

THE RIVIERA ESTATES ASSOCIATION

2019 FISCAL YEAR ANNUAL POLICY STATEMENT

In compliance with the Annual Policy Statement requirements of §§5310 of the Davis-Stirling Common Interest Development Act (the “***Davis-Stirling Act***”), please find both below and enclosed the following documents and information:

Clarification of Short-term Rental Policy

The Board adopted, without objection from the membership, a short term rental policy which restricts member home rentals to no more than two per year for no less than 30 days each. At that time, we noted that Clause 3 of our CC&Cs prohibits the business use of residential property, and that Clause 4 contains the following language regarding Residence Conditions:

Each such dwelling house shall be designated and intended for occupation by not more than one family; flats, double houses, apartments houses, tenement houses, hotels and public boarding or lodging houses being expressly prohibited.

Nevertheless, a homeowner recently rented their house to a group of students in violation of Clause 4. Even though the proper usage of a dwelling house is clearly defined in these two clauses, the Board proposes the addition of the highlighted passage to the existing rental policy, so that the pertinent information is succinctly stated here as well:

Homeowner/Members are permitted to rent their properties not more than twice a year **for single family usage (per Clauses 3 and 4 of the REA CC&Cs)** for a period of not less than 30 days for any one rental. Violation of this rule may result in a fine of at least 100% of the daily rental rate for each day of the rental, or \$1000/day, whichever is more, 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.

If you have comments or suggestions, you are welcome to express your opinion at the Annual Meeting, or submit your comments in writing. Written comments must be received by the morning of December 3rd.

1. **NEW Notice to Owners of separate interests in common development***
(*The Davis-Stirling Act Requires this Notice)

Civil Code §§4041. Member Contact Information.

(a) The Davis-Stirling Act requires each owner of a separate interest (lot with in REA) shall, on an annual basis, to provide written notice to the Association of all of the following:

(1) The address or addresses to which notices from the Association are to be delivered.

(2) An alternate or secondary address to which notices from the Association are to be delivered.

(3) The name and address of his or her legal representative, if any, including any person with power of attorney or other person who can be contacted in the event of the owner's extended absence from the separate interest.

(4) Whether the separate interest is owner-occupied, is rented out, if the parcel is developed but vacant, or if the parcel is undeveloped land.

(b) The association shall solicit these annual notices of each owner and, at least 30 days prior to making its own required disclosure under Section 5300, shall enter the data into its books and records.

(c) If an owner fails to provide the notices set forth in paragraphs (1) and (2) of subdivision (a), "the last address provided in writing by the owner or, if none", the property address shall be deemed to be the address to which notices are to be delivered.

2. **Person Designated to Receive Official Communications to the Association**

Pursuant to Civil Code §4035, any document to be delivered to the Association by a homeowner must be delivered to:

Jeaneen Fabbro
The Riviera Estates Association
PO Box 1585
Pacific Palisades, CA 90272

By one of these methods:

- By first-class mail, postage prepaid, registered or certified mail and express mail.
- Email to reahoa@gmail.com
- Fax to 310-454-2918

3. Right to Receive Association Notices to Two Addresses

Pursuant to Civil Code §4040(b), a homeowner may submit a request to have certain notices sent to up to two (2) different specified addresses. That written request should be delivered to the person designated in paragraph 2 above.

Upon receipt of a written request by a homeowner to add a second address for delivery of individual notices to the homeowner for delivery of notices of the following types, the Association will deliver an additional copy of those notices to the secondary address identified in the request:

- (1) The annual reports to be delivered to the homeowner pursuant to Civil Code §5300 through §5320, including this Annual Policy Statement and the Association's Annual Budget Report.
- (2) The assessment payment and delinquency notices to be delivered to the homeowner pursuant to Civil Code §5650 through §5690, and the notice of default to be delivered to the homeowner pursuant to Civil Code §5650.

A homeowner may add, change, or remove a secondary address at any time, provided, however, that the Association will only be required to send notices to a secondary address as of and from the date that the Association receives a written request to do so.

