

A G E N D A
REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL ONE
May 25, 2023
Meeting begins at 9:00 a.m.
Zoom/Video Conference Call and Conference Rm A

TO ATTEND: The Shareholder will be provided with instructions on how to access the call via telephone or via video upon the Shareholder contacting GRF Mutual Administration at mutualsecretaries@lwsb.com or (562) 431-6586 ext. 313 and requesting the call-in or log-in information.

TO PROVIDE COMMENTS DURING MEETING: In order to make a comment during the open Shareholder forum, the Shareholder must submit their information, including their name, Unit number, and telephone number, via e-mail at mutualsecretaries@lwsb.com, by no later than 3:00 p.m., the business day before the date of the meeting.

1. CALL TO ORDER / PLEDGE OF ALLEGIANCE
2. SHAREHOLDER COMMENTS (2-3 minutes per shareholder)
3. ROLL CALL (Introduction of Directors)
4. INTRODUCTION OF GRF REPRESENTATIVE, STAFF, AND GUESTS:
 - Ms. Perrotti, GRF Representative
 - Ms. Gambol, GRF Representative
 - Ms. Hall, Sr. Director of member Services
 - Ms. Hopkins, Mutual Administration Director
 - Ms. Schultze, Mutual Accountant
 - Mr. Stolarz, Building Inspector
 - Mr. Jackson, Portfolio Specialist
5. **APPROVAL OF MINUTES:**
 - a. Regular Meeting Minutes of April 27, 2023
 - b. Special Meeting Minutes of May 10, 2023 (p. 3)
6. **GUEST SPEAKER** Ms. Hall/ Ms. Schultze
 - a. Discuss and vote to accept the 2022 draft audited financial statements (pp. 4-23)
7. **BUILDING INSPECTOR'S REPORT** Mr. Stolarz
Permit Activity; Escrow Activity; Contracts & Projects; Shareholder and Mutual Requests (pp. 24-28)
 - a. Discuss and vote to approve patio proposal for Unit 5-F (pp. 29-31)
 - b. Discuss and vote to approve cart pad for Unit 25-L (pp. 32-33)
 - c. Discuss and vote to approve patio proposal for Unit 45-L (pp. 34-35)
 - d. Discuss and vote to approve J&J Landscaping proposal for planters (pp. 36-37)
 - e. Discuss and vote to approve bait stations proposal from Fenn Pest Control (pp. 38-40)
8. **GRF REPRESENTATIVES** Ms. Perrotti/Ms. Gambol
9. **UNFINISHED BUSINESS**
 - a. No unfinished business.

10. NEW BUSINESS

- a. Discuss and vote to respectfully accept resignation from Director as CFO and Director (p. 41)
- b. Discuss and vote to appoint a director as Chief Financial Officer (p. 42)
- c. Discuss and vote to approve Monthly Finances (p. 43)
- d. Discuss and vote to approve laundry room wash contract (pp. 44-46)
- e. Discuss and vote to approve transfer of funds (p. 47)
- f. Discuss and vote to approve amending the Fine Schedule of the Rules and Regulations (pp. 48-53)
- g. Discuss and vote to approve funds for the Annual Meeting luncheon (p. 54)
- h. Discuss and vote to approve to amend Article II, Section 4.3 Caregiver Parking (pp. 55-56)
- i. Discuss and vote to approve to amend Section 6. – Pets (pp. 57-59)
- j. Discuss and vote to approve to amend Section 9.3- Fine Schedule/ Carports (pp. 60-62)
- k. Discuss and vote to approve to amend Article V. Landscape/ Garden (pp. 63-64)

STAFF BREAK BY 11:00 a.m.

11. SECRETARY / CORRESPONDENCE

Ms. St. Aubin

12. CHIEF FINANCIAL OFFICERS REPORT

Mr. Frank

13. PORTFOLIO SPECIALIST

Mr. Jackson

14. ANNOUNCEMENTS

- a. **ANNUAL MEETING:** Monday, June 12, 2023, at 10:00 a.m., in Clubhouse 4 and via Zoom/Video Conference Call
- b. **NEXT BOARD MEETING:** Thursday, July 27, 2023, at 9:00 a.m., via Zoom/Video Conference Call and Conference Rm A.

15. COMMITTEE REPORTS

- a. Landscape Committee
- b. Physical Property Report
- c. New Buyer Orientation Report
- d. Paint Committee
- e. Emergency Preparedness

16. DIRECTORS' COMMENTS

17. SHAREHOLDER COMMENTS

18. ADJOURNMENT

19. EXECUTIVE SESSION

STAFF WILL LEAVE THE MEETING BY 12:00 p.m.

**MINUTES OF THE SPECIAL BOARD MEETING OF THE
BOARD OF DIRECTORS
SEAL BEACH MUTUAL ONE
May 10, 2023**

A Special Meeting of the Board of Directors of Seal Beach Mutual One was called to order by President Collazo at 1:00 p.m. on Wednesday, May 10, 2023, in Conference Room C.

Those members present were President Collazo, Vice President Luther-Stark, Chief Financial Officer Frank, Director Markovich, Director Perrotti, Director Weber, Markovich, and Rockwood.

One shareholder was present.

The purpose of the meeting was to prepare Agenda items for the Board Meeting.

President Collazo adjourned the meeting at 3:00 p.m.

Attest, JoAnn St. Aubin, Secretary
SEAL BEACH MUTUAL ONE
RB 05/19/23

Mutual Corporation No. One

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO ACCEPT THE 2022 DRAFTED AUDITED FINANCIAL STATEMENT (GUEST SPEAKER, ITEM A)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to accept that the Board of Directors of Seal Beach Mutual One, upon a presentation of the Financial Statements as of December 31, 2022, for the year then ended, and the proposed Accountant's Report as submitted by CliftonLarsonAllen (CLA), hereby accepts the above-mentioned Financial Statements and reports therein, and authorize the President to sign the Management Representation Letter.

"Significant delay of audit issuance due to Restatement of financial statement -

- The prior year financial statements have been restated to recognize the deferred reserve in accordance with ASU 606 and U.S. GAAP as applicable to Common Interest Realty Associations (CIRAs). As a result of the restatement, the deferred reserve funds are recognized as liabilities in the financial statement, instead of the past presentation as owners' equity. Income from deferred reserve is recognized when the related performance obligation is satisfied, which occurs when major repairs or replacements are expended, instead of when cash is collected."

Thanks,
Alix Gruden, CPA, CCIFP
Assurance Director, Nonprofit
CLA (CliftonLarsonAllen LLP)

SEAL BEACH MUTUAL NO. ONE
Financial Statements
December 31, 2022

DRAFT

**SEAL BEACH MUTUAL NO. ONE
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INDEPENDENT AUDITORS' REPORT

Board of Directors and Members
Seal Beach Mutual No. One
Seal Beach, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Seal Beach Mutual No. One (the Mutual), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seal Beach Mutual No. One as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Seal Beach Mutual No. One and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-Matter Regarding a Correction of an Error

As discussed in Note 6 to the financial statements, certain errors regarding classification of assessments as of December 31, 2021 were discovered during the current year. Accordingly, amounts reported for project reserve and emergency reserve as of December 31, 2021 have been restated in the financial statements now presented. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Seal Beach Mutual No. One's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Seal Beach Mutual No. One's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Seal Beach Mutual No. One's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Direct Operating Expenses with comparative budget figures on page 15, is presented for purposes of additional analysis and is not a required part of the financial statements.

The Statement of Direct Operating Expenses is the responsibility of the Mutual's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The comparative budget information presented in the Statement of Direct Operating Expenses has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information on future major repairs and replacements of common property on page 16 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Disclaimer of Opinion on Comparative Budget Information in the Statement of Operations

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The comparative budget information presented in the Statement of Operations and Statement of Direct Operating Expenses which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

DRAFT

CliftonLarsonAllen LLP

Pasadena, California
May xx, 2023

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SEAL BEACH MUTUAL NO. ONE
BALANCE SHEET
December 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents (Note 2)		
1111000 Cash	\$	26,803
1122000 Money market accounts		<u>642,272</u>
		<u>669,075</u>
Receivables:		
1130500 Members		134,071
1134000 Accrued interest		<u>62</u>
		<u>134,133</u>
Other current assets:		
1170000 Undivided beneficiary future interest in community trust funds		2,047,331
1150000 Prepaid expenses		<u>127,996</u>
		<u>2,175,327</u>
TOTAL CURRENT ASSETS		<u>2,978,535</u>

IMPOUND ACCOUNTS (Note 2)

1152500 Money market accounts		<u>294,909</u>
TOTAL IMPOUND ACCOUNTS		<u>294,909</u>

RESTRICTED DEPOSITS (Note 2)

Restricted money market accounts		3,111,086
Restricted investments		<u>1,861,509</u>
TOTAL RESTRICTED DEPOSITS		<u>4,972,595</u>

INVESTMENT - UNRESTRICTED (Note 2)

		<u>81,567</u>
TOTAL INVESTMENTS - UNRESTRICTED		<u>81,567</u>

FIXED ASSETS

1501000 Land		1,063,226
1502000 Residences		16,487,054
1528000 Construction-in-Progress		31,062
1518000 Undivided beneficiary future interest in community facilities trust		<u>5,561,152</u>
		23,142,494
1519000 Accumulated depreciation		<u>(11,935,508)</u>
NET FIXED ASSETS		<u>11,206,986</u>

OTHER ASSETS

1603000 Assets Held in Trust		142,483
1650000 Repair and tax deposits (Note 2)		<u>107,015</u>
TOTAL OTHER ASSETS		<u>249,498</u>

TOTAL ASSETS	\$	<u>19,784,090</u>
		(continued)

See accompanying independent auditors' report.
The notes are an integral part of these financial statements.

SEAL BEACH MUTUAL NO. ONE
BALANCE SHEET
December 31, 2022

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

2111000 Payable to Golden Rain Foundation (Note 3)	\$	155,719
2111700 Project Commitments - Reserves (Note 1)		711,623
2115500 Fire Expenses		39,025
2120000 Prepaid monthly dues		44,279
2132100 Other liabilities		80,050
2153500 Property tax accrual		46,809
2172000 Deposits Held in Trust		142,483
2180000 Repair and tax deposit liability		95,886
Deferred Reserve (Note 4)		<u>4,260,972</u>
TOTAL CURRENT LIABILITIES		<u>5,576,846</u>
	TOTAL LIABILITIES	<u>5,576,846</u>

STOCKHOLDERS' EQUITY (Note 5)

Capital Stock:

3120000 Common Stock of par value ranging from \$290 to \$380; authorized, issued and outstanding 844 shares	271,470
3510000 Additional paid-in capital	8,364,906
3448000 Equity in additions to community facilities and trust funds	6,623,015
3449000 Equity in additions to land and residences improvements	9,886,491
3515000 Excess income before depreciation and amortization:	1,152,282
3649500 Accumulated depreciation and amortization	<u>(12,090,920)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>14,207,244</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ <u><u>19,784,090</u></u>

See accompanying independent auditors' report.
The notes are an integral part of these financial statements.

