

MUTUAL OPERATIONS

SHAREHOLDER REGULATIONS

GOVERNING DOCUMENT COMPLIANCE CORRECTIVE MEASURES AND MONETARY PENALTIES – MUTUAL NINE

The objective of this Compliance Policy shall be to promote and seek voluntary compliance of shareholders for themselves, those qualified to reside with them and the shareholders' visitors including, but not limited to guests, employees and delivery personnel with the Seal Beach Mutual No. Nine Occupancy Agreement, Bylaws, 7000 Series Policies, and Rules and Regulations, all as amended and supplemented (collectively, "Governing Documents").

Reporting Violations:

Any resident shareholder, including any shareholder serving on the Board, may report violations. Contact Security, Community Administration, or the Board of Directors.

Such reports shall constitute a complaint and will be documented in writing to include the time, date, nature of violation, circumstances, and location and address of person or persons responsible. The complaint will be provided to the Mutual for review and, if necessary, enforcement action.

Enforcement Procedures:

The Mutual may, in the Board's sole discretion, enforce a violation of the "Governing Documents" by pursuing, without limitation any one, or a combination of, the remedies described below in paragraphs, One, Two, or Three (1, 2, or 3). Notices described in One and Two below shall include a statement inviting the shareholder.

1. Send an initial notice of violation letter to the resident shareholder stating the nature of the alleged violation. In the event that the shareholder does not take corrective action and continues to be non-compliant, the notice will include a reasonable date within which to voluntarily comply.
2. Send a notice of violation and intent to impose a monetary penalty. Monetary penalties will be imposed in accordance with the Mutual's schedule of Monetary Penalties.
3. An action in law or in equity to recover the sums due for damages injunctive relief or any other appropriate legal or equitable relief that may be available to the Mutual.

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Monetary Penalties may be imposed after notice and opportunity for hearing, where the Board of Directors, in its discretion, has determined that a resident shareholder is non-compliant with or has violated the “Governing Documents.”

MONETARY PENALTY SCHEDULE

Notice of Violation: Warning or monetary penalty. First notice will be a warning. Second notice will be a \$50.00 monetary penalty. Third notice will be a \$100.00 monetary penalty. If the monetary penalty is not paid \$25.00 a day will be added to the third notice.

Invoices for Monetary Penalties are due and payable immediately.

MUTUAL
NINE:

ADOPTION
08-14-17

AMENDMENTS