4. Location for the Posting of General Notices

Pursuant to Civil Code §4045(a)(3), any general notices to the Association's homeowners, including notices of meeting of the Association's Board of Directors, will be posted on the REA website: rivieraestates.org and the bulletin board in North Park.

5. Right to General Notices by Individual Delivery

Pursuant to Civil Code §4045(b), a homeowner may request to receive general notices by individual delivery (rather than general delivery such as

posting of general notice in the community). That written request should be delivered to the person identified above to receive official communications to the Association. Upon the Association's receipt of such written request from a homeowner, all general notices to that homeowner given pursuant to Civil Code §4045 shall be delivered to the homeowner by individual delivery in accordance with Civil Code §4040. A homeowner may cancel a prior request for individual delivery of general notices at any time.

6. Right to Receive Copies of Meeting Minutes

Pursuant to Civil Code §4950(b), the minutes, minutes proposed for adoption that are marked to indicate draft status or a summary of the minutes of any meeting of the Association's Board of Directors, other than an executive session meeting, shall be available to all homeowners within 30 days of the meeting. The minutes, proposed minutes or summary minutes shall be distributed to any homeowner upon request and upon reimbursement to the Association of the Association's costs for making that distribution.

In addition to obtaining copies of Board meeting minutes, homeowners may inspect Board meeting minutes at any reasonable time at the REA office by appointment only. To request copies of Board meeting minutes, or schedule an appointment to inspect Board meeting minutes, homeowners should contact the person designated in paragraph 2 above.

7. Statement of Assessment Collection Policies

Please see the enclosed notice prepared in accordance with Civil Code §5730.

8. Policies and Practices Relating to Delinquent Assessments

Please see the enclosed document titled "Riviera Estates Association. Delinquent Assessment Collection Policy," which describes the Association's policies and practices in enforcing legal remedies for default in the payment of assessments. This document describes the steps the Association will take if a homeowner does not pay assessments on time and in accordance with the provisions of the Association's governing documents.

9. Discipline Policy and Schedule of Fines

The Association's Board of Directors has the right and authority to enforce the provisions of the Association's governing documents when a homeowner, or the homeowner's family members, guests or tenants, violate the governing documents. The Board may, after proper notice and an opportunity to be heard before the Board, impose disciplinary measures against a homeowner, as may in

the future be described in the Association's governing documents and subject to applicable law.

Please see the enclosed Operating Rule that permits the Board to impose fines for certain violations:

1. Violations of the Architectural Guidelines
2. Damage to Common Areas; and
3. Violations of the Short-term Rental Policy.

10. Dispute Resolution Procedures

The Davis-Stirling Act provides two procedures for dispute resolution. The purpose of these procedures is to encourage homeowners and the Association to resolve disputes involving violations, or alleged violations, of the Association's governing documents and/or certain laws without incurring the time and expense involved in a lawsuit.

The first dispute resolution process is Internal Dispute Resolution. This process is an informal process (often referred to as a "meet and confer") to resolve disputes between a homeowner and the Association. Attached please find the Association's "Internal Dispute Resolution Procedure Policy," which complies with Civil Code §5915.

The second dispute resolution process is Alternative Dispute Resolution. This process is a more formal process to resolve disputes between a homeowner and the Association, or between two or more homeowners, and includes mediation, arbitration, conciliation and other nonjudicial procedures that involve a neutral third party. The form of dispute resolution chosen may be binding or nonbinding, with the voluntary consent of the parties. The Alternative Dispute Resolution process is commenced by the service as of a "Request for Resolution", as described in Civil Code §5935. Enclosed for your review and reference is a copy of Civil Code §5925 through §5965 (Article 3 of Chapter 10 of Part 5 of the Civil Code).

Please note the following: Failure of a member of the Association to endeavor to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of the member's right to sue the Association or another member of the Association regarding certain actions of enforcement of the governing documents or the applicable law. A copy of Civil Code §5930 is enclosed. Section 5930, also applies to the Associations enforcement actions against members.

11. Requirements for Association Approval of Physical Changes to Properties

The Association's governing documents, specifically the Association's CC&Cs, require that homeowners obtain approval from the Association before making certain physical changes to their properties. A summary of the types of changes that require Association approval and the procedure used to review and approve or disapprove a proposed change are described in the attached document titled "Architectural Requirements," prepared in accordance with Civil Code §4765.