SEAL BEACH MUTUAL NO. ONE
STATEMENT OF OPERATIONS
(with comparative budget figures)
For the Year Ended December 31, 2022

	Actual	(Unaudited) Budget
OCCUPANCY INCOME		
Dwelling units, net of reserve funding	\$ 2,903,630	\$ 2,904,003
NON OCCUPANCY INCOME		
Release from project reserve	1,856,299	-
Laundry facilities	55,108	50,032
Interest	15,373	6,887
Late charges	744	1,013
Inspection fees	33,000	27,042
Miscellaneous	14,902	15,495
TOTAL NON OCCUPANCY INCOME	1,975,426	100,469
TOTAL AVAILABLE FOR OPERATIONS	4,879,056	3,004,472
DIRECT OPERATING EXPENSES (see Supplementary Information)	4,934,670	3,004,472
EXCESS OF DIRECT OPERATING EXPENSES OVER INCOME AND TRANSFERS	(55,614)	\$ -
DEPRECIATION	498,100	
EXCESS OF DIRECT OPERATING EXPENSES AND DEPRECIATION OVER INCOME AND TRANSFERS	\$ (553,714)	

See accompanying independent auditors' report.
The notes are an integral part of these financial statements.

SEAL BEACH MUTUAL NO. ONE
STATEMENT OF STOCKHOLDERS' EQUITY
For the Year Ended December 31, 2022

	Capital Stock	Additional Paid In Capital	Equity in Additions to Community Facilities	Equity in Additions to Land and Residences Improvements	Excess Income Before Depreciation and Amortization	Accumulated Depreciation and Amortization	Total Stockholders' Equity
BALANCE AT JANUARY 1, 2022, as restated	\$ 271,470	\$ 8,364,906	\$ 6,136,820	\$ 9,251,461	\$ 1,207,896	\$ (11,592,820)	\$ 13,639,733
Equity in additions to community facilities trust	-	-	486,195	-	-	-	486,195
Equity in additions to land and residences improvements	-	-	-	635,030	-	-	635,030
Excess of direct operating expenses over income and transfers	-	-	-	-	(55,614)	-	(55,614)
Depreciation	-	-	-	-	-	(498,100)	(498,100)
BALANCE AT DECEMBER 31, 2022	\$ 271,470	\$ 8,364,906	\$ 6,623,015	\$ 9,886,491	\$ 1,152,282	\$ (12,090,920)	\$ 14,207,244

See accompanying independent auditors' report.
The notes are an integral part of these financial statements.

SEAL BEACH MUTUAL NO. ONE
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Excess of direct operating expenses and depreciation over income and transfers	\$ (553,714)
Adjustments to reconcile to net cash provided by operating activities:	
Funding of replacement reserves	1,099,979
Building and land maintenance paid from reserve funds	(1,221,269)
Depreciation	498,100
(Increase) in other receivables	(40,344)
(Increase) in accrued interest	(62)
(Increase) in prepaid expenses	(12,725)
(Increase) in other assets	(8)
Increase in payable to Golden Rain Foundation	125,736
Increase in project commitment reserve	253,423
Increase in fire expenses	39,025
Increase in prepaid monthly dues	14,584
Increase in other liabilities	53,801
(Decrease) in property tax accrual	(1,623)
Increase in repair and tax deposit liability	43,165
TOTAL ADJUSTMENTS	<u>851,782</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>298,068</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
(Purchase) of residences and construction-in-progress	(635,030)
(Purchase) of investments	<u>(221,010)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(856,040)</u>
NET (DECREASE) IN CASH	(557,972)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>4,740,057</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 4,182,085</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for income taxes	<u>\$ 3,000</u>

See accompanying independent auditors' report.
The notes are an integral part of these financial statements.

SEAL BEACH MUTUAL NO. ONE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Seal Beach Mutual No. One (the "Mutual"), located in Seal Beach, California, is one of 16 similar corporations which own land, buildings and an undivided beneficiary future interest in community facilities held in trust by Golden Rain Foundation (the "Foundation") within a housing project consisting of 6,482 cooperative housing units and 126 condominium units known as Seal Beach Leisure World.

The stockholders of the Mutual are also members of the Foundation, a nonprofit corporation that operates and maintains the community facilities within the project for the benefit of all residents of Seal Beach Leisure World. The beneficiary future interest of the Mutual in the community facilities of the Foundation and Trust reserve funds, before deduction of accumulated depreciation, totals \$7,608,483, consisting of interest in Trust funds of \$2,047,331 and interest in community facilities of \$5,561,152.

Fixed Assets: The cost of residences and improvements are capitalized at cost and are being depreciated on a straight-line basis over the useful life of the asset which is principally forty years.

The Mutual's undivided future interest in the community facilities of the trust is being depreciated on a straight-line basis over the useful lives of the underlying assets, which range from five to thirty years.

Revenue Recognition: The Mutual has adopted Accounting Standards Update No. 2014-09, *Revenues from Contracts with Customers* ("ASC 606"), refer to Note 6. The Mutual disaggregates its revenue streams by type of service into two major categories that depict the nature, amount, timing, and uncertainty of revenues and related cash flows. The following depicts each revenue stream:

- Net occupancy income represents the monthly assessment that the Mutual charges to the shareholders for providing the bundled services of operating and maintaining the Mutual facilities. The Mutual recognizes this revenue stream on a monthly basis as the shareholders are assessed amounts based on approved budgets. Receivable from members at December 31, 2022 and 2021 were \$134,071 and \$93,727, respectively. Prepaid monthly dues from members at December 31, 2022 and 2021 were \$44,279 and \$29,695, respectively.
- The release from project reserve represents the satisfaction of performance obligations for replacement fund assessments. Performance obligations are satisfied when the funds are expended for their intended purposes, at which time, revenue is recognized by the Mutual.
- Other non occupancy income relates to incidental revenue earned by the Mutual as part of services provided to the shareholders, such as laundry machine revenue, late charges on delinquent balances, interest on investments, inspection fees, returned check / ACH fees and parking fines.

Generally, due to the nature of its revenues, the Mutual recognizes revenues as services are provided over time and its obligations are complete from express or implied contracts. Prepaid monthly dues is a contract liability consisting of advance payments on account by shareholders.

Operating Expenses: Included in the Mutual's operating expenses are trust administration costs related to administration, recreation and community facilities. The Foundation charges each Mutual Corporation for these services in the proportion to the Mutual's number of units as compared with all the units in the project. Trust Administration costs for the 844 units controlled by Mutual One were \$1,714,410 for 2022.

SEAL BEACH MUTUAL NO. ONE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Project Commitments: Reserves represent outstanding balances due to contractors for reserve and replacement work that is in process or has been completed, but not paid in full as of the balance sheet date. The total cost of these project commitments have been reflected in the current year's reserve activities.

As of December 31, 2022, the balance of Project Commitments - Reserves is \$711,623.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These assumptions and estimates can affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of changes in members' equity during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows: For purposes of reporting cash flows, cash and cash equivalents include securities and municipal bonds maturing within 90 days of the original purchase date. Net cash provided by operating activities in 2022 includes income taxes paid of \$3,000. No interest expense was incurred. During 2022, the Mutual had noncash investing and financing activities increasing both the undivided beneficiary future interest in community facilities trust funds and equity in additions to community facilities in the amount of \$486,195.

Concentration of Credit Risk: The Mutual's cash is maintained in three commercial banks. Cash maintained in U.S. Bank consists of demand deposits and money market accounts. U.S. Bank has a "Secured Deposit" program that provides insurance in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Mutual's U.S. Bank accounts are fully covered by this program. Cash maintained in First Foundation Bank consists of demand deposits and Certificate of Deposit Account Registry ("CDAR") accounts. Cash held in demand deposits total \$988,645 which exceeds the FDIC insured amount by \$738,645. Cash in CDAR accounts total \$1,693,613. CDAR funds are insured by the FDIC up to \$50 million. Cash maintained in TD Ameritrade consists of demand deposits and US Treasury Bills. Cash held in demand deposits total \$563 which is fully covered by FDIC insurance. Cash in US Treasury Bills total \$249,464 which is fully covered by FDIC insurance.

Advertising: Costs are charged to operations when incurred and are included in operating expenses. The Mutual did not incur any advertising expense as of December 31, 2022.

SEAL BEACH MUTUAL NO. ONE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes: Under Federal and State income tax regulations, income from member and non-member sources, net of applicable expenses, is taxable to the Mutual. Provision has been made in the current year for the 2022 tax liability.

The Mutual adopted the provisions of FASB ASC Number 740-10, "Accounting for Uncertainty in Income Taxes." FASB ASC Number 740-10 changes the accounting for uncertainty in income taxes by creating a new framework for how organizations should recognize, measure, present and disclose uncertain tax positions in their financial statements. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax positions will more likely than not (>50%) be sustained upon the technical merits of the position. In accordance with FASB ASC 740-10, the Mutual adopted a policy to recognize penalties and interest resulting from those uncertainties in the period in which they are incurred as operating expenses. The Mutual has analyzed tax positions taken for filing with the Internal Revenue Service and the California Franchise Tax Board. The Mutual believes that income tax filing positions will be sustained upon examination, and does not anticipate any adjustments that would result in a material adverse affect on the Mutual's financial condition, results of operations, or cash flows. Accordingly, the Mutual has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at December 31, 2022.

Subsequent Events: Date of Management's Review - Subsequent events have been evaluated through May XX, 2023 the date that these financial statements were available to be issued.

NOTE 2 - CASH AND CASH EQUIVALENTS, INVESTMENTS, AND RESTRICTED CASH

Deposits and investments are presented on the balance sheet at December 31, 2022 as follows:

Cash and cash equivalents	\$ 669,075
Impound accounts - cash equivalents	294,909
Repair and tax deposits - cash equivalents	107,015
Restricted cash equivalents	<u>3,111,086</u>
Total cash and cash equivalents and restricted cash	<u>4,182,085</u>
Restricted investments	1,861,509
Unrestricted investments	81,567
Total investments	<u>\$ 1,943,076</u>
Total	<u>\$ 6,125,161</u>

SEAL BEACH MUTUAL NO. ONE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 2 - CASH AND CASH EQUIVALENTS, INVESTMENTS, AND RESTRICTED CASH (Continued)

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Investments are comprised of certificates of deposits with maturities greater than three months. Investments in certificates of deposit are valued based on fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer. Certificates of deposits are measured using level 2 inputs within the fair value hierarchy.

A summary of designated deposits and investments at December 31, 2022 follows:

<u>Property Tax Fund</u> : Designated for the payment of property taxes	\$ 294,909
<u>Appliance Fund</u> : Designated for replacement of appliances, fixtures and other property components	71,891
<u>Painting Fund</u> : Designated for painting of residences and other facilities	208,175
<u>Contingency Operating Fund</u> : Designated for deficiencies resulting from delinquent accounts and other contingencies	217,908
<u>Roofing Fund</u> : Designated for replacement of roofs	518,755
<u>Emergency Fund</u> : Designated for disasters and unanticipated liabilities	384,518
<u>Infrastructure Fund</u> : Designated for replacement of infrastructure	3,571,348
<u>Repair & Tax Deposits</u> : Designated for repairs of sold units and for pending tax liabilities of the sellers	<u>107,015</u>
Total designated deposits and investments	<u>\$ 5,374,519</u>

SEAL BEACH MUTUAL NO. ONE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - RECEIVABLE AND PAYABLE FROM AND TO GOLDEN RAIN FOUNDATION

A significant portion of the operating expenses consist of assessments and other billings paid to the Foundation. The board of the Foundation consist of members that are also members of the Mutuals.

