented at such meeting for action. If action is proposed to be taken at any meeting for approval for any of the following proposals, the notice shall also state the general nature of the proposal; membership action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s): (a) removing a director without cause; (b) filling vacancies on the Board of Directors by Members; (c) amending the Articles of Incorporation; and/or (d) approving a contract or transaction in which a director has a material financial interest. Meetings shall be held within the Project, or at a meeting place within the same county, as close to the Project as possible. Meetings of the Members shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt.

Section 3.4 Quorum. The presence (either in person or by proxy), at any meeting of Members entitled to cast fifty-one percent (51%) of votes of the total voting power of the Association shall constitute a quorum for any action, except as otherwise provided in the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, a majority of the Members entitled to vote at such meeting shall have the power to adjourn the meeting to a date not less than five (5) days or more than thirty (30) days from the meeting date, at which meeting the quorum requirements shall be reduced to at least twenty-five percent (25%) of votes of the total voting power of the Association. The reduced quorum provisions of this Section shall not apply to any meeting at which a vote is taken to increase assessments, pursuant to Article IV, Section 4.5 of the

Declaration. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members according to Section 3.3 hereof. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that twenty-five percent (25%) of the total voting power of the Association remains in person and/or by proxy and provided further that any action taken is approved by a majority of the voting power of the Association required to constitute a quorum.

Section 3.5 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing, in the form attached hereto as Attachment A (or such other form as may be required by law from time-to-time) and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Condominium, or upon receipt of notice by the Secretary of the Board of the death or judicially declared incompetency of any Member. The proxy shall not be valid after the expiration of eleven (11) months from the date thereof, unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three (3) years from the date of execution. Every proxy continues in full force and effect until revoked by the person executing it prior to the vote pursuant thereto, except as otherwise provided in this Section. Such revocation may be effected by a writing delivered to the Association stating that the proxy is revoked or by a subsequent proxy executed by the person executing the prior proxy and presented to the meeting, or, as to any meeting, by attendance at such meeting and voting in person by the person executing the proxy. The dates contained on the forms of proxy presumptively determine the order of execution, regardless of the postmark dates on the envelopes in which they are mailed.

Any form of proxy or written ballot distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the governing body be named in the proxy or written ballot. The proxy or written ballot shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it will be valid.

Section 3.6 Voting. The Association shall have two classes of voting membership:

(a) Class A. Class A Members shall be all Owners with the exception of Declarant. Each Condominium shall be allocated one vote in the Association. When more than one Owner holds an interest in any Condominium, all such co-Owners shall be Members

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

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

i. On the second anniversary of the first conveyance of a Condominium in the most recent phase of the Project; or

ii. On the fourth anniversary of the first conveyance of a Condominium in the first phase of the Project.

Except as otherwise provided in the Condominium Documents, any action by the Association which must have the approval of the Members before being undertaken shall require the vote or written consent of fifty-one percent (51%) of each class of membership during the time that there are two outstanding classes of membership. When only a single class exists after conversion of Class B to Class A shares, any action by the Association which is subject to the approval of Members other than Declarant shall require the vote or written consent of fifty-one percent (51%) of the total voting power of the Association, as well as the vote or written consent of fifty-one percent (51%) of the total voting power of Members other than Declarant. Voting rights attributable to Condominiums shall not vest until assessments against those Condominiums have been levied by the Association. Owners of Condominiums in all Phases shall have the same voting rights. The vote or written consent referred to herein shall mean the vote or

written consent of Owners in the Project as a whole, nor Owners in each Phase.

Section 3.7 Actions Without a Meeting. Any action that may be taken at any annual or special meeting of Members (except the election of directors) may be taken without a meeting in accordance with California Corporations Code Section 7513.

ARTICLE IV

BOARD OF DIRECTORS

Section 4.1 Number of Directors. The affairs of the Association shall be managed by a Board of five (5) directors who need not be Members of the Association until conversion of Class B membership to Class A, after which time all directors must be Members (or an officer, director, employee or agent of a Member, including Declarant) of the Association. The Declarant shall appoint the first directors who shall serve until the first meeting, as set forth in Section 3.1 hereof.

Section 4.2 Term of Office. At the first meeting of the Association, the members shall elect three (3) Directors for a term of two (2) years and two (2) directors for a term of one (1) year. At the expiration of the initial term of office of each respective Director, the successor to that Director shall be elected for a term of two (2) years. Unless vacated sooner, each Director shall hold office until the director's term expires and a successor is elected.

Section 4.3 Removal; Vacancies. Unless the entire Board is removed from office by the vote of Association Members, an individual director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal would be sufficient to elect the directors if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Board members, authorized at the time of the most recent election of the Board members, were then being elected. A director who was elected solely by votes of Members other than Declarant may be removed from office prior to expiration of his term only by the vote of a majority of Members other than Declarant. In the event of death or resignation of a director, his successor shall be selected by a majority of the remaining members of the Board at a duly held meeting and shall serve for the unexpired term of his predecessor; provided, however, that if such director was elected by cumulative voting, the successor shall also be elected by cumulative voting. If a director is removed from office, he shall not be replaced by the remaining Board members; his term shall be completed by a director elected by the Association, pursuant to Article V hereof.

Section 4.4 Compensation. No director shall receive compensation for any service he may render the Association.

However, any director may be reimbursed for his actual expenses incurred, if reasonable, in the performance of his duties.

Section 4.5 Indemnification. Each present and former director, officer, employee or other agent of the Association shall be indemnified by the Association and the Members to the fullest extent authorized under California Corporations Code Section 7237, or any successor statute. The Association may advance to any such person funds to pay expenses that may be incurred in defending any action or proceedings, unless it is determined that such person was not entitled to indemnification under this Section 4.5.

ARTICLE V

ELECTION OF DIRECTORS

Section 5.1 Nominations. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Notice to the Members of the meeting shall include the names of all those who are nominees at the time the notice is sent. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members, to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. All candidates shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes.

Section 5.2 Election of Directors. The first election of the Board shall be conducted at the first meeting of the Association. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration and these Bylaws. The persons receiving the largest number of votes shall be elected. Cumulative voting shall be utilized during all elections in which more than two (2) positions of the Board are to be filled. Voting for directors shall be by secret written ballot. In order to insure secrecy of ballots and fairness in the conduct of director elections, the Board may, but shall not be obligated to, utilize the services of the Association's management company, legal counsel or certified public accountant to receive and tabulate all ballots. So long as a majority of the voting power of the Association resides in the Declarant, or so long as there are two (2) outstanding classes of Members in the Association, not less than twenty percent (20%) of the incumbents on the Board shall have been elected solely by the votes of the Members other than Declarant. The remaining directors shall be elected in accordance

with normal voting procedures. A director who was elected solely by the votes of Members other than Declarant may be removed from office prior to the expiration of his term only by votes of a majority of the Members other than Declarant.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 6.1 Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly at such place within the Project and at such hours as may be fixed from time to time by resolution of the Board. Should such meeting fall upon a legal holiday, then the meeting shall be held at the same time on the next day which is not a legal holiday. Notice of the time and place of meeting shall be posted at a prominent place within the Common Area and shall be communicated to Board members not less than four (4) days prior to the meeting. Notice of a meeting need not be given to any Board member who has signed a waiver of notice or a written consent to holding of a meeting. If the Common Area consists only of an easement or is otherwise unsuitable for posting of such notice, the Board of Directors shall communicate the notice of the time and place of such meeting by any means it deems appropriate.

