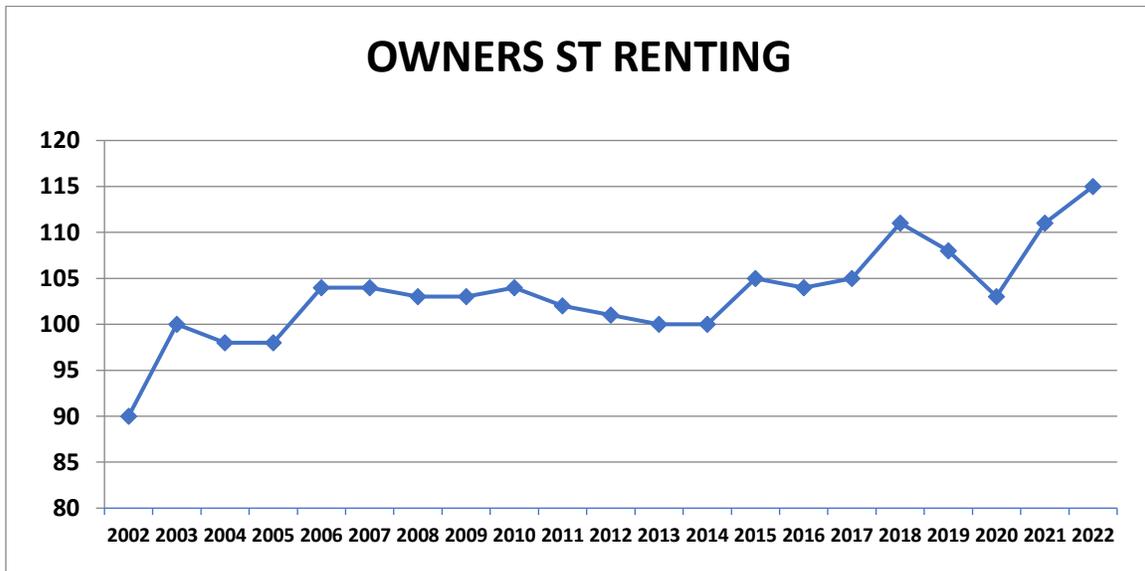


HAMILTON COVE HOMEOWNERS ASSOCIATION INFORMATION RE SHORT TERM RENTING AS OF JULY 2022

The makeup of the membership of the Association is as follows:

HAMILTON COVE MEMBERSHIP JULY 2022		
OWNERS WHO STR	115	60%
OWNERS WHO DO NOT STR	60	31%
OWNERS WHO OCCUPY FULL TIME	16	8%
TOTAL	191	100%

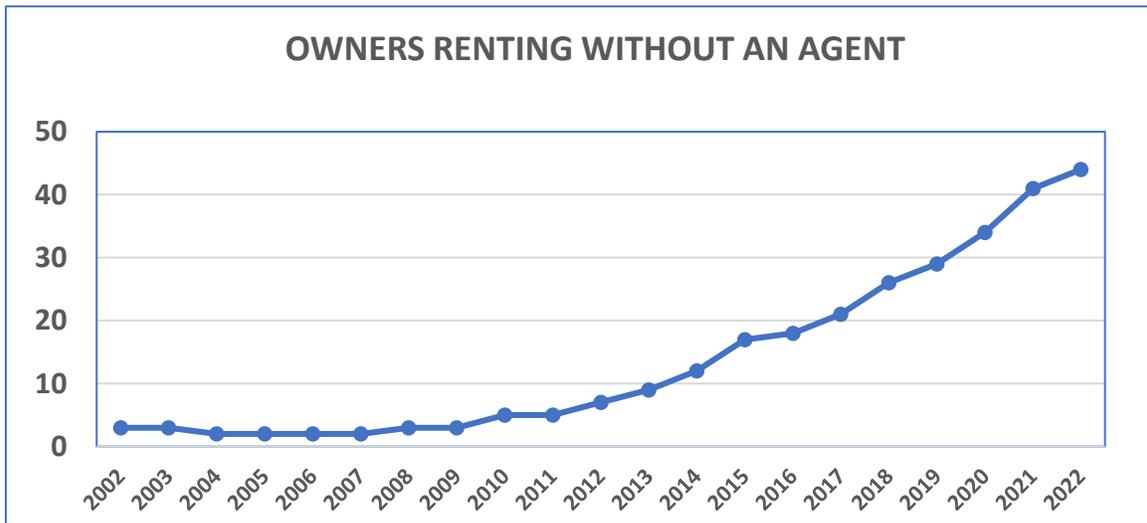
The fastest growing group is Owners who STR:



