



SEAL BEACH MUTUAL NO. NINE

Mutual Operations – Shareholder Regulations

1 **GOVERNING DOCUMENT COMPLIANCE CORRECTIVE MEASURES AND MONETARY**
 2 **PENALTIES**

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 4 **ENFORCEMENT POLICY AND FINE SCHEDULE ENFORCMENT PROCEDURES**

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 6 The Mutual reserves the right to take legal action in order to enforce compliance with the
 7 Governing Documents at any stage in the enforcement process. Serious violations warranting
 8 immediate action may be forwarded to legal counsel with or without taking the steps outlined
 9 below. Violations which the Mutual Board decides to address internally will be dealt with as
 10 follows:

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- 12 1. Upon determination that an alleged violation has potential merit, a courtesy notice
 13 (warning letter) may, in the discretion of the Mutual Board, be sent to the allegedly
 14 offending Qualifying Resident/Shareholder “Respondent” identifying the violation and
 15 requesting compliance within a stated period of time. A courtesy notice is not required
 16 prior to calling Respondent to hearing.
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 - 18 2. The Mutual shall send a notice of hearing to the Respondent stating the nature of the
 19 alleged violation, referencing the specific provision of the Governing Documents which
 20 the Respondent is alleged to have violated, and inviting the Respondent to appear at a
 21 hearing before the Mutual Board to be held no sooner than fifteen (15) days from the
 22 date of the notice. The notice shall further advise the Respondent of his or her right to
 23 attend the hearing, submit a statement of defense to the Mutual Board in advance of
 24 the hearing or present a statement of defense and supporting witnesses at the hearing.
 25 If the Respondent does not attend the hearing, the Respondent waives these rights.
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 - 27 3. The Mutual Board shall conduct the hearing in executive session (unless requested
 28 otherwise by the Respondent) and shall afford the Respondent a reasonable
 29 opportunity to be heard.
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 - 31 4. If the Shareholder is found to be in violation of the Governing Documents following the
 32 hearing, the Mutual Board may do any of the following, as noted in the hearing notice:
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 - 34 4.1. Impose a monetary fine against the Shareholder pursuant to the Fine
 35 Schedule.
 - 36 4.2. Levy a special reimbursement assessment against the Shareholder pursuant to
 37 the Governing Documents.
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- 4.3. Declare the Shareholder to be not in good standing as set forth in these Rules.
 - 4.4. Suspend the Qualifying Resident/Shareholder’s rights to use the recreational facilities if and as provided in the Mutual Governing Documents.
 - 4.5. Any combination of the above.
 - 5. Any disciplinary action taken should be recorded in the minutes of the meeting at which the disciplinary action was taken by the Mutual Board. No action against the Respondent arising from the alleged violation may take effect before five (5) days after the hearing.
 - 6. The Mutual Board shall provide the Shareholder with written notice of the outcome of the hearing and any disciplinary action taken by the Mutual Board within ten (10) days after the hearing. In the case of a continuing violation, the notice of hearing decision may include a notice of a continuing fine, if authorized by the Fine Schedule, or notice of a subsequent hearing on the same violation to be held no sooner than thirty (30) days from the original hearing date, unless the violation is sooner remedied.
 - 7. Fines imposed by the Mutual Board after a hearing shall be due immediately upon notice of the hearing decision to the Owner. Special Assessments levied by the Mutual Board shall be due thirty (30) days from the date of the notice of hearing decision, or upon such other later date specified therein not to exceed sixty (60) days from the date of the notice.

FINE SCHEDULE

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The Mutual Board reserves the right to revise this Fine Schedule at any time through a rule change procedure and the most recent Fine Schedule shall be distributed to the Shareholders on an annual basis. Violations of the Mutual’s Governing Documents, including, but not limited to property alterations and/or improvements made without approval, repair and upkeep of property, unauthorized signs, and all other violations of the Mutual’s Governing Documents, may be assessed a monetary penalty in the following amounts:

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Violation	1st Offense	2nd Offense and each subsequent and/or continuation of Offense
Residency/occupancy violations (e.g. unauthorized occupants, guests residing longer than permitted)	Notice to Comply in 48 hours	Notice and hearing and fine of up to \$500.00 and up to \$100.00 per/day for each additional day of non-compliance, for a maximum of 20 days
Violation of Roof & Attic Access	Notice and hearing and up to \$1,000.00 and removal of unauthorized installation or non-compliant equipment, if applicable	
Violation of Mutual Occupancy Agreement & all other Rules & Regulations	Written warning	Notice and hearing and fine of up to \$100.00 and up to \$100.00 per/day for each additional day of non-compliance, for a maximum of 20 days
Violation of Leasing Rules	Notice and hearing and fine of up to \$2,500.00	Notice and hearing and fine of up to \$5,000.00
Violation of Leasing Rules – Lease for Less than Thirty Days (Short- Term Rental)	Notice and hearing and fine of up to \$5,000.00	Notice and hearing and fine of \$2,500.00 to \$7,500.00

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75**Document History**

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GOLDEN RAIN FOUNDATION Seal Beach, California