Section 6.2 Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by two (2) Directors other than the President. The notice shall specify the time and place of the meeting and the nature of the special business to be considered. The notice shall be given to all directors by one of the following methods: (a) by personal delivery; (b) by written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the director's office who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telegram, charges prepaid. The notice also shall be posted at a prominent place within the Common Area or communicated not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice of the meeting need not be given to any Board member who signed a waiver of notice or a written consent to holding of the meeting. If the Common Area consists only of an easement or is otherwise unsuitable for posting of such notice, the Board of Directors shall communicate the notice of the time and place of such meeting by any means it deems appropriate.

Section 6.3 Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 6.4 Open Meetings. All meetings of the Board shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation, unless expressly so authorized by a majority of a quorum of the Board.

Section 6.5 Executive Session. The Board may, with approval of a majority of its members present at a meeting at which a quorum for the transaction of business has been established, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, the formation of contracts with third parties and litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session. In any matter relating to the discipline of a Member, the Board shall meet in executive session, if requested by that Member, and the Member shall be entitled to attend the executive session. Any matter discussed in executive session shall be generally noted in the minutes of the Board.

Section 6.6 Minutes. The minutes, draft minutes proposed for adoption (marked to indicate draft status) or a summary of the minutes of any meeting of the Board, other than an executive session, shall be available to Members within thirty (30) days of such meeting. The minutes, draft minutes or summary minutes shall be distributed to any Member upon request and upon reimbursement of the Association's cost in making such distribution. At the time that the pro forma budget is distributed to the Members in accordance with Section 9.1 of these Bylaws, or at the time of any general mailing to the entire membership of the Association, Members shall be notified of their right to have copies of the minutes of meetings of the Board and how and where such minutes may be obtained.

Section 6.7 Telephone Meetings. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another, and all such directors shall be deemed to be present in person at such meeting. An explanation of the action taken shall be posted at a prominent place within the Common Area within three (3) days after the meeting. If the Common Area consists only of an easement or is otherwise unsuitable for posting of such notice, the Board of Directors shall communicate the notice of the time and place of such meeting by any means it deems appropriate.

Section 6.8 Notice of Adjourned Meeting. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the directors who were not present at the time of the adjournment, and shall be posted at a prominent place within the Common Area. If the Common Area consists only of an easement or is otherwise unsuitable for posting of such notice, the Board of Directors shall communicate the notice

of the time and place of such meeting by any means it deems appropriate.

Section 6.9 Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. An explanation of the action taken shall be posted at a prominent place or places within the Common Area within three (3) days after the written consents of all Board members have been obtained. If the Common Area consists only of an easement or is otherwise unsuitable for posting of such notice, the Board of Directors shall communicate the explanation of the action taken by any means it deems appropriate.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1 Duties. It shall be the duty of the Board of Directors to:

- (a) Maintain the Project in accordance with Article V, Section 5.1(a) of the Declaration.
- (b) Maintain insurance as required by Article V, Section 5.1(b) of the Declaration.
- (c) Discharge by payment, if necessary, any lien against the Common Area and assess the cost thereof to the Member or Members responsible for the existence of such a lien, provided that such Member(s) is given notice and the opportunity to be heard by the Board prior to discharge of the lien.
- (d) Fix, levy, collect and enforce assessments as set forth in Article IV of the Declaration.
- (e) Pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes or governmental charges levied or imposed against the Property of the Association.
- (f) Cause to be kept a complete record of all its acts and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting where such a statement is requested in writing by one of the Class A Members.
- (g) Supervise all officers, agents and employees of the Association, and see that their duties are properly performed.

(h) Review, on at least a quarterly basis, a current reconciliation of the Association's operating and reserve accounts, the current year's actual reserve revenues and expenses compared to the current year's budget and an income and expense statement for the Association's operating and reserve accounts. In addition, the Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts.

(i) At least once every three (3) years, the Board shall cause a study of the reserve account requirements of the Project to be conducted if the current replacement value of the components of the Common Area and facilities which the Association is obligated to repair, replace, restore, or maintain (the "Components") is equal to or greater than one-half of the gross budget of the Association for any fiscal year. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. Such study shall at a minimum include:

i. Identification of the Components, as of the date of the study, having a remaining useful life of less than 30 years.

ii. Identification of the probable remaining useful life of the Components, identified in subsection (i)(i) as of the date of the study.

iii. An estimate of the cost of repair, replacement, restoration, or maintenance of each Component identified in subsection (i)(i) during and at the end of its useful life.

iv. An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain each Component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

(j) Require at least two (2) signatures for the withdrawal of monies from the Association's reserve accounts, which signatures shall be of members of the Board or one (1) member of the Board and one (1) officer who is not a member of the Board.

(k) Enforce these Bylaws, the Declaration, and other instruments for the ownership, management and control of the Project.

For purposes of this Section 7.1, "reserve accounts" shall mean monies that the Association's Board has identified for use to defray the future repair or replacement of, or additions to, the Components; and "reserve account requirements" means the estimated funds which the Association's Board has determined are

required to be available at a specified point in time to repair, replace, or restore the Components.

Section 7.2 Powers. The Board of Directors shall have power to:

(a) Employ a manager as provided in Article V, Section 5.2(c) of the Declaration.

(b) Adopt rules in accordance with Article V, Section 5.2(d) of the Declaration.

(c) Levy and collect assessments and impose fines as provided in Article V, Section 5.2(f) of the Declaration.

(d) Enforce these Bylaws and the Declaration in accordance with Article IX thereof.

(e) Contract for goods and/or services in accordance with Article V, Section 5.2(j) of the Declaration.

(f) Delegate its authority and powers to committees, officers and employees of the Association. The following powers, however, may not be delegated:

i. To make capital expenditures;

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

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

iv. To levy regular or special assessments.

(g) Determine the fiscal year of the Association.

Section 7.3 Prohibited Acts. The Board of Directors shall not take any of the following actions, except with the vote or written consent of fifty-one percent (51%) of each class of membership or, after conversion of Class B to Class A shares, fifty-one percent (51%) of the voting power of Members other than Declarant and fifty-one percent (51%) of the total voting power of the Association:

(a) Enter into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one year, with the following exceptions:

i. A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utility Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regular rate.

ii. Prepaid casualty and/or liability insurance policies of not to exceed three years duration; provided that the policy permits short rate cancellation by the insured.

iii. A management contract, the terms of which have been approved by the Veterans Administration or Federal Housing Administration.

iv. Lease agreements for laundry room fixtures and equipment of not to exceed five (5) years duration, provided that the lessor under the agreement is not an entity in which Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

v. Agreements for cable television services and equipment, or satellite dish television services and equipment of not to exceed five (5) years duration, provided that the supplier is not an entity in which Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

vi. Agreements of sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five (5) years duration, provided that the supplier or suppliers are not entities in which Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(b) Incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) 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 (5%) of the budgeted gross expenses of the Association for that fiscal year.

