

A G E N D A
REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL FIVE
July 26, 2017
9:00 a.m., Building 5, Room B

1. CALL TO ORDER/ PLEDGE OF ALLEGIANCE Dr. Coven
2. ROLL CALL
3. INTRODUCTION OF GRF REPRESENTATIVE, GUEST(S), AND STAFF: Dr. Coven
 - Mr. Gould, GRF Representative
 - Ms. Hopkins, Mutual Administration Director
 - Mr. Bristow, Security Services Director
 - Mr. Hawke, Security Services Manager
 - Mr. Alvarez, Building Inspector
 - Mrs. Aquino, Recording Secretary
 - Mutual Five shareholders and all guests from other Mutuals
4. APPROVAL OF MINUTES: **Regular Monthly Meeting of June 21, 2017** Dr. Coven
5. PRESIDENT'S ANNOUNCEMENTS Dr. Coven
6. SHAREHOLDERS' COMMENTS
7. BUILDING INSPECTOR'S REPORT (**pages 3-4**) Mr. Alvarez
8. GRF REPRESENTATIVE'S COMMENTS Mr. Gould
9. CORRESPONDENCE Ms. Deady
10. CHIEF FINANCIAL OFFICER'S REPORT Ms. Tran
11. APPOINTMENTS – Dr. Coven
12. COMMITTEES – Dr. Coven
13. BUILDING ASSIGNMENTS – Dr. Coven
14. UNFINISHED BUSINESS –
15. NEW BUSINESS –
 - a. Resolution for interest earned at Morgan Stanley to be reinvested in restricted funds
 - b. Ratify resolution to move \$188,356 from Unrestricted funds to Roofing Reserves
 - c. Amend Policy 7170 – Parcel Representation (**page 5**)
 - d. Rescind Policies 7304 – Financing Capital Projects (**pages 6-7**) and 7305 – Depreciation – Straight Line Method (**page 8**)
 - e. Occupancy Agreement Article 23 Late Charges/Cost 2017-2018 (**page 9**)
 - f. Property Tax Postponement Resolution 2017-2018 (**page 10**)
 - g. Request to Receive Hard Copy of Monthly Minutes from Other Mutuals 2017-2018 (**page 11**)
 - h. Resolution for renewal of Mr. C's Towing Agreement 2017-2018 (**pages 12-14**)

NEW BUSINESS – (continued)

- h. Resolution/Discussion: Active Living Disclosure (ALD) **(pages 15-16)**
 - a. Amend Policy 7020.05 – Approval of Escrow to remove or keep doctors note; if ALD passes-amend Policy 7020.05 by removing from the 2nd paragraph “*and a medical examination*” **(page 17)**
 - b. Amend Policy 7510.05 – Eligibility Requirements to remove or keep doctors note; if ALD passes amend Policy 7510.05 by removing section 3 Health statement; *as evidenced by a letter from his/her physician* **(page 18-20)**

(STAFF SECRETARY BREAK (TIME TO BE DETERMINED BY PRESIDENT))

- 16. MUTUAL ADMINISTRATION DIRECTOR Ms. Hopkins
- 17. DIRECTOR(S) COMMENTS
- 18. SHAREHOLDERS' COMMENTS (on agenda items only)
- 19. ADJOURNMENT
- 20. EXECUTIVE SESSION (member, legal issues)

(STAFF WILL LEAVE THE MEETING BY 12:10 P.M.)

