

SEAL BEACH MUTUAL NO. FOUR**SHAREHOLDER REGULATIONS****Delinquent Assessment Collection**

Prompt payment of assessments by all shareholders is critical to the financial health of Seal Beach Mutual No. 4. ("Association" or "Mutual 4") and to the enhancement of the property values of our homes. Your Board of Directors ("Board") takes its obligations very seriously under the Association's governing documents, including, without limitation, the Occupancy Agreement, and the California Civil Code ("Civil Code") to enforce the shareholders' obligation to pay assessments. Pursuant to the Association's Occupancy Agreement and the Civil Code, the following assessment practices and policies outlined below have been adopted by the Board and shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Board.

1. Assessments, late charges, interest and collection costs, including any attorneys' fees, are the personal obligation of the shareholder of the property at the time the assessment or other sums are levied. (Civil Code Section 5650(a))
2. Regular assessments are due and payable, in advance, on the first day of each month. If imposed, special assessments and reimbursement assessments shall be due and payable on the due date specified by the Mutual 4 Board, which date will not be less than thirty (30) days after the date of Notice of the Assessment. Regular, special and reimbursement assessments (hereinafter collectively referred to as "Assessments"), interest, late charges, collection costs and reasonable attorney's fees, if any are imposed, are the personal obligation of the person who is the shareholder of the shares of stock associated with the Unit at the time when the assessment or other charge fell due regardless of whether a courtesy statement or courtesy late letter is received.
3. A shareholder may, but is not obligated to, pay under protest any disputed charge or sum levied by the Association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure provided the amount in dispute does not exceed the California jurisdictional limits of the small claims court. By doing so, the shareholder may in addition to pursuing dispute resolution pursuant to Civil Code Sections 5925-5965, commence an action in small claims court.
4. Assessments are delinquent fifteen (15) days after they become due. A late charge not exceeding ten percent (10%) or ten dollars (\$10.00), whichever is greater, may be applied if payment in full of any Assessment is not received thirty (30) days after the payment is due. A late charge will not be imposed more than once per delinquent installment.
5. An interest charge at a rate not to exceed twelve percent (12%) per annum will be assessed against any outstanding balance, including delinquent Assessments, late charges, cost of collection and fees, and attorney's fees. Such interest charges shall commence thirty (30) days after the Assessment becomes due and shall continue to be assessed each month until the account is brought current.

6. Pursuant to Civil Code Section 5650(b), Mutual 4 is entitled to recover reasonable collection costs. Such collection costs include, without limitation: All late charges, interest, attorney's fees, management costs, mailing costs, recording costs, publication costs and service costs. Such collection costs will become the liability of the delinquent shareholder. It is the rule of Mutual 4 not to routinely waive any duly imposed collection costs. Please also note that returned checks may be subject to a service fee.
7. Payments received on delinquent Assessment accounts will be applied first to the Assessments owed. Only after all assessments are paid in full will payments be applied to collection fees and costs, attorney's fees, late charges or interest. (Civil Code Section 5655(a))
8. If a special Assessment is payable in installments and an installment payment of that special Assessment is delinquent for more than fifteen (15) days, all installments will be accelerated, and the entire unpaid balance of the special Assessment shall become immediately due and payable. The remaining balance shall be subject to late charges, interest, costs of collection, and lien rights as provided herein.
9. The Association or the Association's managing agent may, but is not required to, send to the shareholder a late letter once an assessment becomes delinquent. A charge (if any) for the late letter will be added to the shareholder's delinquent account.
10. If the delinquent shareholder does not bring the account current within thirty (30) days of notice of the delinquency, Mutual 4 can seek an unlawful detainer and eviction pursuant to the terms of the shareholder's Occupancy Agreement.
11. Any Assessment payments received from a delinquent shareholder will be applied to that shareholder's account. However, absent receipt of payment in full of all amounts due, Mutual 4 will proceed with any unlawful detainer action initiated against the shareholder's separate interest, or the delinquent shareholder personally, pursuant to and consistent with the requirements of California statutory and case law unless the payments are remitted pursuant to a written payment plan approved by the Mutual 4 Board.
12. In the alternative, if an assessment is delinquent, the Association or its designee, in the event the account is turned over to a collection agent, will send a pre-lien letter to the shareholder as required by Civil Code Section 5660 by certified and first class mail, to the shareholder's mailing address of record advising of the delinquent status of the account, impending collection action and the shareholder's right to request that the Association participate in internal dispute resolution ("IDR"). The shareholder will be charged collection fees and costs for the pre-lien letter. Notwithstanding the provisions of this paragraph, the Association may (i) send a pre-lien letter to a delinquent shareholder at any time when there is an open escrow involving the shareholder's separate interest, and/or (ii) issue a pre-lien letter immediately if any special assessment becomes delinquent even if the shareholder is current in paying their regular assessments.
13. If a shareholder fails to pay the amounts set forth in the pre-lien letter and fails to request IDR within thirty (30) days of the date of the pre-lien letter, the Board, by majority vote in an open meeting, shall authorize the recordation of a lien for the amount of any delinquent assessments, late charges, interest and/or collection fees and costs, including attorneys' fees, against the shareholder's property. The shareholder will be charged collection fees and costs for preparation and recordation of the lien. The lien may be enforced in any manner permitted by law, including, judicial or non-judicial foreclosure. See Civil Code Sections 5700-5720.

