

**SEAL BEACH MUTUAL NUMBER FIVE****SHAREHOLDER REGULATIONS****Collection Rule**

- 1     **1.**     Regular and Special Assessments  
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3           **1.1.**     Regular assessments are due and payable, in advance, on the first day of each  
4                   month. If imposed, special assessments and reimbursement assessments shall  
5                   be due and payable on the due date specified by the Mutual Board. Regular,  
6                   special and reimbursement assessments (hereinafter collectively referred to as  
7                   "Assessments"), interest, late charges, collection costs and reasonable  
8                   attorney's fees, if any are imposed, are the personal obligation of the shareholder  
9                   associated with the Unit at the time when the assessment or other charge fell  
10                  due.  
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12     **2.**     Late Charges  
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14           **2.1.**     Assessments are delinquent fifteen (15) days after they become due. A late  
15                   charge not exceeding ten percent (10%) or ten dollars (\$10.00), whichever is  
16                   greater, may be applied if payment in full of any Assessment is not received thirty  
17                   (30) days after the payment is due. A late charge will not be imposed more than  
18                   once per delinquent installment.  
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20     **3.**     Interest  
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22           **3.1.**     An interest charge at a rate not to exceed twelve percent (12%) per annum will  
23                   be assessed against any outstanding balance, including delinquent  
24                   Assessments, late charges, and cost of collection, which may include Mutual  
25                   attorney fees. Such interest charges shall accrue thirty (30) days after the  
26                   Assessment becomes due and shall continue to be assessed each month until  
27                   the account is brought current.  
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29     **4.**     Additional Charges, Costs and Attorney Fees  
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31           **4.1.**     Pursuant to Civil Code Section 5650(b), the Mutual is entitled to recover  
32                   reasonable collection costs. Such collection costs include, without limitation: All  
33                   late charges, interest, attorney fees, management costs, mailing costs, recording  
34                   costs, publication costs and service costs. Such collection costs will become the  
35                   liability of the delinquent Shareholder. It is the policy of the Mutual not to routinely  
36                   waive any duly imposed collection costs. Please also note that returned checks  
37                   may be subject to a service fee.  
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39     **5.**     Application of Payments on Delinquent Assessments  
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- 41           **5.1.**     Payments received on delinquent Assessment accounts will be applied first to  
42                   the Assessments owed, and then applied to collection costs, administration fees,  
43                   attorney fees, late charges, interest, and any other amount due to the Mutual in  
44                   connection with collection of delinquent Assessments.  
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- 46     **6.**       Special Assessment  
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- 48           **6.1.**     If a special Assessment is payable in installments and an installment payment  
49                   of that special Assessment is delinquent for more than thirty (30) days, all  
50                   installments will be accelerated, and the entire unpaid balance of the special  
51                   Assessment shall become immediately due and payable. The remaining balance  
52                   shall be subject to late charges, interest, costs of collection, and lien rights as  
53                   provided herein.  
54
- 55     **7.**       Unlawful Detainer  
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- 57           **7.1.**     If the delinquent Shareholder does not bring the account current within thirty (30)  
58                   days of notice of the delinquency, the Mutual can seek unlawful detainer and  
59                   eviction pursuant to the terms of the Shareholder's Occupancy Agreement.  
60
- 61     **8.**       Partial Payments  
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- 63           **8.1.**     Any Assessment payments received from a delinquent Shareholder will be  
64                   applied to that Shareholder's account. However, absent receipt of payment in  
65                   full of all amounts due, the Mutual will proceed with any unlawful detainer action  
66                   initiated against the Shareholder's separate interest, or the delinquent  
67                   Shareholder personally, pursuant to and consistent with the requirements of  
68                   California statutory and case law unless the payments are remitted pursuant to  
69                   a written payment plan approved by the Mutual Board.  
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- 71     **9.**       Lawsuits  
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- 73           **9.1.**     The Mutual may, at any time, determine to file a personal lawsuit against the  
74                   delinquent Shareholder to recover all delinquent charges pursuant to relevant  
75                   law. All costs and attorney fees in connection with the lawsuit, in addition to the  
76                   delinquent charges and other collection costs, will be sought from the delinquent  
77                   Shareholder.  
78
- 79     **10.**     Attorney Fees  
80

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- 81           **10.1.** If a lawsuit or unlawful detainer action is initiated by the Mutual to recover  
82           Assessments, the Mutual is entitled to recover not only the amount in default,  
83           but also reasonable costs of collection, including title company charges and  
84           attorney fees as provided for by statute, as well as the Mutual's Bylaws, the  
85           Shareholder's Occupancy Agreement, and/or other Governing Documents.  
86
- 87   **11.** Suspend Privileges and Voting Rights  
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- 89           **11.1.** The Board may, having provided the Shareholder with a Notice of Hearing  
90           pursuant to Civil Code Section 5855, suspend the common area privileges and  
91           voting rights of any Shareholder who is more than thirty (30) days delinquent in  
92           paying any Assessment. Common area privileges and voting rights will remain  
93           suspended until the delinquency, including any accumulated penalties, interest,  
94           and costs of collection, has been paid in full.  
95
- 96   **12.** Secondary Address  
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- 98           **12.1.** Shareholders have a right to identify in writing to the Mutual a secondary address  
99           for purposes of, without limitation, collection notices delivered pursuant to this  
100           Article. Upon receipt of a written request from a Shareholder identifying a  
101           secondary address, the Mutual shall send notices to that secondary address.  
102
- 103   **13.** No Right of Offset  
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- 105           **13.1.** There is no right of offset. A Shareholder may not withhold Assessments owed  
106           to the Mutual on the alleged grounds that the Shareholder would be entitled to  
107           recover money or damages from the Mutual based on some other obligation or  
108           some claim of another obligation.  
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- 110   **14.** Charges and Fees Subject to Change  
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- 112           **14.1.** All charges and fees set forth in this Article are subject to change, upon rule  
113           change notification to the Shareholders.  
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- 115   **15.** Dismissal of Action Upon Payment  
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- 117           **15.1.** Within twenty-one (21) days of payment in full of all delinquent Assessments and  
118           charges, the Mutual's attorney will dismiss the unlawful detainer action, and will  
119           provide the Shareholder with a copy of such dismissal.  
120

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- 121    **16.**    Right to Receipt  
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123            **16.1.**    When a Shareholder makes a payment, the Shareholder may request a receipt  
124                    and the Mutual shall provide same, which shall indicate the date of payment and  
125                    person who received such payment.  
126  
127    **17.**    Overnight Payments  
128            **17.1.**    Payments may be made by overnight mail to the following address:  
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130                                Leisure World  
131                                Attn: Cashier  
132                                Finance Office  
133                                P.O. Box 2069  
134                                Seal Beach, California 90740  
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