

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

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

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

Meet the Mutual eligibility criteria as follows:

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

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

1.2. Financial Ability

1.2.1. The prospective resident shareholder must show:

1.2.1.1. Verified monthly income that is at least five (5) times or greater the monthly carrying charge (Regular Assessment plus Property Tax and Fees) at the time of application.

1.2.1.2. Liquid assets of at least \$50,000 for the past 6 months.

1.2.1.3. An averaged FICO 2, 4 and 5 credit score of 700. The prospective resident shareholder shall authorize the Mutual to obtain the foregoing FICO credit score reports. To determine the average, the Mutual shall add the 3 scores together and divide by 3. The Mutual shall not accept credit score reports provided by the prospective resident shareholder. The cost of such reports shall be borne by the prospective resident shareholder; and

1.2.2. To establish the foregoing financial qualifications:

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

- Equity in U.S. residential property
- Savings accounts in U.S. financial institutions
- Cash value life insurance
- Certificates of deposit, money market accounts in U. S. Financial institutions
- IRA, SEP, 401(k) and Keogh accounts
- U.S. state or municipal government bonds – valued at current Market prices.

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- American traded investments (NYSE, AMEX, OTC, NASDAQ, etc.) valued at current market prices.
 - Mortgages and promissory notes, provided that interest is reported on:
 - The applicant's tax return
 - Equity in U.S. income producing real estate.
- 1.2.3.** Adjusted Gross Income per 1040, 1040A, or 1040EZ; plus that portion of Social Security, IRA distributions, and pensions and annuities not included in adjusted gross income; plus tax exempt interest; minus income tax, Social Security, Medicare, and self-employment taxes paid; and minus Medicare medical insurance and prescription drug premiums; all divided by twelve (12) will equal net monthly income to be used in Section 1.2.1 above.
- 1.2.4.** Projected assessments will be the previous year's assessment (total of carrying charge less any cable charge, less Orange County Property Taxes and Fees), and the addition of the new property tax at 1.2% of the sales price plus Orange County District fees divided by twelve (12) for the new projected monthly assessment. This new figure (Regular Assessment plus Orange County Property Taxes and District Fees) times five (5) will be the monthly income required. This will be verified by the escrow company and the Stock Transfer Office. Stock Transfer shall have the final say in establishing verifiable income/assets.¹
- 1.2.5.** Verification shall be done by the Escrow Company and the Stock Transfer Office prior to the new buyer interview and prior to the close of escrow
- 1.2.6.** Only the resident shareholder's income shall be considered for qualifying.
- 1.2.7.** If moving within Leisure World, or if there are any additions/changes to the title, the proposed shareholder(s) must meet these eligibility requirements unless they have been in good standing for five years
- 1.2.8.** The cost of the Credit check will be born by the prospective shareholder.
- 2. HEALTH**

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

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

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

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

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