Amounts payable to the Foundation of \$155,719 at December 31, 2022 represent the Mutual's current payables for bills paid by the Foundation on behalf of the Mutual and service maintenance charges for the month of December 2022.

NOTE 4 - DEFERRED REPLACEMENT FUNDS

The Mutual recognizes revenue from members as the related performance obligations are satisfied. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purposes. A contract liability (deferred reserve) is recorded when the Mutual has the right to receive payment in advance of the satisfaction of performance obligations related to replacement fund assessments. Deferred reserve for the year ended December 31, 2022 is as follows:

Deferred reserve - beginning of year	\$ 5,017,292
Collection of reserve	1,099,979
Repair and maintenance expenditures	<u>(1,856,299)</u>
Deferred reserve - end of year	<u>\$ 4,260,972</u>

NOTE 5 - STOCKHOLDERS' EQUITY

On original issue, each share of common stock was accompanied by an occupancy agreement entitling the purchaser to possession of a particular residential apartment. Par value of each share was determined by the size, type and location of each apartment.

NOTE 6 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Mutual's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate \$4,972,595 at December 31, 2022, are held in separate accounts and are generally not available for operating purposes.

The funding is based on a review performed by the Board of Directors (the "Board") to estimate the remaining useful lives and the replacement costs of the common property components. The estimates were obtained from licensed contractors and from the costs of recent projects completed in the community.

The Mutual is funding such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Mutual has the right, subject to shareholder approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

SEAL BEACH MUTUAL NO. ONE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 - INCOME TAXES

The Company's effective income tax rate differs from the statutory federal income tax rate due to IRC Subchapter T adjustments and state income taxes, net of federal tax benefit. Subchapter T prohibits the use of losses generated from tenant activities against income from non-tenant activities. The Company's non-tenant activities for 2022 generated no taxable income.

At December 31, 2022, there were no temporary differences that gave rise to significant portions of deferred tax assets and deferred tax liabilities.

NOTE 8 - PRIOR PERIOD ADJUSTMENT

Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, requires the recognition of revenue when promised goods and services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services, and the deferral of incremental costs of obtaining a contract with a customers.

The following are the line items from the balance sheet and the statement of stockholders' equity for the year ended December 31, 2021, that were affected, and restated:

	<u>As Originally Reported</u>	<u>Prior Period Adjustment</u>	<u>As Restated</u>
Balance Sheet			
Deferred Project Reserve Liability	\$ -	\$ 5,017,292	\$ 5,017,292
Statement of Stockholders' Equity			
Appliance Reserve	\$ 67,471	\$ (67,471)	\$ -
Project Reserve	\$ 4,333,977	\$ (4,333,977)	\$ -
Contingency Reserve	\$ 216,746	\$ (216,746)	\$ -
Emergency Reserve	\$ 399,098	\$ (399,098)	\$ -

SEAL BEACH MUTUAL NO. ONE
 SUPPLEMENTARY INFORMATION
 STATEMENT OF DIRECT OPERATING EXPENSES
 (with comparative budget figures)
 For the Year Ended December 31, 2022

	<u>Actual</u>	<u>(Unaudited) Budget</u>
COMMUNITY FACILITIES AND ASSOCIATION EXPENSES		
Trust administration cost	\$ 1,714,410	\$ 1,742,320
TOTAL COMMUNITY FACILITIES AND ASSOCIATION EXPENSES	<u>1,714,410</u>	<u>1,742,320</u>
ADMINISTRATIVE EXPENSES		
Management fee	5,672	5,672
Legal fees	69,392	10,027
TOTAL ADMINISTRATIVE EXPENSES	<u>75,064</u>	<u>15,699</u>
OPERATING EXPENSES		
Electricity	74,652	58,033
Telephone	371	405
Water	173,758	173,695
Rubbish removal	103,373	100,875
Janitorial services	3,878	3,545
TOTAL OPERATING EXPENSES	<u>356,032</u>	<u>336,553</u>
MAINTENANCE AND REPAIR EXPENSES		
Building and land maintenance	1,856,298	-
Outside replacements and maintenance	123,177	138,349
Outside grounds maintenance	362,854	355,189
Service maintenance - standard	173,047	124,980
Service maintenance - replacement	111,778	-
Transfers from replacement reserve	(111,778)	-
TOTAL MAINTENANCE AND REPAIR EXPENSES	<u>2,515,376</u>	<u>618,518</u>
TAXES AND INSURANCE EXPENSES		
Income taxes (Note 1)	4,397	2,228
Hazard insurance	269,366	289,154
TOTAL TAXES AND INSURANCE EXPENSES	<u>273,763</u>	<u>291,382</u>
FINANCIAL EXPENSES		
Bank service fee	25	-
TOTAL FINANCIAL EXPENSES	<u>25</u>	<u>-</u>
TOTAL DIRECT OPERATING EXPENSES	<u>\$ 4,934,670</u>	<u>\$ 3,004,472</u>

See accompanying independent auditors' report.

SEAL BEACH MUTUAL NO. ONE
 SUPPLEMENTARY INFORMATION REGARDING FUNDS FOR FUTURE REPAIRS
 (Unaudited)
 December 31, 2022

While preparing the annual operating budget, the Board reviews the conditions and assumptions regarding the common interest of the Mutual. This review consists of updating the replacement cost and remaining useful life of the Mutual's common interest property. This data is used to develop reserve requirements using the formula set forth in Civil Code 5570 (b) (4). Except as noted below the Board expects to finance all replacements through regular assessments to the shareholders. Accordingly, the Board does not plan any special assessments.

Fund	Estimated Remaining Life	Current Replacement Cost	Reserve Balance		Annual Contribution	Per Unit Per Month		
			Required	Est Beg Bal				
Appliance		\$ 189,279	\$ 189,279	\$ 89,772	\$ 99,507		Note (1)	
	Monthly contribution to the Appliance Fund						\$ 9.82	
Painting	0 - 5	1,069,000	1,052,000	844,544	108,833		Note (2)	
Roofing	12 - 19	5,104,500	1,532,984	468,756	50,000		Note (3)	
Infrastructure	0 - 45	7,631,500	2,360,103	2,700,624	830,956		Note (4)	
	Contribution to Replacement Reserves		4,945,088	4,013,924	989,789	97.73		
Contingency				216,746	5,341		Note (5)	
Emergency				405,534	5,341		Note (6)	
				622,280	10,682	1.05		
Total for Budget				\$ 4,725,976	\$ 1,099,978	\$ 108.61		

Notes:

- Note 1. The appliance fund is used to fund the replacement of appliances and fixtures. The value of this fund is calculated annually and is the five-year average units replaced times the current replacement cost adjusted for planned expenditures during the budget year. Current installed replacement cost for this calculation is \$247,086 and the adjustment is a \$57,807 decrease for a total requirement of \$189,279. The board approved the 2022 funding of this reserve for \$99,507.
- Note 2. The board determined funding of \$108,833 for 2022.
- Note 3. The board determined funding of \$50,000 for 2022.
- Note 4. The board determined funding of \$830,956 for 2022.
- Note 5. The board determined funding of 5,341 for 2022.
- Note 6. The board determined funding of 5,341 for 2022.

See accompanying independent auditors' report.

INSPECTOR MONTHLY MUTUAL REPORT

MUTUAL : **(01) ONE**

INSPECTOR : **RICH STOLARZ**

MUTUAL BOARD MEETING DATE: **May 25, 2023**

PERMIT ACTIVITY

UNIT #	DESCRIPTION OF WORK	GRF/CITY PERMIT	PERMIT ISSUE	COMP. DATE	CHANGE ORDER	RECENT INSPECTION	CONTRACTOR / COMMENTS
2-D	HEAT PUMP	BOTH	05/22/23	08/22/23	NO	NONE	GREENWOOD
2-L	WINDOWS	BOTH	03/14/23	06/30/23	NO	05/12/23 FRAMING	MP CONSTRUCTION
5-D	SHOWER CUT DOWN	BOTH	05/10/23	06/10/23	NO	NONE	NUKOTE
5-E	FLOORING	BOTH	04/10/23	04/30/23	NO	NONE	BIXBY PLAZA CARPETS
5-I	LIGHT & OUTLETS	BOTH	02/01/23	05/15/23	NO	04/28/23 FINAL	JULIAN ELECTRICAL
5-I	BATHROOM LIGHT FIXTURE	GRF	04/17/23	06/26/23	NO	4/28/23 FINAL	JULIAN ELECTRICAL
5-I	WINDOWS & SCREEN	BOTH	12/10/22	04/30/23	NO	4/28/23 FINAL	LW DÉCOR, INC.
7-J	SHOWER CUT DOWN	BOTH	04/27/23	05/27/23	NO	NONE	NUKOTE
8-A	HEAT PUMP	BOTH	04/20/23	07/20/23	NO	NONE	GREENWOOD
8-E	FLOORING	GRF	05/15/23	06/30/23	NO	NONE	KARY'S CARPETS
8-G	KITCHEN REMODEL	BOTH	03/30/20	05/30/23	NO	NONE	J.C. KRESS
9-F	F.A.U	BOTH	02/13/23	05/13/23	NO	FINAL 5/5/23	GREENWOOD
9-I	PATIO FLOORING	GRF	03/06/23	05/30/23	NO	05/12/23 FINAL	LW DÉCOR, INC.
10-E	COUNTER TOPS / FLOORING	BOTH	02/20/23	07/31/23	NO	NONE	ACE MAINTENANCE
13-E	REMODEL	BOTH	12/15/22	03/30/23	NO	01/11/23 FRAMING	J.C. KRESS
13-E	REMODEL	BOTH	12/15/22	03/30/23	NO	01/11/23 WIRING	J.C. KRESS
13-E	REMODEL	BOTH	12/15/22	03/30/23	NO	01/13/23 GROUND	J.C. KRESS
13-E	REMODEL	BOTH	12/15/22	03/30/23	NO	01/13/23 PLUMBING	J.C. KRESS
15-G	HEAT PUMP	BOTH	04/03/23	07/13/23	NO	NONE	GREENWOOD
15-I	TILE/ CONCRETE	BOTH	03/25/23	06/30/23	NO	05/12/23 FINAL	LW DÉCOR, INC.
18-A	HEAT PUMP	BOTH	04/20/23	07/20/23	NO	NONE	GREENWOOD
18-G	WINDOWS	BOTH	03/20/23	06/28/23	NO	04/20/23 FINAL	LOS AL BUILDERS
20-I	FLOORING/ TILE	GRF	04/27/23	05/30/23	NO	05/08/23 FINAL	KARY'S CARPETS
22-H	MISC. REMODEL	BOTH	10/30/22	02/28/23	NO	NONE	BRUNO H. ALVAREZ