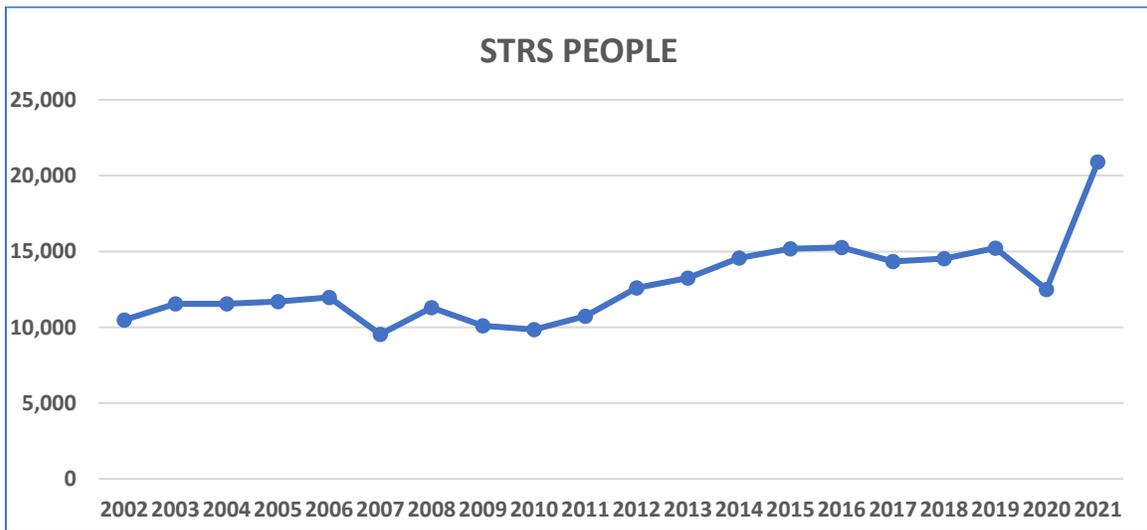
Rental activity is managed as follows:

HC SHORT TERM RENTERS		
CATALINA ISLAND VACATION RENTALS	48	42%
OWNERS RENTING DIRECTLY	44	38%
HAMILTON COVE REAL ESTATE	23	20%
TOTAL	115	100%

The fastest growing group is Owners Renting Directly:



As a result of more Owners renting the number of Short Term Renters entering Hamilton Cove has grown substantially:



Owners sending in Guests unaccompanied by an Owner or someone on the Owners Authorized List is not a problem. It occurred 110 times in 2021.

The conduct of Short Term Renters while at Hamilton Cove has always been a concern of the Board. The problem became more acute starting with the pandemic. In order to deal with the probable, the Board amended the Rules and Regulations to establish numerous predetermined fines that could be quickly accessed when a Rule was violated if the Board

had evidence sufficient to assess the fine, including the identity of the Unit occupied by a Short Term Renter violating the Rule. The Board only has authority to fine the Owner of the Unit. The Board has no ability to fine Short term Renters directly

From 2021 to the present the Board has assessed 36 fines totaling \$15,200:

FINES ISSUED 2021-2022			
OWNERS USING CATALINA VACATION RENTAL	19	53%	\$7,700
OWNERS RENTING DIRECTLY	14	39%	\$6,400
OWNERS USING HAMILTON COVE REAL ESTATE	1	3%	\$500
OWNER RULE VIOLATION	1	3%	\$300
OWNER GUEST RULE VIOLATION	1	3%	\$300
TOTAL	36	100%	\$15,200

:
 Note: Only one Owner has been fined for violating a Rule and one Owner has been fined for the actions of his guest. (The Board has under consideration at least two fines for unauthorized construction.) Fines are being collected.