12. Requirements for Filming in the Riviera Estates

The Association requires that homeowners comply with the enclosed Filming Rules & Regulations and obtain approval from the Association before allowing their homes or grounds to be used or involved in any location filming, including "still shoots." One of the enclosed proposed rule changes is to increase the filming fees.

13. Mailing Address for Overnight Payment of Assessments

The mailing address for overnight payment of assessments, pursuant to Civil Code §5655, is:

Jeaneen Fabbro
The Riviera Estates Association
PO Box 1585
Pacific Palisades, CA 90272

14. Proposed Changes to Operating Rules for Elections

The Board proposes to amend two sections of the Operating Rules for Elections: Campaigns for Elections and Voting Period. The proposed changes are set forth on Attachment A to this Annual Policy Statement. The additions are in italics, and the deletions are identified by a line-out font.

The purposes of the proposed changes are:

In the section on Campaigns for Elections, the primary purpose is to comply with a new law, Civil Code §4515, that permits owners and residents reasonable use of the common area (South Park) for political purposes, including the Association's elections; and

In the section on Voting Period, to clarify and to slightly modify the time period to collect and count votes, primarily by those who hold proxies for several or more members of the Association.

15. Other Information

- (1) Members have the right to attend meeting of the Board of Directors, except for certain executive sessions allowed by law. Meeting are held at the homes of Board members. Dates and times are scheduled by the Board from time to time. The information is available at the new bulletin board in North Park, in the Associations' office by calling 310/459-3346. You may also write to: Riviera Estates Association, P.O Box 1585, Pacific Palisades, CA 90272-1585, email the office at" reahoa@gmail.com or find information on the website at rivieraestates.org. Homeowners are welcome to attend the open session meetings of the Board, and may address the Board during the homeowner forum held either at the beginning or end of each open session.
- (2) **Membership Lists.** The REA does not share its membership list with anyone unless legally required. However, the Davis-Stirling Act now requires that a member (the " Requestor") may demand a copy of the membership list. Each member–by writing to REA–may opt-out from the version of the membership list that must be shared with other members. Even then, the HOA must provide the Requestor with an alternative method of communication with all the members. That alternative will usually be the Requestor's delivery to the REA of sealed envelopes with postage prepaid; the HOA will add labels and send out. Those who wish to opt-out must contact the office in writing
- (3) The references to the "Civil Code" and other laws in this Annual Policy Statement shall mean and refer to the California Civil Code and other California laws.
- (4) **Security and Privacy Disclaimer.** The Association does not undertake to provide security or privacy for the Association's development, the homeowners, the residents, any invitees, or any persons or property located within the development. Nor does the Association make any representations or warranties concerning the security, privacy and/or safety of the development, the homeowners, the residents, any invitees, or any persons or property located within the development.
- (5) **Nomination of Directors Annually.** The Association's rules for nominations of directors annually are set forth below. The substantive new additions to the old rules are italicized:

On or about September 1 of each year preceding an annual meeting (“Annual Meeting”), the board may form a nominating committee or act as the nominating committee.

Between September 1 and October 1 preceding each Annual Meeting, any member of the Association may submit nominations for one or more Board members in writing by mail, fax or e-mail to the Association’s office. A nomination is valid only if the Association confirms with the nominee his or her willingness to serve. *Self-nominations are valid and are automatically deemed confirmed. All candidates for election of directors, including incumbents, must submit a petition (“Petition”) signed by at least six members (co-owners of lot(s) do not count as additional members) to demonstrate support for the candidacy. As permitted by Civil Code §5105(a)(3), the ballot may list under a separate heading the self-nominated person(s) who lack(s) such a Petition. That separate heading will be “Self-Nominated Candidates Without A Supporting Petition.”*

Should you have any questions or comments pertaining to the above or enclosed information, please contact Jeaneen Fabbro, Mika Fabbro or Nicole Cecola by telephone at 310-459-3346 or by email at reahoa@gmail.com

Sincerely,

THE BOARD OF DIRECTORS OF THE RIVIERA ESTATES ASSOCIATION