

SEAL BEACH MUTUAL NO. TWO**RESIDENT REGULATIONS****Eligibility Requirements**

- 1 All persons seeking approval of the Board of Directors of Seal Beach Mutual Two to purchase a
 2 share of stock in the Mutual, and to reside in the Mutual, shall meet the following eligibility criteria:
 3
- 4 1. Apply for and be accepted as a member of the Golden Rain Foundation, Seal Beach,
 5 California.
 6
 - 7 2. Meet the Mutual eligibility criteria as follows:
 8 **2.1. Age**
 9 Minimum of 55 years, as confirmed by a government or hospital issued birth
 10 certificate or passport. A driver's license is not acceptable as proof of age.
 11 **2.2. Financial Ability**
 12 **2.2.1.** Verified monthly income that is at least four (4) times or greater the
 13 monthly carrying charge (Regular Assessment plus Property Tax and
 14 Fees) at the time of application and have a combination of liquid
 15 assets of at least \$25,000 and sufficient other assets equal to the
 16 purchase price of the Unit. Verified monthly income/assets may be in
 17 the form of the past two years of the information below:
 18
 - 19 3. **Income Requirements**
 20 **3.1. Acceptable verification includes, among others**
 21 **3.1.1.** The most recent Federal Tax returns; including but not limited to:
 22 **3.1.1.1.** 1099s for interest and dividends;
 23 **3.1.1.2.** 1099-Rs for retirement income from qualified plans and
 24 annuities;
 25 **3.1.1.3.** SSA-1099 Social Security Benefit Statement;
 26 **3.1.1.4.** W-2 forms for paycheck stubs
 27 **3.1.2.** Brokerage statements and current interim statement.
 28 **3.1.3.** Six to twelve months of checking/savings account statements.
 29 **3.1.4.** Current income: bank, credit union or brokerage statements
 30 **3.1.5.** Letters from bankers
 31 **3.1.6.** Notices of annuities
 32 **3.1.7.** Pensions
 33 **3.1.8.** Trust Income
 34 **3.1.9.** Disability Income
 35 **3.1.10.** Residential or commercial property rental income
 36 **3.1.11.** Settlement Payments
 37 **3.1.12.** An owned business must include appropriate business tax schedules
 38 and a Profit and loss statement.
 39 **3.2. Unacceptable income verifications include, among others,**
 40 **3.2.1.** Letters from employers, accountants, bookkeepers, and attorneys

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- 75 **5.3.** Projected assessments will be the current year's assessment (total of carrying
76 charge less any cable charge, less Orange County Property Taxes and Fees),
77 and the addition of the new property tax at 1.2% of the sales price plus Orange
78 County District fees divided by twelve (12) for the new projected monthly
79 assessment. This new figure (Regular Assessment plus Orange County
80 Property Taxes and District Fees) times four (4) will be the monthly income
81 required. These calculations will be verified by the Stock Transfer Office. Stock
82 Transfer shall have the final say in establishing verifiable income/assets,
83 subject to Mutual 2 review of asked.
- 84 Verification shall be done by the Stock Transfer Office prior to the new buyer
85 interview and prior to the close of escrow (the above verification need not be
86 done by the individual Mutual Directors; Directors are not be required to study or
87 understand the financial requirements).
- 88 **5.4.** The resident shareholder's income shall be considered for qualifying. Where
89 there is more than one prospective shareholder, income and assets shall be
90 calculated collectively. Co-owners shall be calculated for their proportional
91 share of the HOA payment. Either one half in the case of two co-owners or
92 one third in the case of three co-owners. Married couple income shall be
93 considered one income.
- 94 **5.5.** If moving within Leisure World, or if there are any additions/changes to the
95 Stock Certificate, the proposed shareholder(s) must meet these eligibility
96 requirements.
- 97 **5.6.** If moving within Leisure World, or if there are any additions/changes to the
98 Stock Certificate, the proposed shareholder(s) must meet these eligibility
99 requirements.
- 100
- 101 **6. Health**
- 102 **6.1.** Have reasonably good health for a person of his/her age, , so that shareholder
103 can take care of normal living needs without calling on other members of the
104 cooperative for an undue amount of assistance. Leisure World in not an
105 assisted living or skilled nursing home facility.
- 106
- 107 **7. Assume, in writing, the obligations of the "Occupancy Agreement" in use by the**
108 **Mutual Corporation.**
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- 110 **8. Credit Report**
- 111 **8.1.** In addition to the above financial verification documents a recent credit report
112 from one of the established credit reporting companies must be provided to the
113 Stock Transfer Office by the prospective resident owner. The Stock Transfer
114 Office must ensure that the following conditions are met and must include that