Fines were issued for the following:

Flying drone from balcony
Brought in unauthorized dog
Guests went into pool when it was closed
Flying drone from beach
Guest broke security gate
Underage driver
Causing disturbance
Brought in unauthorized dog
Brought in unauthorized dog
Guest went into pool when it was closed
Flying drone from balcony
Broke guard gate
Underage driver
Guest hung towel over railings
Entered pool area during closed time
Assault to security guard
Driving gol cart with no license

Flying drone
Broke smoke detector
Reckless driving/damage to gate
Reckless driving
Pet improperly brought into the project
Providing false information to the association
Pet improperly brought into the project @3 for 2 dogs
Failure of an owner or authorized representative to respond to a problem
Short Term Renters must leave the Project when they vacate the Unit
Skateboards/reckless driving
ON ROOF
Short Term Renters must leave the Project when they vacate the Unit
Flying Drones on the project
OVER OCCUPANCY
Tampering with smoke detectors
Reckless driving/ verbal abuse
Stood on roof

Currently, approximately six incidents are under investigation for possible fines.

The Board has been urged to charge the Owners who engage in Short Term Renting a fee. This is not the first time the Board has faced this issue. In a separate document entitled “History of Board Efforts Re STR” accompanying this email, is a summary of what has been done each time the issue was raised starting in 2000. Attached to that document are the opinions of outside counsel on the issue.

An appellate court issued an opinion in 2015 approving a \$325 annual fee to owners of a project who engaged in short term renting. It has been urged that this decision somehow changed the law. The Board has thoroughly investigated the issue once again. The Board consulted the Tinnelly law firm and obtained the opinion of both Richard Tinnelly and his son, Steven who manage the firm. They are considered two of the leading attorneys in California with regard to homeowner association issues.

The Board was advised by the Tinnellys that nothing has changed from their earlier opinions. A fee can be charged for costs that can be directly attributed to short term renters. Fees cannot be charged for something like maintenance which is included in the monthly assessment. After careful study, the Board has been unable to identify sufficient costs not

already included in the monthly assessment to justify a rental fee **that would stand up in a lawsuit.**

The Board has reason to believe that if it charges a rental fee, it will be litigated. The Civil Code provides for attorneys fees and costs in such a case. If the Board is wrong, the Association could be liable for not only its own fees and costs, but the fees and costs incurred by the other side. These are very real reasons to be cautious.

The Board has taken and will take all reasonable steps to moderate the conduct of Short Term Renters. Short Term Renters were originally allowed to bring in four visitors who had to vacate the project by 10 PM. This privilege was regularly violated to sneak in additional people who stayed in the Unit. The Board has banned Short Term Renters from bringing in visitors. The Board has put other restrictions on Short Term Renters. They cannot reserve a mooring through the Association. They cannot have a private party. They cannot bring in pets. They cannot contact the Association Office other than in an emergency. If necessary, additional restrictions will be added.

Enforcement is a challenge. When rebuffed by a Short Term Renter, guards cannot force them to comply with a Rule. Short Term Renters have lied about the Unit where they are staying. A guard was assaulted. On top of everything, some Short Term Renters enter by shore boat and the Association does not even know they are on the project. This just occurred and they brought two dogs. Some renters thought the fines were like a fee. If you want to bring in a dog, just pay the fine.

One last item. The Association was able to obtain some cooperation although slow from the City of Avalon. All of the 115 Owners who engage in Short Term Renting have business licenses, CUPs and report income and pay taxes.

The following is the invitation for the Informational Zoom Meeting at 7 PM Wednesday 8/3:

Norris Bishton is inviting you to a scheduled Zoom meeting.

Topic: Norris Bishton's Personal Meeting Room

Join Zoom Meeting

<https://us02web.zoom.us/j/7143185866>

Meeting ID: 714 318 5866

One tap mobile

8778535247,,7143185866# US Toll-free

8887880099,,7143185866# US Toll-free

Dial by your location

877 853 5247 US Toll-free

888 788 0099 US Toll-free

Meeting ID: 714 318 5866

Find your local number: <https://us02web.zoom.us/u/kdCzAiYVMX>

Norris Bishton

President

7/29/2022