

SEAL BEACH MUTUAL NUMBER FIVE**RESIDENT REGULATIONS****Eligibility Requirements**

1 1. All persons seeking approval of the Board of Directors of Seal Beach Mutual No. Five
 2 to purchase a share of stock in the Mutual, and to reside in the Mutual, shall meet the
 3 following eligibility criteria:

4
 5 1.1. Apply for and be accepted as a member of the Golden Rain Foundation, Seal
 6 Beach, California.

7
 8 2. Meet the Mutual eligibility criteria as follows:

9
 10 2.1. AGE

11
 12 2.1.1 Minimum of 55 years, as confirmed by a birth certificate, California
 13 Driver's license or passport.

14
 15 3. FINANCIAL ABILITY

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 17 3.1.1. Verified net monthly income that is at least four (4) times or greater
 18 than the monthly carrying charge (Regular Assessment plus
 19 Property Tax and Fees) at the time of application and have a
 20 combination of liquid assets of at least \$35,000 and sufficient other
 21 assets equal to the purchase price of the Unit. Verified monthly
 22 income/assets may be in the form of the past two years of the
 23 information below:

24
 25 4. INCOME REQUIREMENTS

26
 27 4.1 Acceptable verification includes, among others:

28 4.2 The most recent Federal Tax returns; including but not limited to:

29 4.2.1 1099s for interest and dividends;

30 4.2.2 1099-Rs for retirement income from qualified plans and annuities;

31 4.2.3 SSA-1099 Social Security Benefit Statement;

32 4.2.4 W-2 forms or paycheck stubs

33 4.2.5 Brokerage statements and current interim statement.

34 4.2.6 Six to twelve months of checking/savings account statements.

35 4.2.7 Current income: bank, credit union or brokerage statements

36 4.2.8 Letters from bankers

37 4.2.9 Notices of annuities

38 4.2.10 Pensions

39 4.2.11 Trust Income

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- 79 7.1 Adjusted Gross Income from Federal Tax Forms 1040, 1040A, or 1040EZ; plus,
80 that portion of Social Security, IRA distributions, and pensions and annuities not
81 included in adjusted gross income; plus tax exempt interest; all divided by twelve
82 (12) and,
83 7.2 The sum of all Acceptable Assets from Paragraph 6.1, above, less the assets
84 equal to the purchase price of the unit, divided by the difference between the
85 Actuarial Life Expectancy ¹ minus the actual age of each applicant ² divided by
86 12 (please see attached example).
87
- 88 8. Projected assessments will be the previous year's assessment (total of carrying charge
89 less any cable charge, less Orange County Property Taxes and Fees), and the addition
90 of the new property tax at 1.2%³ of the sales price plus Orange County District fees
91 divided by twelve (12) for the new projected monthly assessment. This new figure
92 (Regular Assessment plus Orange County Property Taxes and District Fees) times four
93 (4) will be the monthly income required. These calculations will be verified by the
94 escrow company and the Stock Transfer Office. Between the two, Stock Transfer shall
95 have the final say in establishing verifiable income/assets.
96
- 97 Verification shall be done by the Escrow Company and the Stock Transfer Office prior
98 to the new buyer interview and prior to the close of escrow (the above verification need
99 not be done by the individual Mutual Directors; Directors are not required to study or
100 understand the financial requirements).
101
- 102 9. The resident shareholder's income shall be considered for qualifying. Where there is
103 more than one prospective shareholder, income and assets shall be calculated
104 collectively. Co-owners shall be calculated for their proportional share of the HOA
105 payment. Either one half in the case of two co-owners or one third in the case of three
106 co-owners. Married couple income shall be considered one income.
107
- 108 10. If moving within Leisure World, or if there are any additions/changes to the Stock
109 Certificate, the proposed shareholder(s) must meet these eligibility requirements.

¹ The Actuarial Life Expectancy is obtained from the Social Security Retirement & Survivors Benefit: Life Expectancy Calculator, website <https://www.ssa.gov/OACT/population/longevity.html>

² The difference between the Life Expectancy value from SSA Life Expectancy Calculator: 78.5 years and the buyer's actual age: 70.3

³ If major remodeling, expansion, or addition of a bathroom is being considered, the increase in taxes over the 1.2% of the purchase price must be taken into consideration.

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- 110 **11.** If moving within Mutual 5 from one unit to another, if the Shareholder has maintained
- 111 payment of their carrying charges for at least one year, they are exempt from the
- 112 requirement to show \$35,000 in assets.
- 113
- 114 **12. HEALTH**
- 115
- 116 **12.1.** Have reasonably good health for a person of his/her age, so that shareholder
- 117 can take care of normal living needs without calling on other members for an
- 118 undue amount of assistance. Leisure World is not an assisted living or skilled
- 119 nursing home facility.
- 120 **12.2.** Assume, in writing, the obligations of the "Occupancy Agreement" in use by
- 121 the Mutual Corporation.
- 122 Officers or Committees if the Board of Directors designated to approve new
- 123 applicants are responsible that criteria of the corporation is equitably applied
- 124 to all applicants. Approval or disapproval of buyer(s) must be received by the
- 125 Stock Transfer Office at least ten (10) working days prior to the close of
- 126 escrow.
- 127 **12.3.** The Board may appoint a review committee to hear disputed applications. The
- 128 decision of the Board will be final.
- 129
- 130

Document History

Adopted: 20 Oct 2021 **Amended:**
16 Feb 2022 16 Nov 2022 17 July 2024

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133 A buyer, single female, born July 1, 1948 has a portfolio of \$500,000 and a fully-paid-for house
 134 she is selling for \$600,000 and she is buying a unit in M-5 for \$350,000. She has a Social
 135 Security Income of \$1,500 per month. Does she qualify in M-5?