14. The lien may be enforced by non-judicial foreclosure sale when either (a) the delinquent assessment amount totals One Thousand, Eight Hundred Dollars (\$1,800) or more, excluding accelerated assessments and specified late charges and fees or (b) the assessments are delinquent for more than twelve (12) months. A delinquent shareholder could lose ownership of the property if a foreclosure action is completed. The delinquent shareholder will be responsible for significant additional collection fees and costs for enforcement of the lien against the property.
15. The decision to foreclose against a lien must be made by a majority of the Board of Directors in an Executive Session meeting and the Board of Directors must record their votes in the minutes of the next open meeting of the Board. The Board must maintain the confidentiality of the delinquent shareholder(s) by identifying the matter in the minutes by the parcel number of the shareholder's property, rather than the name of the shareholder(s). Prior to initiating the foreclosure sale against a recorded lien, the Association shall offer delinquent shareholders the option of participating in IDR or Alternative Dispute Resolution ("ADR") with a neutral third party pursuant to Civil Code Sections 5925-5965, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.
16. Upon a shareholder's written demand, the Association shall make specified Association records available for inspection and copying pursuant to Civil Code Sections 5200-5240.
17. In the event it is determined that the shareholder has paid the assessments on time, the shareholder will not be liable to pay the charges, interests, and costs of collection.
18. The shareholder has the right to request a meeting with the Board of Directors as provided by Civil Code Section 5665.
19. A shareholder has the right to dispute the debt by submitting a written request for dispute resolution pursuant to the Association's "meet and confer" program pursuant to Civil Code Sections 5900-5920.
20. A shareholder may submit a written request to discuss a payment plan for the debt to the Association's Board. The Board is not required to meet with an shareholder unless the request is mailed within fifteen (15) days of the date of the postmark of the pre-lien letter, in which case the Board shall meet with the shareholder in Executive Session within forty-five (45) days of the postmark of the request unless there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one or more directors to meet with the shareholder.
21. The Association shall provide the shareholder the standard for payment plans if any exist. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plans. Payment plans shall not interfere with the Association's ability to record a lien against a shareholder's separate interest to secure payment for the shareholder's delinquent assessments. If the Board authorizes a payment plan, it may incorporate payment of ongoing assessments that accrue during the payment plan period. If a payment plan is approved, additional late fees from the shareholder will not accrue while the shareholder remains current under the terms of the payment plan. If the shareholder breaches an approved payment plan, the Association may resume its collection action from the time prior to entering into the payment plan.
22. Nothing herein limits or otherwise affects the Association's right to proceed in any lawful manner to collect any delinquent sums owed to the Association.

23. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and collection fees and costs, including attorneys' fees, must be paid in full to the Association.
24. There is no right of offset. A shareholder may not withhold Assessments owed to Mutual 4 on the alleged grounds that the shareholder would be entitled to recover money or damages from Mutual 4 based on some other obligation or some claim of another obligation
25. The Association shall charge the shareholder a Twenty-Five Dollar (\$25.00) fee for the first check tendered to the Association that is returned unpaid by the shareholder's bank and Thirty-Five Dollars (\$35.00) for each subsequent check passed on insufficient funds. If the check cannot be negotiated, the Association may also seek to recover damages of at least One Hundred Dollars (\$100.00), or, if higher, three (3) times the amount of the check up to One Thousand, Five Hundred Dollars (\$1,500.00) pursuant to Civil Code Section 1719.
26. Shareholders have a right to identify in writing to Mutual 4 a secondary address for purposes of, without limitation, collection notices delivered pursuant to this Article. The shareholder's request shall be in writing and shall be mailed to the Association in a way that shall indicate that the Association has received it. A shareholder may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the indicated secondary address from the point the Association receives the request. Upon receipt of a written request from a shareholder identifying a secondary address, Mutual 4 shall send notices to that secondary address.
27. All charges and fees set forth in this Article are subject to change upon thirty (30) days prior written notice.
28. Mutual 4 may, at any time, determine to file a personal lawsuit against the delinquent shareholder to recover all delinquent charges pursuant to relevant law. All costs and attorneys fee in connection with the lawsuit, in addition to the delinquent charges and other collection costs, will be sought from the delinquent shareholder.
29. If a lawsuit or unlawful detainer action is initiated by Mutual 4 to recover Assessments, Mutual 4 is entitled to recover not only the amount in default, but also reasonable costs of collection, including title company charges and attorney's fees as provided for by statute, as well as Mutual 4's Bylaws, the shareholder's Occupancy Agreement, and/or other Governing Documents.
30. Until the shareholder has paid all amounts due, including delinquent assessments, late charges, interest and fees and costs of collection, including attorneys' fees, the Board of Directors may, to the fullest extent permissible under the CC&Rs and applicable law, suspend the shareholder's right to use the Association's common area facilities after providing the shareholder with notice of a duly noticed hearing before the Board. No suspension imposed may prevent the delinquent shareholder from the use, benefit and pleasure of the shareholder's separate interest.
31. Within twenty-one (21) days of payment in full of all delinquent Assessments and charges, the attorney will dismiss the unlawful detainer action, and will provide the shareholder with a copy of such dismissal.
32. When a shareholder makes a payment, the shareholder may request a receipt and Mutual 4 shall provide same which shall indicate the date of payment and person who received such payment.

The mailing address for overnight payment of assessments is:

SEAL BEACH MUTUAL NO. 4
Leisure World
Attn: Cashier, Finance Office
3590 P.O. Box 2069
Seal Beach, California 90740

Document History

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Amended:

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