

New Operating Rules, Effective November 4, 2016

Policy regarding rentals

Homeowner/Members are permitted to rent their properties not more than twice a year for a period of not less than 30 days for any one rental. Violation of this rule may result in a fine of up to 100% of the daily rental rate for each day of the prohibited rental, subject to a hearing by the REA Board, according to the REA's Enforcement Policy and Schedule of Fines. Fines will be used to cover the costs of enforcement, legal fees and future enforcement.

Regarding Violations of the Architectural Guidelines

II- H Violations of the Guidelines

Members who are found in violation of these Guidelines and/or the Submittal and Review Process, including grading, building, remodeling and/or constructing walls or fences without approval of the REA, may be subject to a fine of up to \$500 per day or more, as well as the requirement to bring their property into compliance with the Guidelines. See the REA's Enforcement Policy and Schedule of Fines. Fines will be used to cover the costs of enforcement, legal fees, and future enforcement.

Regarding damage to common areas

The REA owns or maintains certain common green areas in the Riviera for the benefit and enjoyment of members, their families, their, their employees and visitors. These are the Capri Circle, the park area north of the Capri Circle ("North Park"), the park area south of the Capri Circle ("South Park"), the two green median strips on D'Este Drive, and the two green areas north of Sunset Boulevard where it intersects with Monaco and San Remo. Members (including their family members, tenants, employees, contractors, sub-contractors or guests) who are found to have damaged common areas in excess of \$500 damage may be required to reimburse the REA for repair and restoration costs, plus a fine of 15% of the total costs, which will be used for upkeep and maintenance of the common areas. Such damage may include damage to trees, damage to plantings, damage to sprinkler systems, or other damage, either willful or accidental. The Board will provide an itemized accounting of such repair and restoration costs in such instances.

Enforcement Policy and Schedule of Fines

1. It is the goal of the Riviera Estates Association (the Association) to make its owners and residents aware of the covenants, conditions, and charges (CC&Cs) and rules that govern use of property in the Riviera and to provide for an orderly, fair manner in which to enforce these documents. This enforcement policy and schedule of fines will list certain possible violations of the CC&Cs, Architectural Guidelines, rules, and regulations, including damage to common areas, and provide for the Board of Directors' (the Board's) response to such violations.

2. It is the policy of the Association to receive information concerning alleged violations from board members, committee members, and residents. Reports of violations must be in writing and legibly signed. Emails are acceptable, if electronically signed. On receipt of notice of an alleged violation, the Board and/or its committees will investigate the alleged violation within a reasonable time thereafter. If the Board and/or its committee determines that a violation has probably occurred, the Board will take the following actions:

(A) Send a letter to the owner of the property, setting forth the alleged violation and requesting corrective action be taken within a certain number of days of the date of letter. The number of days will normally be ten or fewer as determined by the Board, longer in some cases in the Board's discretion. This letter shall be referred to as a "Warning Letter." The letter may be sent via first-class, certified mail, or via Federal Express or any other commonly used overnight mail service.

(B) For violations of the short term rental policy, the Board may send the owner of the property a Notice of Hearing on the issue of whether to impose discipline in connection with the alleged violation together with the first Warning Letter. For other violations, if no corrective action has been taken within the specified number of days of the first Warning Letter, the Board, in its discretion may either send another warning letter or may send the owner of the property a Notice of Hearing on the issue of whether to impose discipline in connection with the alleged violation.

(C) The hearing will take place at a regular or special board meeting at which at least a quorum of the Board is present. The hearing will commence with a recital of the Board's reasons for determining a violation has occurred. The owner may then provide evidence either in writing or orally. The owner may present witnesses. The owner shall not be entitled to counsel during the hearing. The Board, having performed its own investigation and presented its own findings, is not required to identify the person or persons who brought the matter to the Board's attention, although the Board may do so if it deems such disclosure in the best interests of the community. Deliberation of the Board after the hearing need not be undertaken in the presence of the owner or in open session. Within 15 days after the hearing, the Board will provide written notice to the owner of its decision. If the Board decides to impose discipline, which may include a fine (per section 3, Schedule of Fines), that discipline shall not take effect until 5 days after the Board notifies the owner of its decision to impose discipline.

(D) If the owner fails to appear, the Board must nevertheless consider evidence presented to it in connection with its investigation, and it must determine whether or not a violation has occurred. If the violation is found to have occurred, the Board must determine what disciplinary action to impose, if any.

(E) The following items are considered to be disciplinary actions requiring a hearing:

(i) Imposition of Fines (see paragraph 3, which contains the fine schedule). For

multiple violations of the same restriction, further hearings would be required. Multiple violations of the same restriction may subject the owner to enhanced fines.

The following items are not considered disciplinary actions and therefore do not require a hearing before imposition:

- (i) Warning letters;
- (ii) Institution of legal proceedings;
- (iii) Emergency entry onto a lot to remedy a health or safety problem, although the Association has no duty to do so;
- (iv) Initiation of alternative dispute resolution proceedings; and
- (v) Collection of overdue assessments.

3. Schedule of Fines

Short Term Rentals: If a fine is assessed, the minimum fine for a violation of the short term rental policy is up to 100% of the daily rental rate for every day of the prohibited rental, from beginning to end.

Architectural Guidelines Violations: The minimum fine for an architectural violation, if assessed, will be determined on a case by case basis, based on the specific violation, but will not be less than \$100/day or more than \$500/day unless a repeat violation. The more egregious the violation, the larger the fine. Additional violations by the same owner of the same or similar offense will result in an increase of the original fine of 25% for each subsequent violation.

Damage to Common Areas: Members (including their family members, tenants, employees, contractors, sub-contractors or guests) who are found to have damaged common areas in excess of \$500 damage may be required to reimburse the REA for repair and restoration costs, plus a fine of 15% of the total costs, which will be used for upkeep and maintenance of the common areas. The Board will provide an itemized accounting of such repair and restoration costs in such instances.

Additional incidents of damage for which the same member is responsible will result in a surcharge of 25%.

Members are required to notify the Board of correction of any alleged offense so that the Board may inspect the correction.

4. The Board may, at any time it deems such appropriate, file a civil action to obtain compliance with the governing documents; the Board need not fine an owner first. In a court action, the Board may seek either, or both, injunctive relief (that is, a court order requiring an owner to obey the governing documents) and/or recovery of fines, if any.

5. Occasionally violations are committed by tenants or guests of the owner. The owner is responsible for those violations. The notice of hearing will be sent to the owner, although the Board may, should it desire, send a copy of the notice to the tenant as well. Notices will be mailed to the owner at the property address as well as any other address which the owner has supplied to the Association for the purpose of receipt of notices.