SEAL BEACH MUTUAL NO. FOURTEEN

Resident Regulations

Eligibility Requirements

Any persons seeking approval of the Board of Directors of Seal Beach Mutual No. Fourteen 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, or passport. A driver's license is not acceptable as proof of age.

1.2. Financial Ability

1.2.1. Income

1.2.1.1. Verified monthly income that is at least four (4) 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.

1.2.1.2. Verified monthly income will be in the form of the past two years of:

- Current Tax returns,
- 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.
- Forms SSA-1099 showing Social Security Benefit received
- Irrevocable Trust Income
- Disability Income
- Six (6) to Twelve (12) months of checking account statements,
- 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*

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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 above.

1.2.2. Assets

1.2.2.1. Have verified liquid assets of at least $50,000 at the time of application. Assets can be verified by submitting copies of at least the most recent 6month's worth of savings/checking/investments account statements.

- Brokerage statements and current interim statement 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 investment account statements (assets used to purchase unit will not be included in income calculations).

1.2.3. 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 at 1.2% of the sales price 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 four (4) 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]

1.2.4. Verification shall be done by the Escrow Company and the Stock Transfer Office prior to the new buyer interview 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).

1.2.5. Only the proposed shareholder(s) income shall be considered for qualifying.

1.2.6. If moving within Leisure World, or if there are any additions/changes 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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