(d) Pay any compensation to any members of the Board or to the officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member of the Board or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

(e) Fill a vacancy on the Board created by the removal of a Board member.

Section 7.4 Capitalization Fund. Pursuant to the terms of Declarant's Contract for the Sale and Purchase of Real Property for the Condominiums, the initial Owner of each Condominium is required to pay to the Association an amount equal to one (1) month's worth of regular assessments to be used to establish a capitalization fund (the "Fund"). The Association shall maintain the Fund in a separate account, to be disbursed by the Board to pay for the start-up and initial organization of the Association, the initial

occupancy and operation of the Project, additions and upgrades to the Project, and other purposes deemed appropriate by the Board.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 8.1 Enumeration of Officers. The officers of the Association shall be a President and a Vice President (who shall at all times be members of the Board of Directors), a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution designate. All officers shall be Members of the Association.

Section 8.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors and following each annual meeting of the Members.

Section 8.3 Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year, unless he shall sooner resign or shall be removed or otherwise disqualified to serve.

Section 8.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may determine from time to time.

Section 8.5 Resignation and Removal. Any officer may be removed from office by the Board, with or without cause. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. The acceptance of such resignation shall not be necessary to make it effective. This Section shall not apply to the removal of Directors from the Board.

Section 8.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve the remainder of the term of the officer he replaces.

Section 8.7 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to this Article VIII, Section 8.4.

Section 8.8 Duties. The duties of the officers are as follows:

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

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

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; shall serve notices of the meetings of the Board and of the Members; shall keep appropriate current records showing the Members of the Association, together with their addresses; shall serve as a director of the Master Board; and shall perform such other duties as required by the Board.

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse funds as directed by the resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Association; shall keep proper books and accounts; shall serve as a director of the Master Board; and shall prepare and distribute financial statements and reports to each Member, as required in Article IX of these Bylaws.

ARTICLE IX

REQUIRED FINANCIAL STATEMENTS AND REPORTS

Section 9.1 Financial Information. The Board shall cause the following financial information to be regularly prepared and distributed to all Members of the Association, regardless of the number of Members or the amount of assets of the Association:

(a) A pro forma operating budget for the immediately ensuing fiscal year, consisting of at least the following information, shall be distributed not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the Association's fiscal year. The budget shall include all of the following:

i. The estimated revenue and expenses on an accrual basis.

ii. A summary of the Association's reserves based upon the most recent review of study conducted pursuant to Section 7.1(i) of these Bylaws, printed in bold type and including:

A. The current estimated replacement cost, estimated remaining life, and estimated useful life of each Component (as such term is defined in Section 7.1(i)).

B. As of the end of the fiscal year for which the study is prepared:

1. The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the Components (the "Estimate").

2. The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain the Components (the "Set Aside").

C. The percentage that the Set Aside is of the Estimate.

iii. A statement as to whether the Board has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any Component or to provide adequate reserves therefor.

iv. A general statement addressing the procedures used for the calculation and establishment of reserves to defray the future costs of repair, replacement, or additions to, the Components.

(b) A balance sheet (as of an accounting date which is the last day of the month closest in time to six months from the date of closing of the first sale of an interest in the Project) and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received or receivable, identified by the number of the Condominium and the name of the entity assessed.

(c) A report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

i. A balance sheet as of the end of the fiscal year.

ii. An operating (income) statement for the fiscal year.

iii. A statement of changes in financial position for the fiscal year.

iv. For any fiscal year in which the gross income to the Association exceeds \$75,000, a review of the annual report, prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

v. Any information required to be reported under California Corporations Code Section 8322.

vi. If the report referred to in this subsection (c) is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.

(d) In lieu of distributing the pro forma operating budget required by Section 9.1(a) above (including all items described in subclauses (i), (ii), (iii) and (iv) of Section 9.1(a)), the Board may elect to distribute a summary of such budget to all Members of the Association, with a written notice (in 10-point bold type on the front page of the summary) that the pro forma operating budget is available at the Association's business office, or at another suitable location within the Project's boundaries, and that copies will be provided upon request and at the Association's expense. The Association must mail a copy of the pro forma operating budget (including all items described in subclauses (i), (ii), (iii) and (iv) of Section 9.1(a)) to any Member requesting same, by first class U.S. mail at the Association's expense and mailed within five (5) days from such request.

Section 9.2 Statement Regarding Member Defaults. In addition to financial statements, the Board shall annually distribute within sixty (60) days prior to the beginning of the fiscal year a statement of the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of regular and special assessments, including the recording and foreclosing of liens against Members' Condominiums, and a statement of the place where names and addresses of the current Members are located.

Section 9.3 Schedule of Monetary Penalties. If the Association adopts a policy of imposing any monetary penalty, including any fee, on any Member for a violation of the Condominium Documents, including any monetary penalty relating to the activities of a guest or invitee of a Member, the Board of Directors shall adopt and distribute to each Member, by personal delivery or first-class mail, a schedule of the monetary penalties that may be assessed for those violations, which shall be in accordance with authorization for Member discipline contained in the Condominium Documents. The Board of Directors shall not be required to distribute any additional schedules of monetary penalties unless there are changes from the schedule that was adopted and previously distributed to the Members.

Section 9.4 Notice Regarding Alternative Dispute Resolution. The Board shall annually distribute to all Members of the Association, as required by California Civil Code Section 1354(i), a summary of the provisions of California Civil Code Section 1354, which relate to enforcement of the the Declaration by Members or the Association through the use of some form of alternative dispute resolution.

ARTICLE X

COMMITTEES

The Board of Directors shall appoint such committees as it shall deem appropriate.

ARTICLE XI

BOOKS AND RECORDS

Section 11.1 Inspection by Members. The membership register, including mailing addresses and telephone numbers; books of account; and minutes of meetings of the Members, of the Board, and of committees of the Board or the Association shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the Project as the Board shall prescribe.

Section 11.2 Rules for Inspection. The Board shall establish reasonable rules with respect to:

(a) Notice to be given to the custodian of records by the Member desiring to make inspection, which shall not be more than five (5) business days in the case of the membership list, and not more than ten (10) business days in all other cases;

(b) Hours and days of the week when such inspection may be made;

(c) Payment of the cost of preparing and reproducing copies of documents requested by a Member, including the cost of personnel required to supervise the inspection so as to protect the integrity of the corporate records of the Association.

Section 11.3 Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extra copies

of documents at the Association's cost.

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association regular and special assessments which are secured by a lien upon the Condominium against which the assessment is made. Any assessments which are not paid within 15 days after the due date shall be delinquent and shall bear interest and be subject to a late charge as provided in Section 4.9 of the Declaration. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same or record a notice of delinquent assessment, pursuant to California Civil Code Section 1367, and foreclose the lien against the Condominium, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for such assessment by nonuse of the Common Area or abandonment of his Unit.

