# SEAL BEACH MUTUAL NO. NINE

## RESIDENT REGULATIONS

## Eligibility Requirements

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

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

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

**1.1. Age**

**1.1.1.** Minimum of 55 years, as confirmed by a birth certificate, passport or California Real ID driver's license or identification card.

**1.2. Financial Ability**

**1.2.1. Income**

**1.2.1.1.** Verified monthly income that is at least five (5) times or greater than the monthly carrying charge (Regular GRF and Mutual Assessment plus Property Tax and Fees) at the time of application and have liquid assets of at least $50,000 over the purchase price. Verified monthly income/assets can be verified by any combination of the following and may be in the form of.

- Tax returns for the past two years
- 1099s for interest and dividends for the past two years. (Assets used to purchase unit will not be included in income calculations;
- 1099-Rs for retirement income from qualified plans and annuities for the past two years;
- SSA-1099 Social Security Benefit Statement for the past two years.
- Brokerage statements and current interim statements for the past two years. (Assets used to purchase unit will not be included in income calculations);
- At least the most recent six months' worth of checking/savings account statements (assets used to purchase unit will not be included in income calculations).

**1.2.1.2.** Adjusted Gross Income per 1040, 1040A, or 1040EZ; plus that portion of Social Security, IRA distributions, and pensions and annuities not included in adjusted gross income; plus tax exempt interest; (assets used to purchase unit will not be included in income calculations) minus income tax, Social Security, Medicare, and self-employment taxes paid; and minus Medicare medical insurance and prescription drug premiums; all divided by twelve (12) will equal net monthly income to be used in Section 1.2.1.1 above.

**1.2.1.3.** Projected assessments will be the previous year's assessment (total of carrying charge less any cable charge, less Orange County Property Taxes and Fees), and the addition of the new property tax of the sales price or proof/verification from the prospective buyer for Proposition 13 base year value transfers to replacement properties. As amended proposition 60/90 allows a person over age 55 to sell their principal place of residence and transfer its base year value to a replacement dwelling of equal or lesser value that is purchased within two years of sale. These propositions are implemented by the Revenue and Taxation Code. This verification will be a letter of certification, recent property tax bill and information regarding this proposition from the CA Board of Equalization. Taxable alimony is considered income and can be included in the financial verification. Plus, Orange County District fees divided by 12 for the new projected monthly assessment. This new figure (Regular Assessment plus Orange County Property Taxes and District Fees) times five (5) will be the monthly income required. This will be verified by the escrow company and the Stock Transfer Office. Stock Transfer shall have the final say in establishing verifiable income[1].

Verification shall be done by the Escrow Company and the Stock Transfer Office for each proposed shareholder(s) prior to the new buyer orientation and prior to the close of escrow (the above verification will not be done by the individual Mutual Directors; Directors will not be required to study or understand the financial requirements).

**1.2.1.4.** Only the residential shareholder's income shall be considered for qualifying.

**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.**

## Eligibility Requirements

**1.2.1.5.** If moving within Leisure World, or if there are any additions/changes to the title, the proposed shareholder(s) must meet these eligibility requirements.

**1.2.1.6.** A credit check will be provided by the new buyer, with the results included in the financial package.

**1.3. Health**

**1.3.1.** Have reasonably good health for a person of his/her age, so that shareholder can take care of normal living needs. Leisure World is not a skilled nursing home facility, an assisted living facility, nor an independent living facility (see individual Mutual requirements).

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.

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| ______________________________ | ______________________________ |
| Prospective Buyer | Date |
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**Document History**

Adopted: 11 Oct 2021
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