INSPECTOR MONTHLY MUTUAL REPORT

MUTUAL : **(01) ONE**

INSPECTOR : **RICH STOLARZ**

MUTUAL BOARD MEETING DATE: **May 25, 2023**

25-H	FLOORING	GRF	03/25/23	06/30/23	NO	04/28/23 FINAL	LW DÉCOR
25-H	NUKOTE	BOTH	04/21/23	05/21/23	NO	NONE	NUKOTE
27-B	SHOWER CUT DOWN	BOTH	04/07/23	05/07/23	NO	NONE	NUKOTE
27-D	KITCHEN REMODEL	BOTH	04/26/23	07/30/23	NO	NONE	MP CONSTRUCTION
28-H	HEAT PUMP	BOTH	05/22/23	08/22/23	NO	NONE	GREENWOOD
33-B	SATELLITE	GRF	05/11/23	05/11/23	NO	05/12/23 FINAL	DISH NETWORK
33-H	SHOWER CUT DOWN	BOTH	04/10/23	05/10/23	NO	NONE	NUKOTE
37-I	REMODEL	BOTH	12/20/22	05/20/23	YES	01/23/23 FOOTING	MAMUSCIA CONSTRUCTION
37-I	REMODEL	BOTH	12/20/22	05/20/23	YES	02/15/23 ROUGH WIRING	MAMUSCIA CONSTRUCTION
37-I	REMODEL	BOTH	12/20/22	05/20/23	YES	02/15/23 FRAMING	MAMUSCIA CONSTRUCTION
37-I	REMODEL	BOTH	12/20/22	05/20/23	YES	02/17/23 SHEAR PANEL	MAMUSCIA CONSTRUCTION
37-I	REMODEL	BOTH	12/20/22	05/20/23	YES	02/17/23 INSULATION	MAMUSCIA CONSTRUCTION
37-I	REMODEL	BOTH	12/20/22	05/20/23	YES	02/28/23 SCRATCH COAT	MAMUSCIA CONSTRUCTION
37-I	REMODEL	BOTH	12/20/22	05/20/23	YES	03/03/23 BROWN	MAMUSCIA CONSTRUCTION
37-I	REMODEL	BOTH	12/20/22	05/20/23	YES	03/27/23 DRYWALL	MAMUSCIA CONSTRUCTION
38-E	SHOWER CUT DOWN	BOTH	04/24/23	05/24/23	NO	NONE	NUKOTE
38-H	HEAT PUMP	BOTH	05/18/23	08/18/23	NO	NONE	GREENWOOD
39-G	WASHER / DRYER	BOTH	04/26/23	07/30/23	NO	NONE	MP CONSTRUCTION
43-F	WASHER / DRYER	BOTH	04/10/23	05/31/23	NO	04/26/23 FINAL	MARCO CONSTRUCTION
46-H	SHOWER	BOTH	05/22/23	07/22/23	NO	NONE	REBORN CABINETS
52-D	SHOWER CUT DOWN	BOTH	04/24/23	05/24/23	NO	NONE	NUKOTE
53-I	REMODEL	BOTH	02/27/23	05/13/23	YES	03/09/23 GROUND	JOHN M. BERGKVIST
53-I	REMODEL	BOTH	02/27/23	05/13/23	YES	03/14/23 FOOTING	JOHN M. BERGKVIST
53-I	REMODEL	BOTH	02/27/23	05/13/23	YES	04/10/23 FRAMING	JOHN M. BERGKVIST
53-I	REMODEL	BOTH	02/27/23	05/13/23	YES	04/14/23 ROUGH PLUMBING	JOHN M. BERGKVIST
53-I	REMODEL	BOTH	02/27/23	05/13/23	YES	04/10/23 ROUGH WIRING	JOHN M. BERGKVIST
53-I	REMODEL	BOTH	02/27/23	05/13/23	YES	04/11/23 INSULATION	JOHN M. BERGKVIST
53-I	REMODEL	BOTH	02/27/23	05/13/23	YES	04/18/23 DRYWALL	JOHN M. BERGKVIST

INSPECTOR MONTHLY MUTUAL REPORT

MUTUAL : **(01) ONE**

INSPECTOR : **RICH STOLARZ**

MUTUAL BOARD MEETING DATE: **May 25, 2023**

54-B	BLOCKWALL	GRF	04/17/23	06/19/23	NO	05/10/23 FINAL	JOHN M. BERGKVIST
56-E	KITCHEN REMODEL	BOTH	04/01/23	06/01/23	NO	NONE	OGAN CONSTRUCTION
56-E	REMODEL	BOTH	04/03/23	06/15/23	NO	05/09/23 FOOTING	OGAN CONSTRUCTION
56-E	REMODEL	BOTH	04/03/23	06/15/23	NO	05/15/23 FRAMING	OGAN CONSTRUCTION
56-E	REMODEL	BOTH	04/03/23	06/15/23	NO	05/15/23 INSULATION	OGAN CONSTRUCTION
56-E	REMODEL	BOTH	04/03/23	06/15/23	NO	05/15/23 ROUGH WIRING	OGAN CONSTRUCTION
60-F	SKYLIGHT DOMES	GRF	01/20/23	03/06/23	NO	NONE	M&M SKYLIGHTS
60-K	HEAT PUMP	BOTH	03/20/23	06/20/23	NO	04/21/23 FINAL	GREENWOOD HEATING & AIR
64-K	CART PAD	GRF	05/12/23	06/20/23	NO	NONE	J&J LANDSCAPE
66-K	SKYLITES	BOTH	05/12/23	06/30/23	NO	NONE	M&M SKYLIGHTS
69-K	FLOORING	GRF	04/01/23	06/01/23	NO	NONE	MICHAEL'S CARPET
70-D	SHOWER CUT DOWN	BOTH	05/15/23	06/15/23	NO	NONE	NUKOTE

ESCROW ACTIVITY

UNIT #	NMI	PLI	NBO	FI	FCOEI	ROF	DOCUMENTS/COMMENTS
1-D		03/20/23					
2-D		01/18/23	04/13/23	04/24/23	05/08/23		
10-G		04/10/23					
12-C		03/10/23	05/11/23	05/11/23	05/25/23		
14-L		10/10/22					
20-A		04/10/23					
21-F		08/30/22					
26-L		03/22/23					
28-A		04/20/23					
30-K		05/17/23					

INSPECTOR MONTHLY MUTUAL REPORT

MUTUAL : **(01) ONE**

INSPECTOR : **RICH STOLARZ**

MUTUAL BOARD MEETING DATE: **May 25, 2023**

32-E		04/10/23				
39-E		05/17/23				
40-D		08/18/22				
44-D		03/10/23				
45-B		09/14/22				
49-B		02/10/23				
50-I		03/20/23	04/13/23	04/17/23	05/01/23	
56-B		03/02/23				
64-K		03/02/23	03/05/23	04/20/23	05/04/23	

NMI = New Member Inspection **PLI** = Pre-Listing Inspection **NBO** = New Buyer Orientation
FI = Final Inspection **FCOEI** = Final COE Inspection **ROF** = Release of Funds

CONTRACTS AND PROJECTS

CONTRACTOR	PROJECTS
FENN GOOD THROUGH 5/01/2026	TERMITES & PEST SERVICE
FENN GOOD THROUGH 6/30/2023	BAIT STATIONS
WASH GOOD THROUGH 06/30/23	WASHERS & DRYERS
J&J LANDSCAPING GOOD THROUGH 12/01/2024	LANDSCAPING
A-1 TOTAL SERVICE PLUMBING 12/31/23	SEWER PIPE RELINING
SOUTHERN PROPERTY FIRE PROTECTION - FIRE EXTINGUISHER CERTIFICATION GOOD THROUGH 12/2023	
A1 TOTAL PLUMBING - WORKING ON BLDG. 57, 58, 59	
PROPOSAL TO RENEW FENN BAIT STATION 3 YEAR CONTRACT - 2023 - 2026	
PROPOSAL TO RENEW WASH LAUNDRY CONTRACT FOR 60 MONTHS - \$3,570 MONTH	
PROPOSAL FROM J&J LANDSCAPE TO INSTALL PLANTER AROUND 7 WELCOME SIGNS - \$1,195 EA.	
REQUEST FOR PATIO EXTENSION AND PERGOLA AT UNIT - 5-F	
REQUEST FOR PATIO EXTENSION AND PLANTER AT UNIT - 48-F	