Fines, penalties, and reimbursement charges levied to reimburse the Association for costs incurred in the repair of damage to Common Areas and facilities for which the Owner was allegedly responsible, or in bringing the Owner and his or her Condominium into compliance with the governing instruments, are not assessments subject to enforcement by lien or power of sale in accordance with Sections 2924, 2924(b), and 2924(c) of the California Civil Code.

The above statement does not apply to charges imposed against an Owner consisting of reasonable late payment penalties for delinquent assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent assessments.

ARTICLE XIII

AMENDMENTS

Section 13.1 These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members, and a majority of the votes of Members other than Declarant (or, where the two class voting structure is still in effect, by a vote at a meeting where a quorum exists, by a majority

of Members in each class present in person or by proxy). In no event, however, may any clause, provision or Section of these Bylaws be amended by a voting power of the Association which is lower than the percentage of affirmative votes prescribed for action to be taken under that clause, provision or Section.

Section 13.2 In case of any conflict between these Bylaws and the Articles of Incorporation, the Articles shall control. In case of any conflict between these Bylaws and the Declaration, the Declaration shall control. In case of any conflict amongst these Bylaws, the Articles of Incorporation, the Declaration, and the Davis-Stirling Common Interest Development Act (California Civil Code Section 1350 and following), the provisions of said statute shall control.

ARTICLE XIV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of the close of escrow of the first sale of a Condominium.

ARTICLE XV

TAX-EXEMPT STATUS

Section 15.1 Tax-Exempt Status. The Board and Members of the Association shall conduct the business of the Association in such manner that the Association qualify and be considered an organization exempt from federal and state income taxes, pursuant to Internal Revenue Code Section 528 and California Revenue and Taxation Code Section 23701t, as amended.

Section 15.2 Filing. The Board shall cause to be timely filed any annual election for tax-exempt status, as may be required under federal or state law, and shall undertake to cause the Association to comply with the statutes, rules, and regulations which have been or shall be adopted by federal and state agencies pertaining to such exemptions.

We the undersigned, being all of the Directors of the Portside Homeowners' Association, do hereby certify:

That we are entitled to exercise all of the voting power of the Association; that we hereby consent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of the Association.

IN WITNESS WHEREOF, we have executed the Bylaws this 11th day
of February, 1994.

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

I, the undersigned, being the duly elected and acting
Secretary of Portside Homeowners' Association, do hereby certify:

That the within and foregoing Bylaws were adopted as the
Bylaws of the Association on the 11th day of
February, 1994, and that the same do now
constitute the Bylaws of the Association.

IN WITNESS WHEREOF, I have subscribed my name to this
certificate this 11th day of February, 1994.

[Signature]
Secretary

EMEF10\C-BYLRES.5G3

ATTACHMENT A
TO
BYLAWS
OF
PORTSIDE HOMEOWNERS' ASSOCIATION
FORM OF PROXY

PORTSIDE
HOMEOWNER'S ASSOCIATION
REVOCABLE PROXY

I (We) _____, owner(s) of Unit(s) _____ and member(s) of the Portside Homeowner's Association, hereby grant and assign to the below named person all rights and privileges to use my/our vote for any and all purposes to be voted upon by the Association at the [annual] [special] meeting to be held on insert date of the meeting. This voting power includes, but is not limited to establishing a quorum, voting for members of the Board of Directors, voting for amendments to the By-laws or other governing instruments of the Association, voting for resolutions, and other matters as may be brought before the Association at such meeting. This proxy dated and effective as of insert date of the meeting shall expire at midnight on insert the date one day after the meeting, unless or until I (we) revoke it by notifying the Secretary of the Association in writing. This proxy supersedes any and all proxies dated and given prior to insert date of the meeting. I (We) understand that at such meeting, there will be discussions of _____
insert agenda items that will be discussed

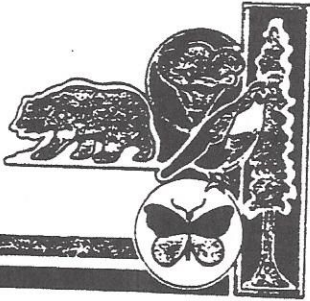
I (We) have discussed these items with my (our) proxy and know that I (we) have the right of approval or disapproval of all of these items. Our proxy will vote according to our wishes.

This Proxy given to _____

Dated: insert date of the meeting

Signed

Signed



State
of
California

OFFICE OF THE SECRETARY OF STATE

1832408

CORPORATION DIVISION

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the corporate record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

FEB - 3 1994



March Fong Eu

Secretary of State

1832408

ARTICLES OF INCORPORATION

OF

PORTSIDE

HOMEOWNERS' ASSOCIATION

RECORDED
FILED
In the office of the Secretary of State
of the State of California

FEB - 1 1994

MARCH 1994 EJ. Secretary of State

ARTICLE I

NAME OF CORPORATION

The name of this corporation is Portside Homeowners' Association (referred to herein as the "Association").

ARTICLE II

PURPOSES OF THE ASSOCIATION

The corporation is a nonprofit mutual benefit corporation organized under the California Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under such law. Additional purposes for which the Association is formed are as follows:

The specific and primary purposes are to provide for the government, maintenance, preservation and architectural control of that certain Project located in the City and County of San Francisco, known as Portside (referred to herein as the "Project").

Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this corporation.

ARTICLE III

AGENT FOR SERVICE OF PROCESS

The name and address of the Association's initial agent for service of process is as follows: Mr. S. Osborn Erickson, c/o Emerald Fund, 501 Second Street, Suite 422, San Francisco, California, 94107.

ARTICLE IV

AMENDMENT

Amendment of these Articles while the two-class voting structure is in effect shall require the vote or written consent of (1) the members representing seventy-five percent (75%) of the voting power of each class of membership; and (2) seventy-five percent (75%) of the members of the Board. At such time that the two-class voting structure is no longer in effect because of the conversion of one class to another, any amendment of these Articles shall require the vote or written consent of: (1) seventy-five percent (75%) of the total voting power of the Association; (2) seventy-five percent (75%) of the Members other than Declarant (as defined in the "Declaration of Conditions, Covenants and Restrictions of Portside, a Condominium Project"); and (3) seventy-five percent (75%) of the members of the Board.

ARTICLE V

DISSOLUTION

The Association does not contemplate pecuniary gain or profit to the members thereof and is intended to qualify as a Homeowners' Association under the applicable provisions of the Internal Revenue Code, and of the Revenue and Taxation Code of California. No part of the net earnings of this organization shall inure to the benefit of any private individual, except as expressly provided in those Sections with respect to the acquisition, construction, or provision for management, maintenance, and care of the Association Property, and other than by a rebate of excess membership dues, fees, or assessments. In the event of the dissolution, liquidation, or winding-up of the Association, upon or after termination of the Project in accordance with provisions of such Declaration, its assets remaining after payment, or provision for payment, of all debts and liabilities of the Association, shall be divided among and be distributed to the Members in accordance with their respective rights therein.

If the Association holds any assets in trust, such assets shall be disposed of in such manner as may be directed by decree of the Superior Court of the county in which the principal office of the corporation is located, upon petition therefore by the Attorney General or by any person concerned in the liquidation.


