

SHAREHOLDER REGULATIONS

GOVERNING DOCUMENT COMPLIANCE CORRECTIVE MEASURES AND FINES – Mutual Two

Basic Compliance Policy:

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. Two Occupancy Agreement, Bylaws, 7000 Series Policies, and Rules and Regulations, all as amended and supplemented.

Reporting Violations:

Any resident shareholder, including any shareholder serving on the Board, may report violations. Contact Security 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 discretion, enforce any violation of the "Policies Rules & Regulations" by pursuing, without limitation any one, or 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 to a hearing or their right to request a hearing.

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 fine. Fines will be imposed in accordance with the Mutual's Violation Fine Schedule.
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.

Fine Schedule:

A monetary fine in accordance with the Fine Schedule may be imposed after or concurrent with notice and opportunity for hearing, and the Board of Directors, or committee appointed by the Board, in its discretion, has determined that a resident shareholder is non-compliant with or has violated the "Policies Rules & Regulations".

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FINE SCHEDULE

Before fine is assessed the Shareholder has the right to a hearing within 60–days of the fine. Please send written request to the Mutual President.

	1st Offense	2nd 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	Up to \$500 and up to \$100 per/day for each additional day of non-compliance
Violation of Policy 7491.02 Roof & Attic Access	Up to \$1000 and removal of unauthorized installation if non-compliant equipment if applicable	
Violation of Mutual Occupancy Agreement & all other Policies	Written warning	Up to \$100 and up to \$100 per/day for each additional day of non-compliance

MUTUAL

ADOPTION

AMENDMENTS

TWO:

11-16-17

11-15-18