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- 115 information with the financial verification report:
- 116 **8.1.1.** A minimum FICO score of 650:
- 117 **8.1.2.** A period of not less than 5 years must have elapsed since the
- 118 prospective resident owner was discharged or dismissed from a
- 119 bankruptcy.
- 120 **8.1.3.** The prospective resident owner must have no reported late payments
- 121 of more than 30 days on a current mortgage in the previous 12
- 122 months
- 123 **8.2.** Officers or Committees of the Board of Directors designated to approve new
- 124 applicants are responsible that the eligibility criteria of this corporation is
- 125 equitably applied to all applicants. Approval or disapproval of buyer(s) must be
- 126 received by the Stock Transfer Office at least ten (10) working days prior to the
- 127 close of escrow.
- 128 **8.3.** The Board of Directors may appoint a review committee to hear disputed
- 129 applications. The decision of the Board shall be final.

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I have read and understood what is required for eligibility consideration in the above 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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Prospective Buyer	Date
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155 A buyer, single female, born July 1, 1948 has a portfolio of \$500,000 and a fully-paid-for house
 156 she is selling for \$600,000 and she is buying a unit in Mutual 2 for \$350,000. She has a Social
 157 Security Income of \$1,500 per month. Does she qualify in M-2?
 158

159 Financial Ability Section 2.2.1.: Verified Net Monthly Income states that is at least four (4) times
 160 or greater than the monthly carrying charge (Regular Assessment plus Property Tax and Fees)
 161 at the time of application; and, have a combination of liquid assets of at least \$25,000 and
 162 sufficient other assets equal to the purchase price of the Unit.
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164 Mutual 2 Regular Assessment for 2019 is \$415.42 which includes M-2 monthly carrying charge,
 165 GRF monthly carrying charge and OC User Fee.
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167 Projected Property Taxes according to Section B.6., is the amount \$350,000 times 1.2% and is
 168 equal to \$4,200 per year or \$350 per month.
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170 Therefore: The Regular Assessment plus Property Tax and Fees is \$415.22 plus \$350 or
 171 \$756.22; and four (4) times that amount is \$3024.88 which is the BENCHMARK required in
 172 Section 2.2.1. Applicant's Net Monthly Income must be higher than that amount.
 173

174 Section 2.2.1. defines NET MONTHLY INCOME. For this example, it includes:
 175

176 Social Security Income of : \$1500 per month
 177

178	Assets:	\$500,000 Portfolio	
179	Plus	\$600,000 Value of home	
180	Less	\$350,000 Price of M-2 Unit	
181	=	\$750,000 Remaining Assets	
182	Divided by:	17.2 years (87.5 minus 70.3) ²	
183	=	\$43,605 per year divided by 12:	\$3634 per month.
184	Total Net Monthly Income:		\$5,134 per month

186 NET MONTHLY INCOME IS GREATER THAN BENCHMARK, THEREFORE APPLICANT IS
 187 QUALIFIED.
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Document History					
Adopted:	21 Oct 2021	Amended:	18 Nov 2021	Amended:	15 Aug 2024
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Notice of Disclaimer Regarding Dual Ownership

The purpose of this Notice of Disclaimer is to set forth information regarding dual ownerships in Mutual Two:

Article 8, Section 8.3 of the Occupancy Agreement states that "Subject to the Governing Documents, the Qualifying resident shall not own more than one share of stock in Leisure World. The Qualifying Resident is expressly obligated to fully divest ownership in the Mutual prior to acquiring, owning, or occupying a dwelling unit in Leisure World, other than the Unit."

By our signatures below, it is acknowledged that I have read and received a copy of the Notice of Disclaimer Regarding Dual Ownership.

Prospective Buyer's Signature

Date

Prospective Buyer's Signature

Date

Prospective Buyer's Signature

Date

Prospective Buyer'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

Document History

Adopted: 17 Dec 20

Keywords: Mutual Two Dual Ownership Disclaimer

**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. A prospective purchaser of a Leisure World Mutual Membership need only determine what their personal needs are.

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.

Active Adult Community: In Leisure World Seal Beach you can be as active as you choose to be. There are many recreational opportunities. Persons who purchase the right to reside in a Mutual apartment direct their own lives and are independent and able to handle their own affairs.

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 (we) have read and understand that Leisure World Seal Beach is not an assisted living facility:

Prospective Purchaser's Signature

Date

Prospective Purchaser's Signature

Date

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