IN WITNESS WHEREOF, for the purposes of forming this corporation under the laws of the State of California, the undersigned limited partnership, the incorporator of the Association, has executed these Articles of Incorporation this 20 day of January, 1994.

HUM BABY ASSOCIATES,
A CALIFORNIA LIMITED PARTNERSHIP

By: Emerald Fund, Inc., a California
corporation, Its General Partner

By: 
S. Osborn Erickson
President

I hereby declare that I am the person who executed the foregoing Articles of Incorporation as the president of Emerald Fund, Inc., a California corporation, the general partner of Hum Baby Associates, a California Limited Partnership, the incorporator of the Association, which execution is my act and deed and the act and deed of said corporation and said limited partnership.


S. OSBORN ERICKSON

EMEF10\C-ARTRES.5G3

State of California)

County of SAN FRANCISCO)

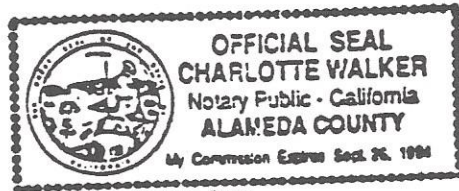
ss.

On JANUARY 31, 1994, before me, the undersigned, a Notary Public in and for said State, personally appeared Robert G. URAMER, personally known to me (~~or 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 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 this instrument.

WITNESS my hand and official seal.

Charlotte Walker

Notary Signature



(Notary Seal)

Exhibit "B"

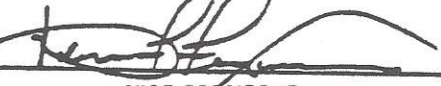
First Interstate Bank of California, a California corporation, as Corporate Co-Trustee for Cement Masons Pension Trust Fund for Northern California

By: 
VICE PRESIDENT
Robert G. Cramer


First Interstate Bank of California, a California corporation, as Custodian for Sheet Metal Workers of Northern California Pension Trust Fund

By: 
VICE PRESIDENT
Robert G. Cramer

First Interstate Bank of California, a California corporation, as Corporate Co-Trustee for Laborers Pension Trust Fund for Northern California

By: 
VICE PRESIDENT
Robert G. Cramer

First Interstate Bank of California, a California corporation, as Corporate Co-Trustee for Pension Trust Fund for Operating Engineers

By: 
VICE PRESIDENT
Robert G. Cramer


First Interstate Bank, Ltd., a California corporation, as Corporate Co-Trustee for Carpenters Pension Trust Fund for Northern California

By: 
ROBERT G. CRAMER
VICE PRESIDENT

Imperial Trust Company, a California corporation, as Corporate Co-Trustee for Pacific Coast Roofers Pension Plan

By: 
ROBERT G. CRAMER
VICE PRESIDENT

First Interstate Bank, Ltd., a California corporation, as Corporate Co-Trustee for Northern California Plastering Industry Pension Trust Fund

By: 
VICE PRESIDENT
Robert G. Cramer

First Interstate Bank, Ltd., a California corporation, as Corporate Co-Trustee for Northern California Glaziers, Architectural Metal and Glassworkers Pension Trust Fund

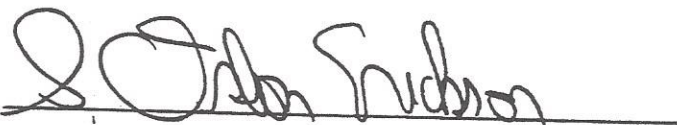
By: 
VICE PRESIDENT

AMENDMENTS


1. These Rules and Regulations may be amended or revised in accordance with the provisions of the Declaration and the Bylaws of the Association.

You have been given copies of the Declaration of Covenants, Conditions and Restrictions of Portside, A Condominium Project. These Rules have been adopted pursuant to the provisions provided for in the Bylaws and Declaration. In case of any inconsistencies, the Declaration would supersede the Bylaws and both the Declaration and Bylaws supersede these Rules and Regulations.

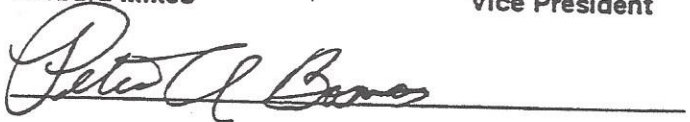
BOARD OF DIRECTORS
THE PORTSIDE
HOMEOWNERS' ASSOCIATION



S. Osborn Erickson President



Barbara Mikes Vice President



Peter A. Bosma Secretary



D. Rodney Eskridge Treasurer



Mark D. Walker Director

**THE PORTSIDE
HOMEOWNERS ASSOCIATION**

RULES AND REGULATIONS

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**THE PORTSIDE
HOMEOWNERS ASSOCIATION**

**SUMMARY OF RULES AND REGULATIONS
DERIVED FROM RESIDENTIAL DECLARATION**

ASSESSMENTS

**As stated in the Declaration, Article IV, MAINTENANCE AND ASSESSMENTS, Section 4.1.,
Creation of the Lien and Personal Obligation of Assessment., p. 27:**

... No Owner of a Condominium may exempt himself from payment of assessments, or installments, by waiver of the use or enjoyment of all or any portion of the Common Area or by waiver of the use or enjoyment of, or by abandonment of, his Condominium.

**As stated in the Declaration, Article IV, MAINTENANCE AND ASSESSMENTS, Section 4.9.,
Notice and Assessment Installment Due Dates; Delinquent Assessment. p. 34:**

A single ten (10) day prior written notice of each annual regular assessment and each special assessment, specifying the due dates for the payment of installments, shall be given to each Owner of every Condominium subject to assessment; provided, however, in the event of an increase in any regular or special assessment, such notice shall be given not less than thirty (30) nor more than sixty (60) days prior to the increased assessment becoming due. The due dates for the payment of installments normally shall be the first day of each month, unless some other due date is established by the Board. Each installment of regular assessments and special assessments shall become delinquent if not paid within fifteen (15) days after its due date. If an assessment is delinquent, upon formal adoption of the following delinquent assessment policy by the Board of Directors of the Association, the Association may recover the following:

- (a) Reasonable costs incurred in collecting the delinquent Assessment, including reasonable attorneys' fees;
- (b) A late charge not to exceed ten percent (10%) of the delinquent Assessment or ten dollars (\$10.00), whichever is greater;
- (c) Interest on all sums imposed in accordance with this Section, including the delinquent assessment, reasonable costs of collection, and late charges, at an annual percentage rate of twelve percent (12%) interest, commencing thirty (30) days after the Assessment becomes due.

Rules and Regulations

1. Assessment fees, whether regular or special are due and payable on the first day of each month, regardless of whether or not notice is received from the Association. Checks should be made out to The Portside Homeowners Association and forwarded to the Management Company.
2. Any assessment or monthly installment of an annual assessment which is not paid within fifteen (15) days after the day upon which it becomes due shall bear interest at the rate of 12% per annum from the due date until paid. A late charge equalling 10% of the delinquent assessment will be levied for those payments not received within fifteen (15) days after the delinquent date.