INSPECTOR MONTHLY MUTUAL REPORT

MUTUAL : (01) ONE

INSPECTOR : RICH STOLARZ

MUTUAL BOARD MEETING DATE: May 25, 2023

REQUEST FOR CART PAD IN FRONT OF UNIT 25-L

MUTUAL & SHAREHOLDER REQUEST

79

SITE VISITS

Mutual Corporation No. One

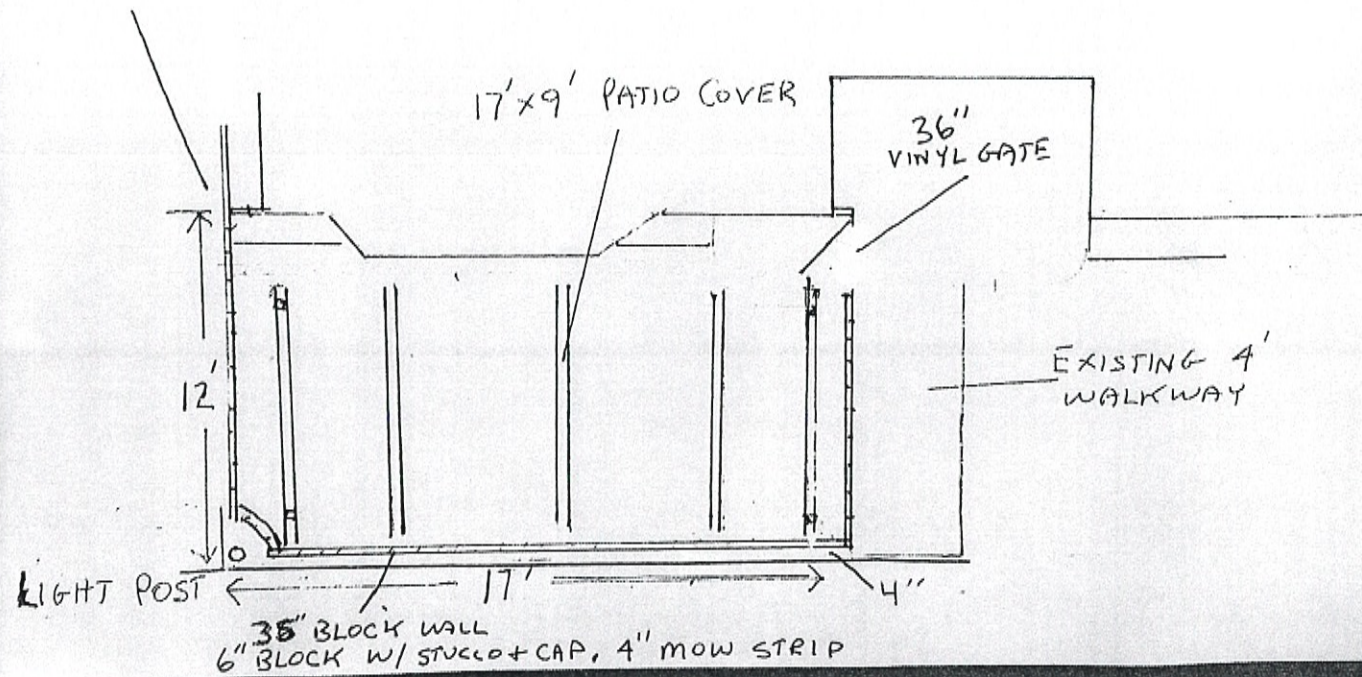
MEMO

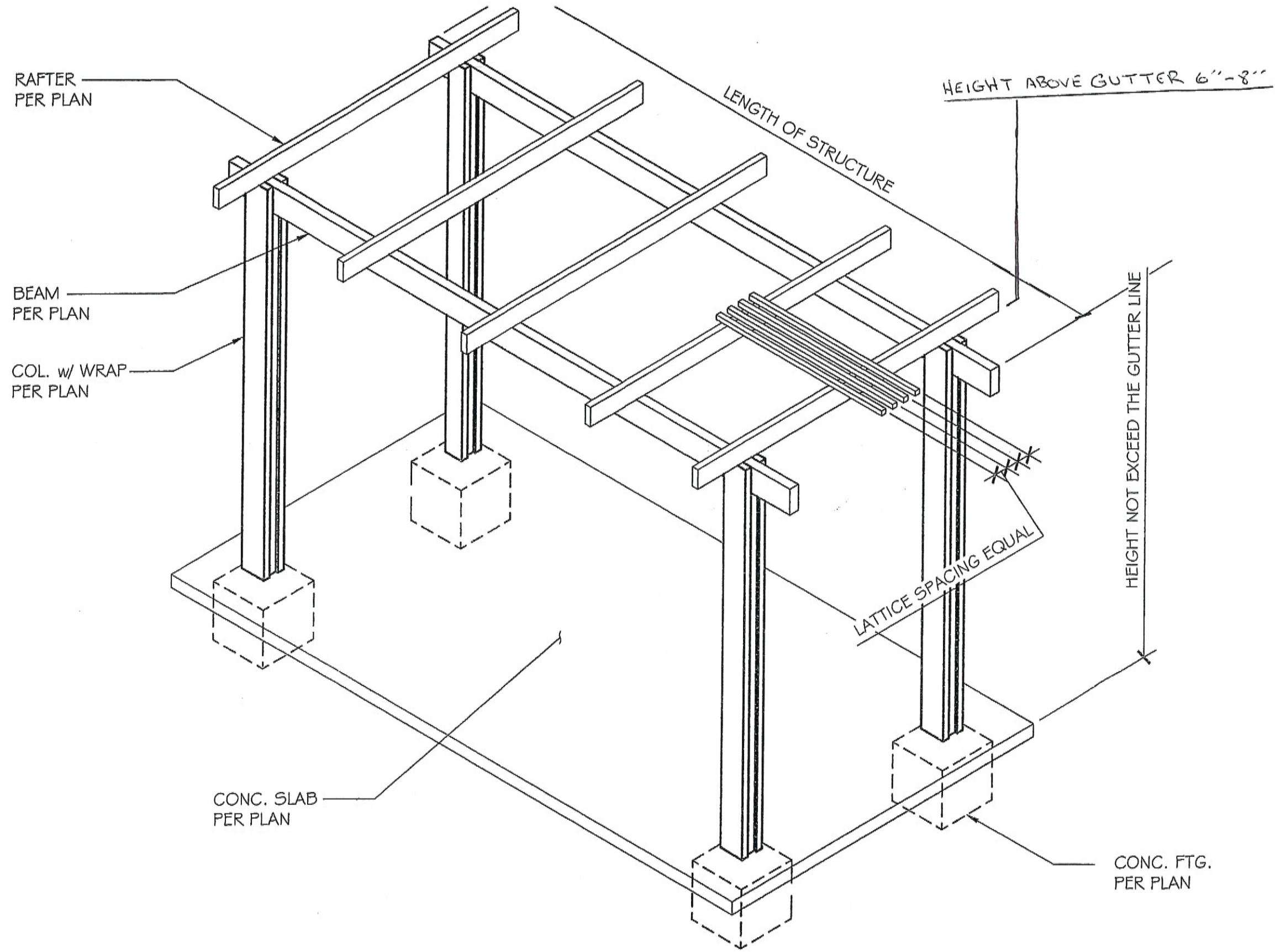
TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE TO ADD PERGOLA TO PATIO FOR UNIT 01-5F (BUILDING INSPECTORS REPORT, ITEM A)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to approve to add pergola to patio for Unit 01-005F. Work to be done at the shareholder's expense.

ROBBIN DEWALT
13631 ANNANDALE SF
SEAL BEACH CA. 90740
MUTUAL 1

ADD TO EXISTING
BLOCK WALL TO
MAKE 36" HIGH





LATTICE PATIO COVER - ISO VIEW
 SCALE: 3/8" = 1'-0"

Mutual Corporation No. One

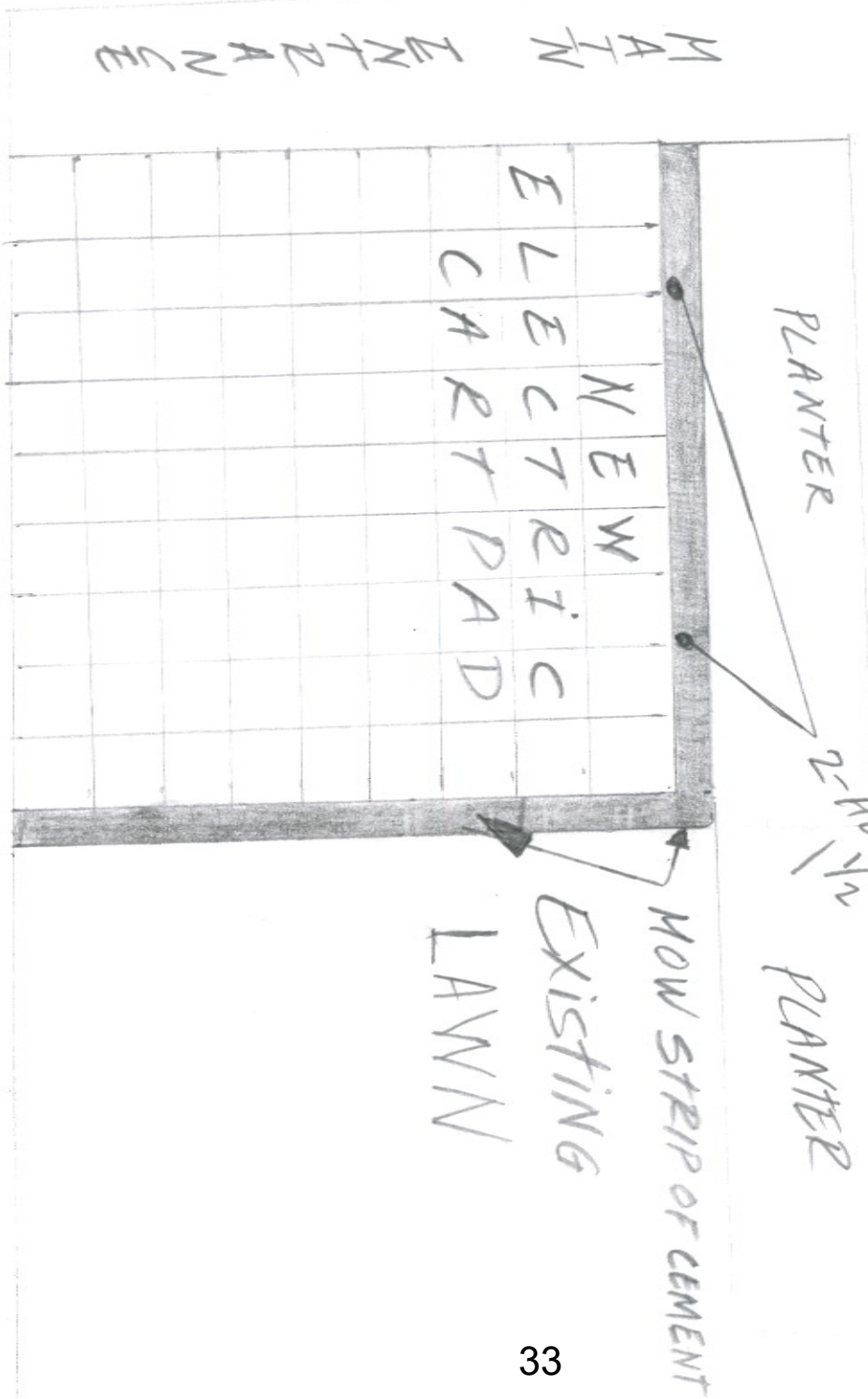
MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE CART PAD PROPOSAL FOR UNIT 01-025L (BUILDING INSPECTORS REPORT, ITEM B)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to approve cart pad proposal for Unit 01-025L. Work to be done at the shareholder's expense.

- ① ESTIMATE FOR 9X9 FEET ELECTRIC CART PAD.
- ② TO REMOVE GRASS AND ABOUT 6" OF SOIL. FILL UP WITH BASE
- ③ GRAVEL AND SAND, COMPACTED IN ORDER TO INSTALL THE PAVERS.
- ④ THE CUSTOMER REQUESTED ME TO INSTALL 2-RINGS OR HOOKS TO LOCK UP THE BIKES WITH A CHAIN, THESE WILL BE INSTALLED IN THE MOW STRIP OF CEMENT BY THE ENTRANCE OF THE APARTMENT AS IS SHOWN IN THE DRAWING.