136
 137 *Financial Ability Section 3.1.1.: Verified Net Monthly Income states that is at least four (4) times*
 138 *or greater than the monthly carrying charge (Regular Assessment plus Property Tax and Fees)*
 139 *at the time of application; and, have a combination of liquid assets of at least \$35,000 and*
 140 *sufficient other assets equal to the purchase price of the Unit.*

141
 142 M-5 Regular Assessment for 2018 is \$360.96 which includes M-5 monthly carrying charge,
 143 GRF monthly carrying charge and OC User Fee.

144
 145 Projected Property Taxes according to Section 8, is the amount \$350,000 times 1.2% and is
 146 equal to \$4,200 per year or \$350 per month.

147 Therefore: The Regular Assessment plus Property Tax and Fees is \$360.96 plus \$350 or
 148 \$710.96; and, 4 times that amount is \$2,843.84 which is the BENCHMARK required in Section
 149 3.1.1. Applicant's Net Monthly Income must be higher than that amount.

150
 151 Section 7 defines NET MONTHLY INCOME. For this example it includes:

152
 153 Social Security Income of: \$1,500 per month

154
 155 Assets: \$500,000 Portfolio
 156 Plus \$600,000 Value of home
 157 Less \$350,000 Price of M-5 Unit
 158 = \$750,000 Remaining Assets

159 Divided by: 17.2 years (87.5 minus 70.3) ²
 160 = \$43,605 per year divided by 12: \$3,634 per month.

161 Total Net Monthly Income: \$5,134 per month

162
 163 NET MONTHLY INCOME IS GREATER THAN BENCHMARK, THEREFORE APPLICANT IS
 164 QUALIFIED.

165
 166
 167
 168 **I have read and understood what is required for eligibility consideration in the above**

² The difference between the Life Expectancy value from SSA Life Expectancy Calculator: 87.5 years and the buyer's actual age: 70.3

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169 named Mutual, including necessary documentation.
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Prospective Buyer _____

Date _____

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Prospective Buyer _____

Date _____

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Prospective Buyer _____

Date _____

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Prospective Buyer _____

Date _____

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LEISURE WORLD SEAL BEACH
An Active Adult Community Disclosure

To: Prospective Purchasers

Leisure World Seal Beach is an "Active Adult Community" offering the best in co-op and condominium housing for persons fifty-five years of age or older. This style of active adult housing should not to be confused with an assisted living or a skilled nursing facility. No health care services, such as living assistance or medical assistance, are provided by the Golden Rain Foundation and/or the respective Mutuals.

Assisted Living: Assisted Living facilities offer personalized supportive services and assistance with day-to-day living needs. Meals, snacks, housekeeping, physical fitness, laundry and 24-hour trained staff members are all provided under the umbrella of assisted-living services. These *are not* services provided at Leisure World Seal Beach. LEISURE WORLD SEAL BEACH IS NOT AN ASSISTED LIVING FACILITY OR RESIDENCE.

Active Adult Community: In Leisure World Seal Beach you can be as active as you choose to be. There are many recreational opportunities. Members who purchase the right to reside in a Mutual apartment direct their own lives and are independent and able to handle their own affairs without the assistance of Golden Rain Foundation.

It is recommended that prospective applicants for ownership and residency should have reasonably good health for a person of his/or her age and be able to live independently.

Reasonably good health may be described in part as an applicant's ability to:

- Dress self with weather appropriate clothing.**
- Maintain a clean, safe, living environment.**
- Bathe (shower) & maintain personal hygiene.**
- Able to shop, prepare meals, or eat out.**
- Able to medicate self properly when necessary.**
- Able to take care of personal finances.**

Choosing an active adult community is a decision which should be made with the assistance of loved ones, professional healthcare physicians, legal advisors and others. Please allow us to answer any questions you might have regarding qualification for residency in this community. You may contact Leisure World Seal Beach, Stock Transfer Office at: (562) 431-6586, ex. 339, 346, 347, 348, or 400 for *assistance*.

Notwithstanding any of the forgoing, both federal and California law prohibits, among other things, discrimination against people with disabilities, and nothing herein shall be construed to prevent a Prospective Purchaser with a disability otherwise qualifying for membership.

I have read and understand that Leisure World Seal Beach *is not* an assisted living facility:

Print Prospective Purchaser's Name: _____

Prospective Purchaser's Signature: _____

Date: _____

Return this form to the Stock Transfer Office.
If you require additional forms, contact Stock Transfer at (562) 431-6586, ext. 339, 346, 347, 348, or 400.
Golden Rain Foundation Seal Beach, California