

**SEAL BEACH MUTUAL NO. ONE****Mutual Operations – Eligibility Requirements**

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

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

7  
 8 Meet the Mutual eligibility criteria as follows:

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

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 13 **1.1.1.** Minimum of 55 years, as confirmed by a birth certificate, passport,  
 14 driver's license, or Real ID. Effective October 1, 2020 a "REAL" ID  
 15 will be accepted in lieu of a Birth Certificate or Passport.

**1.2. Financial Ability**

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 18 **1.2.1.** The prospective resident shareholder must show:

19 **1.2.1.1.** Verified monthly income that is at least four (4) times or  
 20 greater the monthly carrying charge (Regular Assessment  
 21 plus Property Tax and Fees) at the time of application.

22 **1.2.1.2.** Liquid assets of at least \$30,000 for the past 6 months,

23 **1.2.1.3.** FICO credit score of at least 680; and

24 **1.2.2.** To establish the foregoing financial qualifications:

25 **1.2.2.1.** Verified monthly income/assets will be in the form of the  
 26 past two years of:

- 27 • Equity in U.S. residential property
- 28 • Savings accounts in U.S. financial institutions
- 29 • Cash value life insurance
- 30 • Certificates of deposit, money market accounts in
- 31 U. S. Financial institutions
- 32 • IRA, SEP, 401(k) and Keogh accounts
- 33 • U.S. state or municipal government bonds –
- 34 valued at current Market prices.
- 35 • American traded investments (NYSE, AMEX,
- 36 OTC, NASDAQ, etc.) valued at current market
- 37 prices.
- 38 • Mortgages and promissory notes, provided that
- 39 interest is reported on:
- 40 • The applicant's tax return
- 41 • Equity in U.S. income producing real
- 42 estate.

43 **1.2.3.** Adjusted Gross Income per 1040, 1040A, or 1040EZ; plus that

**GOLDEN RAIN FOUNDATION Seal Beach, California**

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44 portion of Social Security, IRA distributions, and pensions and  
 45 annuities not included in adjusted gross income; plus tax exempt  
 46 interest; minus income tax, Social Security, Medicare, and self-  
 47 employment taxes paid; and minus Medicare medical insurance and  
 48 prescription drug premiums; all divided by twelve (12) will equal net  
 49 monthly income to be used in Section 1.2.1 above.

50  
 51 **1.2.4.** Projected assessments will be the previous year’s assessment (total  
 52 of carrying charge less any cable charge, less Orange County  
 53 Property Taxes and Fees), and the addition of the new property tax  
 54 at 1.2% of the sales price plus Orange County District fees divided  
 55 by twelve (12) for the new projected monthly assessment. This new  
 56 figure (Regular Assessment plus Orange County Property Taxes and  
 57 District Fees) times four (4) will be the monthly income required. This  
 58 will be verified by the escrow company and the Stock Transfer  
 59 Office. Stock Transfer shall have the final say in establishing  
 60 verifiable income/assets.<sup>1</sup>

61  
 62 **1.2.5.** Verification shall be done by the Escrow Company and the Stock  
 63 Transfer Office prior to the new buyer interview and prior to the close  
 64 of escrow (the above verification will not be done by the individual  
 65 Mutual Directors; Directors will not be required to study or  
 66 understand the financial requirements).

67  
 68 **1.2.6.** Only the resident shareholder’s income shall be considered for  
 69 qualifying.

70  
 71 **1.2.7.** If moving within Leisure World, or if there are any additions/changes  
 72 to the title, the proposed shareholder(s) must meet these eligibility  
 73 requirements unless they have been in good standing for five years  
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75 **1.2.8.** A credit check will be performed by the escrow company, with the  
 76 results included in the financial package.  
 77

**2. HEALTH**

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 79  
 80 **2.1.** Leisure World Seal Beach is an “Active Adult Community” that offers  
 81 independent living options (co-op and condominium style housing) under  
 82 provisions of an age restricted community of persons 55 years of age and  
 83 older. Leisure World is not a nursing home, an assisted living facility, nor an

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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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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.

Any exceptions to this policy shall be determined by a Mutual One Eligibility Committee comprised of three members who shall be voted upon by the entire Board.

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

**Document History**

Adopted: Mar 2021

**Keywords:** Mutual One Eligibility Requirements