USE RESTRICTIONS

As stated in the Declaration, Article VII, USE RESTRICTIONS, Section 7.1., Condominium Use, p. 49:

No Condominium shall be occupied and used except for non-transient residential purposes by the Owners, their tenants and social guests, and no trade or business shall be conducted therein, except that: (i) An Owner may use the Unit as a "home office", as allowed by the ordinances of the City and County of San Francisco; and (ii) Declarant, and the successors or assigns of Declarant, may use any Unit or Units in the Project owned by Declarant for a model home site or sites and display and sales office until the last Condominium is sold by Declarant, or, if Declarant elects to retain one (1) or more Condominiums, three (3) years after the close of the sale of the first Condominium in the final phase of the Project. No Condominium shall be owned, leased, occupied or rented pursuant to a time-sharing agreement of any kind.

Use and occupancy of Units shall not exceed the maximum number of persons per bedroom permitted by Section 503 of the San Francisco Municipal Code, Part II, Chapter XII (Housing Code).

Rules and Regulations

1. A "home office" shall be defined as a small business which creates no additional burden on the Association staff and/or is allowed by the City of San Francisco. Such criteria includes but is not limited to regularly scheduled client appointments, excessive mail and/or package delivery, and paid staff. It is the responsibility of the Unit Owner to determine whether his "home office" is allowed under the zoning criteria as defined by the City of San Francisco.

RIGHT TO LEASE

As stated in the Declaration, Article VII, USE RESTRICTIONS, Section 7.7., Right to Lease, p.52:

Owners shall be entitled to rent or lease their Unit provided that

- (a) Not less than the entire Unit is rented or leased.
- (b) The lease term is for a period of not less than thirty (30) days.
- (c) Any lease or occupancy agreement for a Unit shall be in writing and shall provided that is is subject to the Condominium Documents and the Master Association Documents, and that violation or infraction of the Condominium Documents or the Master Condominium Documents shall constitute a default under such lease or occupancy agreement. The Owner shall remain responsible for any such violation or infractions by the tenant(s).
- (d) Within three (3) days after entering into a lease or contract of sale for his Unit, an Owner shall notify the Association, in writing, of the names of lessees or contract purchasers, the mailing address of the lessor or seller, the term of the lease or contract of sale, and the names of all persons who will occupy the Unit. The Owner shall also provide the Association with a copy of the lessee's or purchaser's signed receipt for the Condominium Documents and the Master Association Documents, including the Rules and Regulations, and agreement to abide by all provisions thereof.
- (e) No Condominium shall be owned, leased, occupied or rented pursuant to any time sharing agreement of any kind.

Rules and Regulations

Owners shall be entitled to rent or lease their Unit provided that:

1. Not less than the entire unit is leased or rented.
2. Any lease or occupancy agreement of a Unit shall state that it is subject to the Covenants, Conditions and Restrictions, limitations and uses contained in this Declaration as well as the Rules and Regulations established by the Association. The Owner shall remain responsible for any infraction of the Declaration or the Rules by the tenant(s).
3. Any lease must be in writing, and must provide that all its terms are subject in all respects to the Association Bylaws, Declarations, and Rules and Regulations, or is subject to default.
4. The lease shall be for a period of not less than one (1) month.

5. Units may be leased for residential use only. In no event may a unit be used as a hotel, motel, boarding house or the like.
6. Obnoxious and repeatedly noisy behavior, or repeated violations of the Rules and Regulations are considered a breach of the lease.

SIGNS

As stated in the Declaration, Article VII, USE RESTRICTIONS, Section 7.3., Signs, p.50:

No signs shall be displayed to the public view on any Unit or any portion of the Property except signs as are approved by the Board and such signs as are permitted by Section 7.6 of the Master Declaration. In accordance with California Civil Code Section 712, one "For Sale" or "For Rent" sign for each Condominium shall be allowed without such approval, provided that it is reasonable in size and posted at an appropriate location on the Property. The Board may adopt rules and regulations concerning the size and location of "For Sale" and "For Rent" signs.

Rules and Regulations

1. "For Sale" or "For Rent" signs shall be allowed provided that they are approved by the Board and that they are posted at locations in the Common Area designated by the Board, which locations shall be open to public view. **NO SIGNS MAY BE PLACED IN THE WINDOWS OF A UNIT.**
2. No unattended real estate Open Houses are allowed. Viewing of Units for sale or rent must be by appointment only with attendance by Owner or their agent.

WINDOW COVERINGS

As stated in the Declaration, Article 7, USE RESTRICTIONS, Section 7.8, Window Covering, p. 53:

Window coverings shall be restricted to a neutral exterior color and finish.

Rules and Regulations

1. **ALL DRAPERIES OR OTHER WINDOW COVERINGS USED IN THE UNITS SHALL BE WHITE OR OFF-WHITE.** If colored, they must be lined with a white or off-white liner. Shutter and "Levelor" type blinds are acceptable as long as the exterior sides are also white or off-white in color including light wood as approved by the Board of Directors.
2. The installation of window screens is prohibited.

BALCONY AND TERRACE AREAS

As stated in the Declaration, Article 7, USE RESTRICTIONS, Section 7., Construction or Alterations, p. 55:

...In recognition of maintaining an aesthetic appearance from the Common Area and public roadways the Board shall have the authority to regulate or prohibit the amount and type of landscaping, furniture and other items that may be placed on, or around the Terraces or Balconies. No Owner shall build or place or cause to be built or placed any shed, pet area, covering or other structure on his Terrace or Balcony without the prior written consent of the Architectural Control Committee and the Board, and each Owner shall, at all times, keep his Terrace or Balcony free from debris and maintain it in a neat, clean, attractive, safe and first-class manner. In recognition that Terraces and Balconies may have open decking to allow for proper drainage, an Owner shall not be responsible to any other Owner or the Association for the unintentional spillage of water or other inoffensive or non-harmful material from his Terrace or Balcony.

Rules and Regulations

1. No items may be stored on balconies except:
 - (a) Balcony furniture, provided however, that no umbrellas of any height will be permitted.
 - (b) Potted plants in appropriate receptacles with dishes to collect water.

These exceptions may not exceed a height equal to the height of the railing.

It is the responsibility of the Owner to be certain that no article placed on the balcony exceeds the weight allowable and that no article pierces the roof membrane, as this could result in leaks for which the Owner would be responsible.

2. No shelves or hooks may be attached to the walls, railings or balconies.
3. Balconies and terraces may not be used for beating rugs or carpets, shaking dust mops, nor may any article be draped over railings. No clothesline or other outside clothes drying or airing shall be done on any balcony or in any common area.
4. Balconies may not be used as holding areas for pets. No Owner shall place or build any doghouse, shed, fence or other structure on the balcony.

