

SEAL BEACH MUTUAL NO. FOURTEEN**Resident Regulations****Eligibility Requirements**

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

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

1. MEET THE MUTUAL ELIGIBILITY CRITERIA AS FOLLOWS:**1.1. Age**

11
12 **1.1.1.** Minimum of 55 years, as confirmed by a birth certificate, or passport.
13 A driver's license is not acceptable as proof of age.

1.2. Financial Ability**1.2.1. Income**

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17 **1.2.1.1.** Verified monthly income that is at least four (4) times or
18 greater than the monthly carrying charge (Regular GRF
19 and Mutual Assessment plus Property Tax and Fees) at
20 the time of application and have liquid assets of at least
21 \$50,000 over the purchase price.
- 22 **1.2.1.2.** Verified monthly income will be in the form of the past two
23 years of:
- 24 • Current Tax returns,
 - 25 • 1099s for interest and dividends for the past two
26 years (assets used to purchase unit will not be
27 included in income calculations)
 - 28 • 1099-Rs for retirement income from qualified
29 plans and annuities.
 - 30 • Forms SSA-1099 showing Social Security Benefit
31 received
 - 32 • Irrevocable Trust Income
 - 33 • Disability Income
 - 34 • Six (6) to Twelve (12) months of checking account
35 statements,
 - 36 • Adjusted Gross Income per 1040, 1040A, or
37 1040EZ; plus that portion of Social Security, IRA
38 distributions, and pensions and annuities not
39 included in adjusted gross income; plus tax
40 exempt interest; (*assets used to purchase unit will*

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- 41 *not be included in income calculations) minus*
 42 *income tax, Social Security, Medicare, and self-*
 43 *employment taxes paid; and minus Medicare*
 44 *medical insurance and prescription drug*
 45 *premiums; all divided by twelve (12) will equal net*
 46 *monthly income to be used in Section 1.2 above.*
- 47 **1.2.2. Assets**
- 48 **1.2.2.1.** Have verified liquid assets of at least \$50,000 at the time
 49 of application. Assets can be verified by submitting copies
 50 of at least the most recent 6month’s worth of
 51 savings/checking/investments account statements.
- 52 • Brokerage statements and current interim
 53 statement for the past two years. (assets used to
 54 purchase unit will not be included in income
 55 calculations);
 - 56 • At least the most recent six months’ worth of
 57 checking/savings investment account statements
 58 (assets used to purchase unit will not be included
 59 in income calculations).
- 60 **1.2.3.** Projected assessments will be the previous year’s assessment (total
 61 of carrying charge less any cable charge, less Orange County
 62 Property Taxes and Fees), and the addition of the new property tax
 63 at 1.2% of the sales price plus Orange County District fees divided
 64 by 12 for the new projected monthly assessment. This new figure
 65 (Regular Assessment plus Orange County Property Taxes and
 66 District Fees) times four (4) will be the monthly income required.
 67 This will be verified by the escrow company and the Stock Transfer
 68 Office. Stock Transfer shall have the final say in establishing
 69 verifiable income.
- 70 **1.2.4.** Verification shall be done by the Escrow Company and the Stock
 71 Transfer Office prior to the new buyer interview and prior to the close
 72 of escrow (the above verification will not be done by the individual
 73 Mutual directors; Directors will not be required to study or understand
 74 the financial requirements).
- 75 **1.2.5.** Only the proposed shareholder(s) income shall be considered for
 76 qualifying.
- 77 **1.2.6.** If moving within Leisure World, or if there are any additions/changes
 78 to the title, the proposed shareholder(s) must meet these eligibility

1 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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requirements.

1.2.7. In addition to the above financial verification documents a recent credit report from one of the established credit reporting companies must be provided to the Stock Transfer Office by the prospective proposed shareholder(s). The Stock Transfer Office must ensure that the following conditions are met and must include that information with the financial verification report.

1.2.7.1. A minimum FICO score of 620.

2. HEALTH

2.1. Have reasonably good health for a person of his/her age. Leisure World is not a nursing home, an addicted living facility, nor an independent senior living community.

Assume, in writing, the obligations of the "Occupancy Agreement" in use by the Mutual Corporation.

Officers or Committees of the Board of Directors designated to approve new applicants are responsible that the eligibility criteria of this corporation is equitably applied to all applicants. Approval or disapproval of buyer(s) must be received by the Stock Transfer Office at least ten (10) working days prior to the close of escrow.

I have read and understood what is required for eligibility consideration in the above named Mutual, including necessary documentation.

Prospective Buyer

Date

Prospective Buyer

Date

Prospective Buyer

Date

Prospective Buyer

Date

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