SIDE WALK



M1-25L
APARTMENT

Mutual Corporation No. One

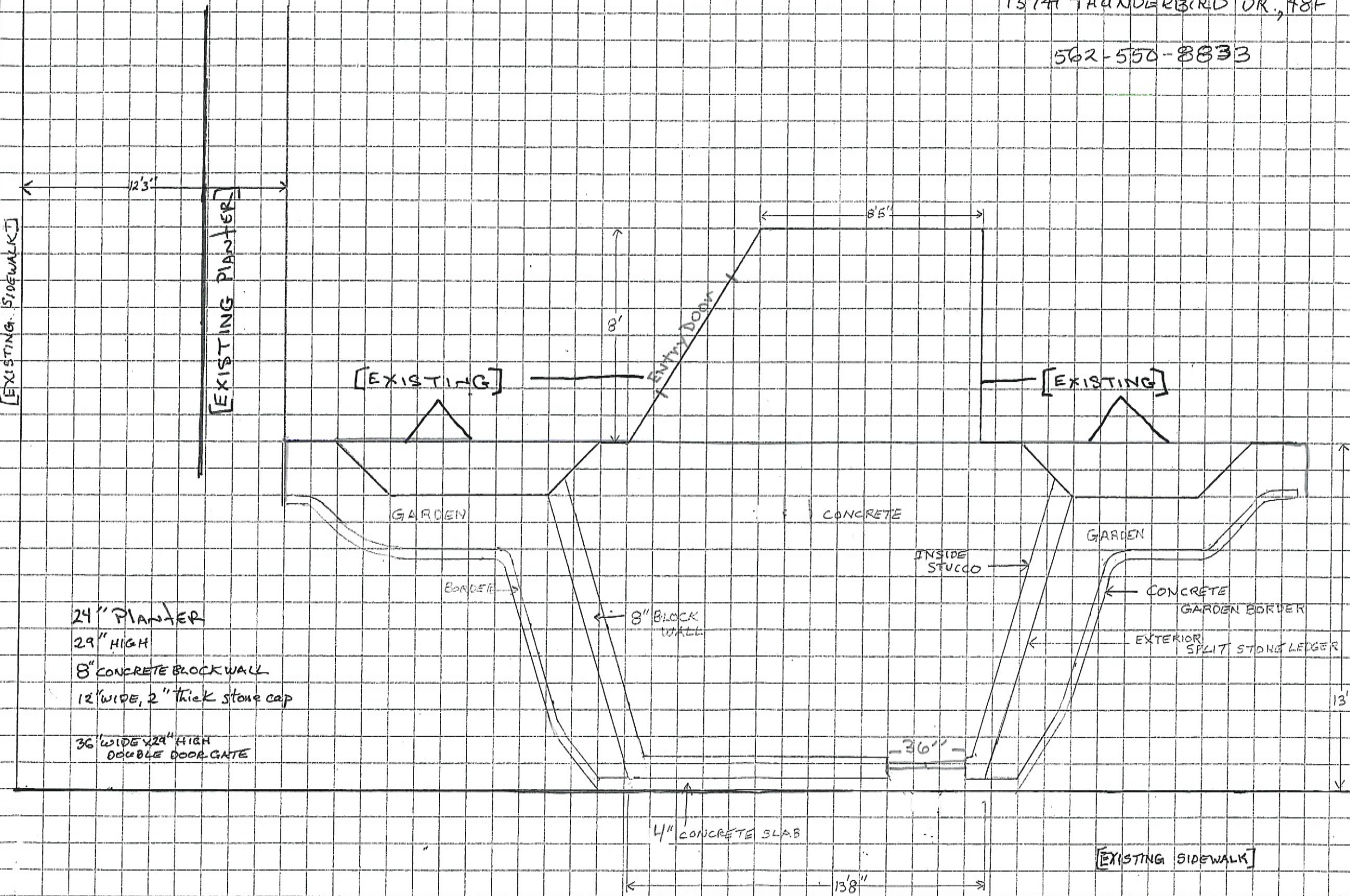
MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE PATIO PROPOSAL FOR UNIT 01-045F
(BUILDING INSPECTOR, ITEM C)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to approve the patio proposal for an extended patio and planter for Unit 01-045F. Work to be done at the shareholder's expense.

STEPHEN C. HENDRICKSON
1374 THUNDERBIRD DR., 18F

562-550-8833



24" PLANTER
29" HIGH
8" CONCRETE BLOCK WALL
12" WIDE, 2" THICK STONE CAP
36" WIDE X 29" HIGH
DOUBLE DOOR GATE

Mutual Corporation No. One

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO J&J LANDSCAPING PROPOSAL FOR PLANTERS TO BE ADDED ALONG WELCOME SIGNS FOR MUTUAL ONE (BUILDING INSPECTORS REPORT, ITEM D)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to approve the J&J Landscaping proposal for planters to be added along Welcome Signs, at a cost not to exceed \$1,195.00 per sign. Funds to come from Infrastructure and authorize the President to sign any necessary documentation.



J & J
Landscaping

Lic# 790032

PROPOSAL

(562) 650-1511
CD_Juventud@yahoo.com

11535 Belcher St.,
Norwalk, CA 90650

Attention:
Mutual No.1
Golden Rain Foundation
P.O. Box 2069
Seal Beach, CA 90740
Date: 5-3-23

Description	Quantity	Unit Price	Cost
Proposal for welcome signs in mutual 1 : All the planters will be 3 ft wide all around the sign; we will install a new concrete mow strip for each planter which is about 40 linear ft long each.			\$ 450
7 burgundy iceberg roses			\$ 245
3 coralline festival grass			\$ 120
7 (1 gallon) lantana			\$ 80
Turf removal			\$ 200
New soil			\$ 100
Labor and materials		Total	\$ 1,195

Thank you for choosing J & J Landscaping!

Mutual Corporation No. One

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE BAIT STATIONS FROM FENN TERMITE AND PEST CONTROL (BUILDING INSPECTORS REPORT, ITEM E)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to approve the Fenn Termite and Pest Control, proposal for inspection and maintenance of 200 bait stations from 2023-2025 at a cost not to exceed \$2,300.00. Funds to come from _____ and authorize the President to sign any necessary documentation.

LEISURE WORLD MUTUAL 01

Rodent Control Service

Presented by



TERMITE + PEST CONTROL

A Full Service Pest Control Company

1-800-443-PEST (7378)

www.fennpest.com

Established 1950

Dependable, family run service
for over 60 years.

7322 Walnut Avenue
Buena Park, CA 90620

SCOPE OF SERVICE

SERVICE: Monthly inspection and maintenance of 200 rodent bait stations.

PESTS COVERED: Rats and Mice.

AREAS COVERED: Exterior of buildings and carports.

COST:

2023

\$3.50 X 200 stations = \$700.00

2024

\$4.00 X 200 stations = \$800.00

2025

\$4.00 X 200 stations = \$800.00

AGREED:

MUTUAL 01:

FENN TERMITE & PEST CONTROL INC.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Mutual Corporation No. One

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO ACCEPT RESIGNATION FROM DIRECTOR AS CFO
AND DIRECTOR (NEW BUSINESS, ITEM A)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to respectfully accept the resignation of Daniel Frank as Chief Financial Officer and Director from the Mutual One Board of Directors.

Mutual Corporation No. One

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPOINT DIRECTOR AS CHIEF FINANCIAL OFFICER (NEW BUSINESS, ITEM B)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to appoint John Markovich as Chief Financial Officer to the Mutual One Board of Directors, effective immediately, for the remaining 2022-2023 term in office.

Mutual Corporation No. One

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPROVAL OF MUTUAL MONTHLY FINANCES (NEW BUSINESS, ITEM C)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to acknowledge, per the requirements of the Civil Code Section 5500(a)-(f), a review of the reconciliations of the operating and reserve accounts, operating revenues and expenses compared to the current year's budget, statements prepared by the financial institutions where the mutual has its operating and reserve accounts, an income and expense statement for the mutual's operating and reserve accounts, the check registers, monthly general ledger and delinquent assessment receivable reports for the month of April 2023.

Mutual Corporation No. One

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO LAUNDRY ROOM WASH CONTRACT (NEW BUSINESS, ITEM D)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to approve the Wash Laundry Room contract for 60 months, at a cost not to exceed \$3,570.00 per month. Funds to come from _____ and authorize the President to sign any necessary documentation.

Exhibit A to Rental Agreement
Proposal for Laundry Equipment



Multifamily Laundry Room Solutions



Exhibit A to Rental Agreement
 Proposal for Laundry Equipment

Laundry Equipment Options

Valid Until: 06/28/2023

WASH is uniquely positioned with the capital, top-brand equipment, personnel and installation resources to make this proposal a reality. We have provided several options for your consideration.

INSTRUCTIONS: Please review, select and initial one of the proposal options listed below. The terms of the selected option will be incorporated into the Rental Agreement that follows. If you have questions about these options, please contact your Sales Representative.

Select Option	Option	Term (Months)	Rental Amount <i>(Subject to Article 5 of the Agreement)</i>	Equipment	Vend Price
Accept	1	60	Rent Fee (per month): \$3,570.00 Total Machines: 140	70 existing top-load washers 70 existing single dryers Payment System: Coin	Washer: \$0.75 Dryer: \$0.25

Additional Comments	
----------------------------	--

Disclaimer: Delivery of this Proposal to you by WASH does not impact or supersede the terms and conditions of any existing written agreement between you and WASH. Also, no legal rights or obligations will come into existence under this Proposal unless and until the new definitive Rental agreement for this transaction is signed and delivered by you or your authorized representative and an authorized representative of WASH, and in such event, the respective legal rights and obligations of the parties will then be those set forth in such executed Rental agreement.

Mutual Corporation No. One

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE TRANSFER OF FUNDS (NEW BUSINESS, ITEM E)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to approve to the transfer of funds of \$500,000 from US Bank to Ameritrade for investment.

Mutual Corporation No. One

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO AMEND THE FINE SCHEDULE FORM THE RULES AND REGULATIONS (NEW BUSINESS, ITEM F)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to propose a rule change by amending the Fine Schedule of the Rules and Regulations and approve 28-day posting of notice of the proposed rule change. The proposed rule change will be considered by the board at the next scheduled meeting following review of any shareholders comments received.

SEAL BEACH MUTUAL NO. ONE**AMEND****Rules and Regulations**

Proxies. The Association's Bylaws permit an owner to give a proxy to another person to vote a secret ballot on the owner's behalf. However, proxies shall not be construed or used in lieu of a secret ballot. In such a situation, the proxyholder will fill out the ballot and enclose it in the "secret ballot" envelope.

This envelope will then be enclosed in the second envelope, as discussed above. In the upper left-hand corner of the second envelope, the proxyholder will sign his or her name, indicate his or her name and indicate the address or separate interest identifier that entitles the owner to vote; however, as the "voter", the proxyholder will sign and print his/her name underneath the name and address of the owner. The proxy must be returned with the ballot, but NOT placed inside the "secret ballot" envelope. If any instruction is given in a proxy issued for an election (or other vote) that directs the manner in which the proxyholder is to cast the vote, such instruction shall be set forth on a separate page of the proxy that can be detached and given to the proxyholder to retain. A proxy may be revoked by the owner prior to the receipt of the secret ballot by the inspector(s) of election. If a proxy and a secret ballot are received for the same separate interest, the proxy shall be deemed to have been revoked and the secret ballot shall be counted (if verified by the inspector(s) of election pursuant to these rules). If more than one proxy is received on behalf of a separate interest, the most currently dated proxy shall be counted.

16. Voting on Other Matters

The Association may, but is not obligated to, vote by secret ballot on any other topic which requires the vote of the Owners.

ARTICLE VII. CORRECTIVE MEASURES AND FINES**1. Basic Compliance Policy**

The objective of this Compliance Policy shall be to promote and seek voluntary compliance of shareholders for themselves, those qualified to reside with them and the shareholders' visitors including, but not limited to guests, employees and delivery personnel with the Seal Beach Mutual No. One Occupancy Agreement, Bylaws, 7000 Series Policies, and Rules and Regulations, all as amended and supplemented (collectively, "Governing Documents").

2. Reporting Violations

Any resident shareholder, including any shareholder serving on the Board, may report violations. Contact Security, Community Administration, or the Board of Directors.

Such reports shall constitute a complaint and will be documented in writing to include the time, date, nature of violation, circumstances, and location and address of person or persons

(March 2023)

SEAL BEACH MUTUAL NO. ONE**AMEND****Rules and Regulations**

responsible. The complaint will be provided to the Mutual for review and, if necessary, enforcement action.

3. Enforcement Procedures

The Mutual may, in the Board's discretion, enforce any violation of the "Governing Documents" by pursuing, without limitation anyone, or combination of, the remedies described below in paragraphs, One, Two, or Three (1, 2, or 3). Notices described in One and Two below shall include a statement inviting the shareholder to a hearing or their right to request a hearing.