BATHTUB SPAS AND HOT TUBS

Rules and Regulations

1. In order to preserve the structural integrity of the building as a whole and to facilitate quiet enjoyment by all occupants of the building, the installation of a bathtub spa is prohibited. Additionally, no hot tubs or similar devices shall be installed within any Unit or any balcony or terrace,

COMBINING UNITS

As stated in the Declaration, Article VII, USE RESTRICTIONS, Section 7.11, Combining Units, p.54:

Subject to prior written approval of the Board, which shall not unreasonably be withheld, the Owner of two or more adjacent Units may combine the Units by creating internal access from one Unit to another through the walls or other portions of the Common Area which separate and divide the individual Units, or separate and divide two or more Units previously joined hereunder, so long as any such work does not impair the structural integrity of the Condominium Building. All of such work shall be done at the expense of the Owner and shall be performed in accordance with any permits which may be required. All plans must be approved by the Board prior to commencement of work or by an architectural control committee appointed by the Board. Any Owner combining Units, as provided in this Section, shall indemnify all other Owners and the Association against and hold them harmless for any cost, loss, liability, damage or injury to property or persons arising from or caused by, such work. As a condition to granting its approval, the Board or any committee appointed by the Board may impose reasonable terms and conditions, including, without limitation, a requirement that the Owner obtain lien and completion bonds to assure lien-free completion of the work. Assessments by the Association shall continue to be made to each Unit whether or not combined.

Rules and Regulations

1. Owner will notify the Post Office and the Association regarding which unit numbers he intends to use for mail.
2. Owner continues to remain responsible for all assessments on both Units.

NUISANCES

As stated in the Declaration, Article VII, USE RESTRICTIONS, Section 7.2., Nuisance, p.50:

No illegal or seriously offensive activity shall be transacted or conducted in any Unit or on any part of the Property, nor shall anything be done thereon which is a serious annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the Owners of his respective Unit, or which shall in any way increase the rate of insurance for the Project, or cause any insurance policy to be canceled or to cause a refusal to renew the same or which will impair the structural integrity of any Condominium Building. Each Owner shall comply with all local and state ordinances and statutes regarding use and occupancy of the Units.

Rules and Regulations

1. Unit entry doors must be kept closed at all times except for entry and exit. This is particularly important when cooking odors may be released into hallways.
2. No Smoking is allowed in the Common Areas within the building. This includes cigarettes, cigars and pipes. The only areas where smoking is permitted are in regular or Exclusive Common Areas outside the building, i.e., the balconies exclusive to the Units.
3. The hallways are designed for use by those residents who live on each individual hallway. **PLEASE DO NOT ALLOW CHILDREN OR GUESTS TO WANDER AROUND BUILDING UNSCORTED OR TO PLAY IN THE HALLWAYS.** If you see anyone in your hallway who doesn't belong, please contact Security.
4. **ACCESS TO THE ROOF IS PROHIBITED EXCEPT IN CASE OF EMERGENCY.** The roof is not a vista point or area for other recreational pursuits. Violators will be subject to a fine as proscribed in the ENFORCEMENT section of these Rules and Regulations.
5. **THE STAIRWAYS ARE TO BE USED ONLY IN CASE OF EMERGENCY.** The stairways are not an alternative to the elevators as a means of going from floor to floor.
6. No advertising, pamphlets, free newspapers or other free printed matter of any kind shall be permitted to be distributed in the common area, to residents' Units, in entranceways, halls or elevator lobbies. No soliciting, peddling or door-to-door canvassing of any nature whatsoever shall be permitted in the building or at any place around the property. Delivery of paid newspaper subscription and Association material is permitted.
7. All Owners must take all reasonable precautions to lower noise transference between Units.
8. Loudspeakers shall not be affixed to any wall, ceiling, shelving or cabinet so as to cause vibrations discernible between Units.

RADIO AND TELEVISION ANTENNAE

As stated in the Declaration, Article VII, USE RESTRICTIONS, Section 7.6., Radio and Television Antennas, p.52:

No alteration to or modification of a central radio antenna or television antenna system or cable television system, if any, as developed by Declarant and, if applicable, as maintained by the Association, shall be permitted, and no Owner may be permitted to construct and/or use and operate his own external radio and/or television antenna without the consent of the Board.

Rules and Regulations

1. Shortwave, citizens band or other amateur or commercial radio operations that interferes with normal TV and radio reception are not allowed.

GARBAGE AND REFUSE DISPOSAL

As stated in the Declaration, Article VII, USE RESTRICTIONS, Section 7.5., Garbage and Refuse Disposal, p. 52:

All rubbish, trash and garbage shall be regularly removed from the Property and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall, at all times, be kept in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean, orderly, and sanitary condition. No equipment, moving supplies, garbage cans, wood piles, or storage piles shall be kept or maintained on any balcony. No toxic or hazardous materials shall be disposed of within the Project by dumping in the garbage containers or down the drains, or otherwise, other than those require, in normal quantities, for the normal cleaning of a Condominium.

Rules and Regulations

1. All household garbage must be bagged and securely tied in leakproof containers before disposal into the trash chute which is located on each floor. This is required to protect hallway carpeting.
2. Volatile or flammable materials are not to be disposed of by placing them in the garbage chutes.
3. Garbage chutes shall be used only at reasonable hours of the day and night in consideration of Units located near them. They may be used between the hours of 8 a.m. and 9 p.m. daily.
4. If a garbage chute is clogged through the negligent use of an owner, the violator will be subject to a fine as proscribed in the ENFORCEMENT section of these Rules and Regulations.
5. Trash compactors are not permitted to be installed in the units as the compacted garbage can cause damage to trash equipment due to velocity of the fall in trash chutes.

ANIMALS

As stated in the Declaration, Article VII, USE RESTRICTIONS, Section 7.4., Animals p. 51:

No animals or birds of any kind shall be raised, bred or kept in any Condominium, or any portion of the Property except that no more than a total of two (2) small or medium usual and ordinary household pets may be kept, only one (1) of which may be a small or medium dog; provided they are not kept, bred or maintained for any commercial purposes, and they are not kept under reasonable control at all times. Fish shall not be included in determining the number of pets. Notwithstanding the foregoing, no pets may be kept on the Property which are a serious annoyance or are obnoxious to the Owners. No pets shall be allowed in the Common Area except if they are leashed or hand-carried. No pet shall be allowed in the pool area at any time. Declarant or any Owner may cause any unauthorized pet found in the Common Area to be removed to a pound or animal shelter under the jurisdiction of the County of San Francisco, by calling the appropriate authorities, whereupon the Owner (upon payment of all expenses connected therewith) may repossess the pet. No pet who seriously disturbs other Owners shall be permitted to remain on the Property. Any decision regarding the conduct of a pet shall be made only after notice to the Owner and the opportunity to be heard before the Board.

Rules and Regulations

1. No more than one (1) dog may be kept, provided that it is not kept, bred or maintained for any commercial purposes, and it is kept under reasonable control at all times.
2. No pets may be kept which are a serious annoyance or are obnoxious to other Owners.
3. No pet may be walked in any portion of the Common Area *including the landscaped area* but must be on a leash or hand-carried by a person capable of controlling the pet.
4. Any pet found in the Common Area may be removed to a pound or animal shelter by calling the appropriate authorities.
5. If a person already in an elevator should object to the entry of the animal into the elevator, the animal and its handler/owner must take another elevator.
6. Owners are required to inform the Association of the type and breed of pet upon commencement of occupancy and provide the Association with proof of rabies vaccination.
7. The cost of cleaning and deodorizing any common areas due to pets' "accidents" is the resident's obligation. The animal's owner is expected to handle removal of the original "accident".