1. Send an initial notice of violation letter to the resident shareholder stating the nature of the alleged violation. In the event that the shareholder does not take corrective action and continues to be non-compliant, the notice will include a reasonable date within which to voluntarily comply.
2. **At the request of the Shareholder Resident or of the Mutual 1 Board of Directors, an internal Dispute Resolution (IDR) hearing* will be scheduled. Hearings can be in person, or on-line (using ZOOM application) the shareholders request. If the resident has a scheduling conflict, the resident can request one deferent to no later than 2 weeks after the scheduled hearing. Requests can be via email or in writing. Failure to attend a scheduled or deferred hearing results in waiver of resident's right to a hearing. The result of the hearing will be provided by Mutual 1 in writing to the Resident Shareholder. Either with potential imposed fines, or closing of the hearing with the understanding the violation will be remedied.**
3. **In the event the violation is not remedied, send a 2nd** notice of violation and ~~intent~~ to impose a fine. Fines will be imposed in accordance with the Mutual's Violation Fine Schedule. An action in law or in equity to recover the sums due for damages injunctive relief or any other appropriate legal or equitable relief that may be available to the Mutual.

The following procedure will apply to all violations and infractions of the Governing Documents. At the time a violation is noted or reported, action will be taken as follows:

1. Warning: First Violation – The Board shall give written notice to the shareholder. The notice will identify the violation, and, if appropriate, a time frame for correcting the violation. Notwithstanding the foregoing, under circumstances involving conduct that constitutes (a) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring shareholders; (b) a traffic or fire hazard, or (c) a threat of material damage to, or destruction of, the Common Area (collectively, a "Safety Violation"), the Board may forego a warning letter, and proceed immediately with corrective or enforcement action
2. Repeat Violation – If the same violation is repeated (as such term is defined below) within a twelve-month period or in the event of a Safety Violation, the Board shall give the shareholder a written notice of the violation personally or by mail sent by first class or

(March 2023)

SEAL BEACH MUTUAL NO. ONE

AMEND

Rules and Regulations

(30) days or take any other disciplinary action permitted by the Governing Documents. However, no such penalty imposed by the Board shall take effect sooner than five days after the date of the hearing. The Board will provide the shareholder notice of the disciplinary action taken against him within 15 days after the Board’s decision. The Board’s notice of decision shall provide a written explanation of the suspension, fine or conditions, if any, imposed by the Board.

If the violation continues past the hearing and first fine stage, additional fines may be assessed on a daily, weekly or monthly basis as provided for, and at the rates set forth, below in the Fine Schedule without further hearing until the violation is abated by the shareholder. For the purposes of this Fine Schedule, “continuing violations” shall refer to violations that remain unchanged and ongoing until abated by the shareholder.

- 4. Legal Counsel: Alternative Dispute Resolution – At any time, the Board may refer a matter to the Mutual's legal counsel for enforcement or pursue any other remedy provided by the Mutual’s Governing Documents or law. Additionally, if required by Civil Code Section 5925 et seq., mediation or arbitration will be offered. If a lawsuit is filed, the shareholder may be liable for Mutual’s legal costs and fees

FINE SCHEDULE

The Fine Schedule may be imposed after or concurrent with notice and opportunity for hearing, and the Board of Directors, or committee appointed by the Board, in its discretion, has determined that a resident shareholder is non-compliant with or has violated the “Governing Documents”.

FINE SCHEDULE Notice of Violation: Warning or Fine of \$25.00

Continuing non-compliance will result in further fines of \$25.00 for each day the violation continues.

Fines for violations may be levied in accordance with the following schedule:

Invoices for fines are due and payable immediately.

APPENDIX A

FINE SCHEDULE

	1st Offense	2nd / Repeated Violation	On-Going Violation (if the violation continues past the hearing and first fine stage)
Residency/Occupancy Violations (e.g., unauthorized occupants, guests)	Notice to Comply in 48 hours	\$25.00 \$500.00	\$25.00 \$500.00 May be imposed on as frequently as a daily basis

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SEAL BEACH MUTUAL NO. ONE

AMEND

Rules and Regulations

residing longer than permitted)			until corrected, cumulative; 1st month \$500, 2nd month an additional \$500 for a total of \$1,000, etc., with no limit on total fine amount; or \$100, 2nd month additional \$100 for a total of \$200. With no limit on total amount.
Violation of Mutual Occupancy Agreement & all other Policies	Written Warning	\$25.00 \$100.00	\$25.00 \$500.00 May be imposed on as frequently as a daily basis until corrected, cumulative; 1st month \$500, 2nd month an additional \$500 for a total of \$1,000, etc., with no limit on total fine amount; or \$100, 2nd month additional \$100 for a total of \$200. With no limit on total amount.
Carport Driveway	\$50.00	\$50.00	\$75 for the first 30 days past the hearing and first fine stage \$100 each month thereafter until corrected
Walls by Trash Area	Written Warning	\$25.00	\$25.00 May be imposed on as frequently as a daily basis until corrected.
Laundry Room Areas	\$25.00	\$25.00	\$25.00 May be imposed on as frequently as a daily basis until corrected.
Garden Violations	Written Warning	\$25.00	\$25.00

(March 2023)

SEAL BEACH MUTUAL NO. ONE

AMEND

Rules and Regulations

			May be imposed on as frequently as a daily basis until corrected.
All other Violations of Rules	Written warning	\$25.00	\$25.00 May be imposed on as frequently as a daily basis until corrected.

ARTICLE VIII. COLLECTION RULE

SEAL BEACH MUTUAL NO. ONE
COLLECTION POLICY

The effective and prompt collection of assessments (sometimes referred to as carrying charges) is critical to the running of our Cooperative. Only through the collection of these assessments can we maintain and, hopefully, increase the value of our property. The policies and practices of Seal Beach Mutual No. One (the “Cooperative”) with regard to the collection of delinquent assessments are as follows:

1. Assessments are due on the first day of each month and are delinquent if not received by the 15th day of each month. If a special assessment is necessary, you will be notified of the due date therefor.
2. In the event an assessment is not received within fifteen (15) days after it is due, the owner will be required to pay to the Cooperative a late charge in the amount of ten percent (10%) of the delinquent assessment or ten dollars (\$10.00), whichever is greater. Also, if an assessment is not paid within thirty (30) days from the day that it was originally due, interest at the rate of twelve percent (12%) per annum will be added to the owner’s account each month.
3. If payment is not received within forty-five (45) days after the original due date of the assessment, the matter will be turned over to the Cooperative’s attorneys for further handling. Upon receipt from the Cooperative of such a matter, the Cooperative’s attorneys will send a letter notice by certified mail demanding payment for the outstanding assessments and related charges within ten (10) days of the date of the letter (the “10-Day Letter”). Alternatively, the Cooperative or Cooperative’s management company may send the 10-Day Letter in lieu of the Cooperative’s attorneys.
4. If the payment is not received as set forth in the above-described letter, the Cooperative may serve on the Member a thirty-day notice to pay or quit (the “Notice”), informing the Member that the Member’s right to occupy the premises subject to the Occupancy Agreement may terminate at the expiration of the time stated in the Notice, unless the delinquent assessments have been paid.
5. In the event the payment is not received within time frame stated in the Notice, Member’s Occupancy Agreement shall terminate and the Cooperative shall have the right to

(March 2023)

Mutual Corporation No. One

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE FUNDS FOR THE ANNUAL MEETING LUNCHEON (NEW BUSINESS, ITEM G)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to approve funds for the Annual Meeting Luncheon, gathering caterers and printing of flyers for approximately 125-150 shareholders, at a cost not to exceed \$2,500.00. Funds to come from _____ and authorize the President to sign any necessary documentation.

Mutual Corporation No. One

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO AMEND ARTICLE II, SECTION 4.3 CAREGIVER PARKING (NEW BUSINESS, ITEM H)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to propose a rule change amending Article II, Section 4.3 Caregiver Parking of the Rules and Regulations and approve 28-day posting of notice of the proposed rule change. The proposed rule change will be considered by the board at the next scheduled meeting following review of any shareholder comments received.

SEAL BEACH MUTUAL NO. ONE**AMEND****Rules and Regulations**

- Caregivers who serve as 24-hour caregivers, and live within the Shareholder's Unit, may use washers and dryers for their personal use, but may not use the washers and dryers for other family members or friends.

4.2 Caregiver Actions

Caregivers, as an invitee of the Shareholder, must act in compliance with the Rules and Regulations of the Mutual at all times. Specifically:

- Caregiver must cease any noise that could be considered disruptive (i.e., no loud televisions, radios, or talking, so as not to disturb the quiet enjoyment of other Qualifying Residents and Shareholders), after 10:00 p.m.
- Caregivers are not allowed to have guests or invitees, including without limitation, family members or friends, to the Unit or anywhere within the Mutual
- Caregivers shall not bring any pets into the Mutual and/or Leisure World.
- Caregivers shall not utilize any Mutual and/or GRF community facilities.

4.3 Caregiver Parking

If a Shareholder does **NOT** own a vehicle, the Shareholder's caregiver may use the carport space associated with the Shareholder's Unit, for purposes of parking their own vehicle, as follows:

- Obtaining a temporary parking permit through the GRF Stock Transfer Office. Such temporary parking permit must always be clearly displayed on dashboard of the caregiver's vehicle.
- ~~Any vehicle without a Mutual One LW sticker on the windshield or caregiver parking pass on vehicle's dashboard will be towed if parked on Trust Streets from 11:00 p.m. to 6:00a.m.~~

Mutual One will allow the Stock Transfer Office to issue Caregiver Parking Passes. All Caregiver Parking Passes will expire on the same date as the Caregiver Pass, Caregiver ID, or Caregiver Badge that was expired.

5. PORCHES, PATIOS, GARDEN EXPANSIONS, PERGOLAS, RETRACTABLE AWNINGS AND GOLF CART PADS

Porch: A porch is the space under the roof of the structure open to the outside or enclosed from the weather.

Patio: A patio is any surface other than garden material that is attached to, or adjacent to the outside wall structure of a unit.

(March 2023)

Mutual Corporation No. One

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO AMEND SECTION 6. – PETS OF THE RULES AND REGULATIONS (NEW BUSINESS, ITEM I)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to propose a rule change amending Section 6. – Pets of the Rules and Regulations and approve 28-day posting of notice of the proposed rule change. The proposed rule change will be considered by the board at the next scheduled meeting following review of any shareholder comments received.

SEAL BEACH MUTUAL NO. ONE**AMEND****Rules and Regulations**

- The parking or charging pad shall be removed upon the sale or transfer of the shareholder's rights to the unit, at the seller's expense, unless the buyer wants the parking or charging pad to remain and agrees to such in writing.
- Upon a sale of a unit, any concrete parking or charging pads that installed prior to the latest approval date of this policy may be required to be removed and the turf or grass area must be returned to the existing garden line at the selling shareholder's expense.
- The shareholder must agree and sign the Licensing and Indemnity Agreement provided by the Mutual.

6. PETS

California State Law: The State of California has enacted a Section of the law which amends the common-interest law pertaining to the Mutual Corporation designated Section §1360.5 of the Civil Code. It is provided that in a common-interest development where there is an owner of a separate interest as defined therein, the owner is entitled to have at least one pet within the confines of the separate interest, subject to reasonable rules and regulations of the association.

Definition of Pet: The law defines a "pet" as "any domesticated bird, cat, dog, aquatic animal kept within an aquarium, or other animal as agreed to between the Association and the homeowner.