USE OF POOL AND SPA

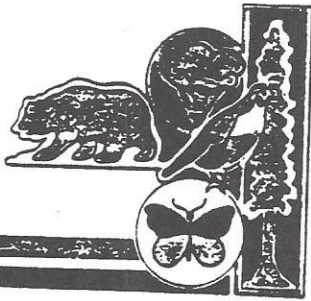
Rules and Regulations

Because noise from the pool and spa area carries to Units at higher elevations, the spa hours are restricted to those times when residents are normally prepared for sounds from areas in proximity to their Unit.

1. Designated hours for the pool and spa are from 7:00 a.m. to 10:00 p.m.
2. **THERE IS NO SUPERVISION OF THESE FACILITIES. USE IS AT YOUR OWN RISK.**
3. No children under the age of 14 are allowed in the pool area without a parent or other adult over 18 present. Any child unaccompanied by an adult will be asked to leave immediately.
4. No glass containers of any kind will be allowed in the spa area.
5. No pushing, shoving or rowdy behavior is allowed in the spa area.
6. No unnecessary noise will be tolerated such as yelling from balconies to the spa area, yelling to each other or loud radios.
7. Proper swim attire is required.
8. No food or pets are allowed in the pool and spa area.
9. Guests are limited to two (2) per resident and must be accompanied at all times by a resident.
10. Private spa parties are not allowed.
11. Pool furniture should be covered with beach towels when using lotions or oils.
12. No swimsuits or bare feet will be allowed in any elevators or hallways. A cover-up must be worn at all times while going to or from the pool and spa area.

ENFORCEMENT

1. Complaints and notices of violations must be reported in writing to the Board of Directors. The complainant must be prepared (and may be required) to appear at the hearing to testify about the complaint.
2. The Board of Directors shall give written notice to the Owner charged with violations of the terms of the Declarations or of these Rules and Regulations as amended. Such notice shall be mailed to the Owner at his/her then listed address by U.S. First Class, Registered or Certified mail, postage paid, with a copy to the complainant, and shall:
 - (a) State the nature of the alleged violation,
 - (b) Schedule a date and time for a hearing of the charges before the Board which shall be at least five (5) days following the date of the notice.
3. At the scheduled hearing, the Board shall:
 - (a) Afford the owner the opportunity to review the alleged violations and to express his/her position.Further, the Board may,
 - (b) Have the complainant appear at the hearing to discuss the violation notice and to respond to any questions from the Board or the defending owner(s),
 - (c) Render a decision on whether to impose disciplinary action. (Failure of an owner to appear at the scheduled hearing or to provide an explanation of his/her position shall not prohibit the Board from taking action.
4. The Board is authorized to:
 - (a) Impose fines up to \$100 per occurrence for each violation;
 - (b) Suspend the Owner's rights as member of the Association as long as such violations continue.
 - (c) Suspend any imposed fines or penalties for a period not to exceed thirty (30) thirddays if it finds the Owner is making good faith efforts to correct the violation.
5. All fines collected pursuant to these Rules and Regulations shall be placed in the Association's general fund.
6. Nothing in these Rules and Regulations shall prevent the Board of Directors from taking any action to enforce the provisions of the Articles or Bylaws of the Association or the Declaration which is provided or permitted by those documents.



State
of
California

OFFICE OF THE SECRETARY OF STATE

1832408

CORPORATION DIVISION

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the corporate record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

FEB - 3 1994



March Fong Eu

Secretary of State

1832408

ARTICLES OF INCORPORATION

OF

PORTSIDE

HOMEOWNERS' ASSOCIATION

RECORDED
FILED
In the office of the Secretary of State
of the State of California

FEB - 1 1994

MARCH 1994 E.J. Secretary of State

ARTICLE I

NAME OF CORPORATION

The name of this corporation is Portside Homeowners' Association (referred to herein as the "Association").

ARTICLE II

PURPOSES OF THE ASSOCIATION

The corporation is a nonprofit mutual benefit corporation organized under the California Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under such law. Additional purposes for which the Association is formed are as follows:

The specific and primary purposes are to provide for the government, maintenance, preservation and architectural control of that certain Project located in the City and County of San Francisco, known as Portside (referred to herein as the "Project").

Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this corporation.

ARTICLE III

AGENT FOR SERVICE OF PROCESS

The name and address of the Association's initial agent for service of process is as follows: Mr. S. Osborn Erickson, c/o Emerald Fund, 501 Second Street, Suite 422, San Francisco, California, 94107.

ARTICLE IV

AMENDMENT

Amendment of these Articles while the two-class voting structure is in effect shall require the vote or written consent of (1) the members representing seventy-five percent (75%) of the voting power of each class of membership; and (2) seventy-five percent (75%) of the members of the Board. At such time that the two-class voting structure is no longer in effect because of the conversion of one class to another, any amendment of these Articles shall require the vote or written consent of: (1) seventy-five percent (75%) of the total voting power of the Association; (2) seventy-five percent (75%) of the Members other than Declarant (as defined in the "Declaration of Conditions, Covenants and Restrictions of Portside, a Condominium Project"); and (3) seventy-five percent (75%) of the members of the Board.

ARTICLE V

DISSOLUTION

The Association does not contemplate pecuniary gain or profit to the members thereof and is intended to qualify as a Homeowners' Association under the applicable provisions of the Internal Revenue Code, and of the Revenue and Taxation Code of California. No part of the net earnings of this organization shall inure to the benefit of any private individual, except as expressly provided in those Sections with respect to the acquisition, construction, or provision for management, maintenance, and care of the Association Property, and other than by a rebate of excess membership dues, fees, or assessments. In the event of the dissolution, liquidation, or winding-up of the Association, upon or after termination of the Project in accordance with provisions of such Declaration, its assets remaining after payment, or provision for payment, of all debts and liabilities of the Association, shall be divided among and be distributed to the Members in accordance with their respective rights therein.

If the Association holds any assets in trust, such assets shall be disposed of in such manner as may be directed by decree of the Superior Court of the county in which the principal office of the corporation is located, upon petition therefore by the Attorney General or by any person concerned in the liquidation.

IN WITNESS WHEREOF, for the purposes of forming this corporation under the laws of the State of California, the undersigned limited partnership, the incorporator of the Association, has executed these Articles of Incorporation this 28 day of January, 1994.

HUM BABY ASSOCIATES,
A CALIFORNIA LIMITED PARTNERSHIP

By: Emerald Fund, Inc., a California corporation, Its General Partner

By: S. Osborn Erickson
S. Osborn Erickson
President

I hereby declare that I am the person who executed the foregoing Articles of Incorporation as the president of Emerald Fund, Inc., a California corporation, the general partner of Hum Baby Associates, a California Limited Partnership, the incorporator of the Association, which execution is my act and deed and the act and deed of said corporation and said limited partnership.

S. Osborn Erickson
S. OSBORN ERICKSON

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