- All members of the reptile and monkey families, as well as any raucous-voiced birds, are prohibited.
- At no time shall it be appropriate for resident owners to house or maintain within the confines of the Mutual any animal commonly known as a farm animal, domesticated farm animal, or any animal commonly maintained on a farm for the purpose of breeding for its fur, feathers, byproducts, or for human consumption, or as may be found in specialty meat markets; farm animals may consist of, but not be limited to: duck, goose, chicken, potbellied pig, piglet, cow, calf, goat, rabbit, lamb, miniature horse, pony, etc.

Definition of Rules for Pet Ownership

Similar rules have been enacted pursuant to law by the Federal Government substantially to the same effect as the California law, and under the federal rules there have been developed criteria as to what are reasonable rules and regulations of the Mutual related to the keeping of pets. Those rules are adopted by the Mutual Corporation as being reasonable rules and regulations for the keeping of a pet and are set forth in this policy adopted by the Mutual Corporation as Rules and Regulations as pertaining to occupancy of a separate interest within the Mutual Corporation. Those rules are as follows:

The **number** of quadruped pets per apartment shall be restricted to one. The number of birds per apartment shall be restricted to two.

(March 2023)

SEAL BEACH MUTUAL NO. ONE**AMEND****Rules and Regulations**

- The breed of the pet shall be of such nature that its weight is not expected to exceed twenty-five (25) pounds at time of full maturity.
- Pets are prohibited from common area facilities, such as clubhouse facilities, library, Golf course, health care center, Amphitheater, swimming pool area, Administration.
- Building, lobbies, and laundry rooms. In all other permitted areas, the pet must be on a leash not longer than six feet and under the control of, and accompanied by, a resident and/or adult agent of the resident pet owner and/or responsible adult.
- While traversing the streets or sidewalks of the Mutual Corporation while making ingress and egress to or from the resident's apartment, at all times, the resident pet owner and/or responsible adult must have in evidence and in plain view a plastic bag and/or a poop scoop device for the purpose of immediately removing any pet waste deposited on any lawn or ground area.
- In accordance with Seal Beach City Code, Section 3-10.26 - Maintaining Sanitary Conditions, persons allowing their dog or cat to defecate on property other than their own property, shall remove such feces immediately or be subject to a city fine of \$25.
- The resident pet owner shall immediately, and forthwith, remove any pet waste deposited by the pet in all common areas where said pet is permitted.
- The Mutual Corporation will impose a fine, per occurrence, on any resident pet owner who fails to immediately remove any such pet waste deposited by their pet.
- **The Mutual Corporation may impose a fine pursuant to the Fine Schedule, per occurrence, on any resident pet owner who fails to immediately remove any such pet waste deposited by their pet. ~~The imposed fine shall be \$25, per occurrence or the actual amount charged by the janitorial services company to have one of its employees remove the pet waste, if greater than \$25.~~**
- The imposed fine shall be paid by the resident pet owner to the Mutual Corporation.
- Resident pet owners are required to control noise and odor caused by a pet. Any noise or odor which adversely affects any other resident is not permitted.
- All quadruped pets brought into the Mutual by a resident pet owner shall have been spayed or neutered.
- No quadruped pet may be left unattended in any dwelling area for more than four (4) hours. All pets must be under the resident pet owner's control in an apartment, so as not to be a hazard to security officers, maintenance staff, fire inspectors, paramedics, mail carriers or service providers or other employees requiring access to an apartment where there are pets.
- Resident pet owners who, on a temporary basis, allow a neighbor to assume responsibility for their pet for a period longer than four (4) consecutive hours must notify the Security Department of the temporary arrangement and provide a sign for the neighbor to post on the exterior of the neighbor's residence, near the front door, notifying service providers and employees who require access to the apartment in an emergency that a pet is temporarily being housed inside the apartment.

The following Paragraph applicable to Mutual One only:

(March 2023)

Mutual Corporation No. One

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO AMEND SECTION 9.3 – FINE SCHEDULE/
CARPORTS (NEW BUSINESS, ITEM J)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to propose a rule change by amending Section 9.3 – Fine schedule/ Carports of the Rules and Regulations and approve 28-day posting of notice of the proposed rule change. The proposed rule change will be considered by the board at the next scheduled meeting following review of any shareholder comments received.

SEAL BEACH MUTUAL NO. ONE**AMEND****Rules and Regulations**

- Electric carts cannot be parked on a walkway or grass while being charged.
- Electric cords for charging cannot be placed across any walkway.
- Electric carts should not be parked in such a way as to interfere with the entry into or the exit from an apartment.
- Electric carts MUST have a current SBLW decal issued by the Security Department affixed to the lower left windshield or the front of the electric cart.
- Any electric cart being used in Mutual One must have sufficient liability and property damage insurance in case of accident.
- The owner is personally responsible for any property damage or personal injury to another resident or person or pet.
- Plans for the construction of a charging pad must be approved by the Golden Rain Foundation Physical Property Department.
- An electrical outlet may be installed, by permit, in the carport for the purpose of charging.
- an electric cart. The approved contractor will tap into the existing lighting circuit and install a box and a switch in the locker and an approved outlet box outside the locker. All materials will be painted to match the garage space.
- A flat, monthly charge of \$_____ (determined on a case-by-case basis) will be paid by the resident to Golden Rain Foundation and Mutual One accounts. Periodically, the Mutual will monitor the outlet use for any changes in the flat-rate estimate.
- Maintenance of the electrical circuit is the resident's responsibility. Failure to comply with timely payments will result in the circuit being disconnected at the resident's expense.
- Upon resale or transfer of the share of stock, it is the responsibility of the resident, at his or her expense, to remove the electrical circuit and return the carport to its original condition, if the new buyer does not want the circuit.
- The Mutual encourages all residents to park any and all vehicles in carports as much as possible and obtain carport space and use for each vehicle they operate.

Any resident that fails to comply with the Electric Carts policy shall receive written notice of the violation and shall have ten (10) days to cure the violation (the "Cure Period"). If the resident fails to cure the violation within the Cure Period, the Mutual Board may fine the resident pursuant to the Fine Schedule.

9.3 Fine Schedule/Carports

A resident who fails to comply with the Carport Regulations may be fined by the Mutual Board pursuant to the **cumulative fine schedule outlined in Appendix A. Fine Schedule following progressive fine schedule:**

- ~~• Upon the first offense by the resident, the Mutual Board may issue an initial fine of \$50.~~
- ~~• Should the resident fail to cure the Carport Regulation violation within thirty (30) days after the issuance of the first offense fine, the Mutual board may issue a second offense fine against the resident in the amount of \$75.~~

(March 2023)

SEAL BEACH MUTUAL NO. ONE**AMEND****Rules and Regulations**

- ~~• Provided the resident fails to cure the Carport Regulation violation within thirty (30) days after the issuance of the second offense fine, the Mutual Board may issue a third offense fine against the resident in the amount of \$100.~~
- ~~• If the Resident fails to comply with the Carport Regulations after the Mutual Board has issued a third offense fine, for each thirty-day (30-day) period thereafter, the Mutual Board may issue a thirty-day reoccurring fine against the resident in the amount of \$100 until such time as the resident is in compliance with these carport rules and regulations.~~

10. TRAFFIC**10.1 Limitation of Vehicles Per Unit**

Mutual One will only approve one car per person per unit. At the time of Escrow closing, the shareholder will sign a document acknowledging this agreement. Security will only issue decals for the number of members per unit. In the event of any errors on the part of GRF security, the Mutual One rules and regulations regarding one car per person per unit will prevail.

10.2 Enforcement of Community Traffic Regulations

~~The Golden Rain Foundation has adopted a series of regulations for the control of traffic within the confines of Seal Beach Leisure World and it is the desire of this Mutual Board, in the interest of safety, that these regulations be observed and enforced.~~

~~The Mutual 1 Board will review the case of any Mutual resident whose record of violation is referred to the Board, and take one or more of the following actions:~~

- ~~• Direct a letter of warning to the offender.~~
- ~~• Appoint a Director or a Committee to confer with and warn the offender.~~
- ~~• Summon the offender to a regular or special Board meeting for a conference/ warning.~~
- ~~• Take Board action to find the offender in violation of the Occupancy Agreement and order eviction.~~

~~While it is customary for three violations to be accumulated in the file before a resident's record is referred to the Mutual Board by the Security Department, it is understood that a single violation may be of sufficient importance to be immediately referred to the Board for action.~~

~~In the interest of obtaining uniform application within the community, the Security, Bus and Traffic Committee of Golden Rain Foundation will be informed of action taken and its apparent results in each instance cited above.~~

10.3 Towing Vehicles

(March 2023)

Mutual Corporation No. One

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO AMEND ARTICLE V. LANDSCAPE/GARDEN RULES AND REGULATIONS (NEW BUSINESS, ITEM K)
DATE: MAY 25, 2023
CC: MUTUAL FILE

I move to propose a rule change by amending Article V. Landscape/Garden Rules and Regulations of the Rules and Regulations and approve 28-day posting of notice of the proposed rule change. The proposed rule change will be considered by the board at the next scheduled meeting following review of any shareholder comments received.

SEAL BEACH MUTUAL NO. ONE**AMEND****Rules and Regulations**

The Mutual will advise shareholders of violations of these Rules and Regulations, in writing. If the violating shareholder does not correct the violation within 30 business days, the Mutual will make the correction(s) at the expense of the shareholder. (Refer to Appendix A – **Fine Schedule Shareholder Garden—Notice to Comply Letter.**)

Currently, Seal Beach (including Leisure World) dictates no watering of the grass area in front of residences is allowed. Watering of the garden area in front of your residence is restricted to Tuesday, Thursday, and Saturday between 6PM and 6AM, for no longer than 15 minutes. This may change with little advance warning (more or less restrictive). Changes will be posted on the Mutual 1 WEB page, or contact your Mutual 1 Director for most current status.

The Mutual's landscape contract includes routine trimming of shrubbery and cultivating and weeding. Rose bushes are pruned annually, usually in January.

1. LANDSCAPE REQUESTS

- Shareholders must contact the HELPLINE for any gardening requests or sprinkler service. Shareholders are prohibited from requesting such work directly from the gardeners.
- Shareholder's "set limits" for shareholder garden areas are set by the existing garden border. (Refer to Patio Rules and Regulations)
- The Mutual reserves the right to determine if a shareholder garden area has become cluttered or unsightly. If so determined, the Mutual will send a 30-day written notice to the violating shareholder. If further action is needed, the Mutual will take steps to bring the shareholder garden area into compliance at the expense of the shareholder and the shareholder will not be reimbursed for any discarded items. (Refer to Appendix A – **Fine Schedule Shareholder Garden—Notice to Comply Letter.**)
- Containers on the ground in the standard shareholder garden area must be decorative.
- Nursery containers are not permitted.
- No more than 15 containers will be allowed per side of personal garden area of common areas of an individual unit (end units 15 in front and 15 on side). Under no circumstances should potted plants prohibit unit ingress or egress.
- Containers that have no drainage holes and standing water are not permitted; they are breeding grounds for mosquitoes.
- Freestanding inanimate objects are permitted in shareholder garden area but shall be limited to six (6) objects.
- Hanging objects on porches are limited to six (6).
- Shareholders are prohibited from leaving unused gardening material/equipment, empty pots, fertilizer, pavers, trash, garbage, newspapers, household items, water dishes or food of any kind in their gardens and common areas. Units with outside storage cabinets

(March 2023)