NEXT REGULAR BOARD MEETING: AUGUST 16, 2017, 9:00 A.M.
BUILDING FIVE, CONFERENCE ROOM B

INSPECTOR MONTHLY MUTUAL REPORT

MUTUA (05) Five

INSPECTOR: BRUNO ALVAREZ

MUTUAL BOARD MEETING

DATE: July 19, 2017

PERMIT ACTIVITY

UNIT #	DESCRIPTION OF WORK	GRF/CITY PERMIT	PERMIT ISSUE	COMP. DATE	CHANGE ORDER	RECENT INSPECTION	CONTRACTOR / COMMENTS
69-G	CARPORT CABINET	GRF	06/13/17	07/20/17	NO	NONE	HANDYMAN
70-A	HEAT PUMP	BOTH	05/19/17	06/30/17	NO	FINAL6/15/17	GREENWOOD
70-L	TUB	BOTH	03/15/17	05/15/17	NO	NONE	BUENOS
72-K	HEAT PUMP	BOTH	07/12/17	08/22/17	NO	NONE	ALPINE
90-I	INSTALL TILE	GRF	05/30/17	07/20/17	NO	NONE	BERGKVIST
90-I	LIGHT FIXTURE	GRF	05/30/17	07/20/17	NO	NONE	BERGKVIST
5-92L	INSTALL TILE	GRF	06/28/17	09/20/18	NO	NONE	LW DÉCOR
96-H	HVAC	BOTH	06/12/17	09/30/17	NO	NONE	GREENWOOD
97-G	HEAT PUMP	BOTH	03/13/17	06/23/17	NO	03/24/17 FINAL	GREENWOOD
97-A	REMODEL	BOTH	02/15/17	04/15/17	NO	04/14/17 FINAL	MCCOY
99-G	ROOM ADDITION	BOTH	11/07/16	05/04/17	NO	LATH	ALPHA MASTER
99-G	ROOM ADDITION	BOTH	11/07/17	05/04/17	NO	05/10/17 FINAL	ALPHA MASTER
101-J	CARPORT CABINET	GRF	05/26/17	05/27/16	NO	FINAL	HANDYMAN
105-I	WASHER AND DRYER	BOTH	04/21/17	07/03/17	NO	05/24/17ROUGH	LOS AL BLDRS
107-K	AC	BOTH	05/30/17	08/30/17	NO	NONE	GREENWOOD
101-J	LOWER CARTPORT STORAGE	GRD	05/19/17	05/27/17	NO	NONE	HANDYMAN
113-I	REMODEL	BOTH	06/28/17	11/30/17	NO	NONE	LW DÉCOR
119-K	REMODEL	BOTH	03/20/17	04/05/17	NO	03/30/17 FINAL	OGAN
122-C	WINDOWS/ELECTRICAL	BOTH	02/25/17	04/30/17	NO	FINAL 05/18/17	BJ
122-G	HEAT PUMP	BOTH	02/14/17	05/28/17	NO	03/10/17 FINAL	GREENWOOD
123-I	REMODEL	BOTH	06/13/17	11/13/17	NO	NONE	LOS AL BLDRS
123-J	HEAT PUMP	BOTH	06/12/17	09/30/17	NO	NONE	GREENWOOD
124-F	RENOVATION	BOTH	05/15/17	06/30/17	NO	ROUGH	OGAN

SHADED AREAS HAVE BEEN SIGNED OFF

UNIT #	ESCROW ACTIVITY						DOCUMENTS/COMMENTS
	NMI	PLI	NBO	FI	FCOEI	ROF	
72-D		07/10/17					
72-K		02/16/17	03/14/17	03/21/17	04/04/17		
93-D		02/16/17					
93-E		06/15/17	07/05/17				
94-A		11/01/16					
95-C		03/24/15					
95-L		06/15/17					
96-F		01/04/17	02/23/17	03/01/17	03/13/17		
99-I		05/05/17					
99-J							
101-D		06/20/16					
104-E		10/12/16	04/17/17	05/02/17	05/16/17		
105-I		04/01/16					
106-H		04/01/16					
106-L		06/15/17					
108-J		09/30/16					
108-K		01/24/17	03/20/17	04/06/17			
109-D		07/25/16					
109-F		05/05/17					
110-D		02/23/17	03/30/17	03/30/17	04/11/17		
112-D		03/14/17	04/14/17	04/19/17	05/05/17		
113-F		07/10/17					
115-F		06/14/16					
116-C		05/31/17	06/19/17	06/21/17			
119-K		01/04/17	03/22/17	04/05/17	04/18/17		
124-F		12/16/16					
125-A		02/16/17					
125-G							

ALL HAVE BEEN SIGNED OFF

re-Listing Inspection NBO = New Buyer Orientation

Final COE Inspection ROF = Release of Funds

CONTRACTS		PROJECT
MR. GUTTER		BUILDING 90/91 HAS BEEN COMPLETED INSTALING RAIN GUTTERS
KELLIE VAUGHN		BUILDING 95/98 HAS BEEN COMPLETED START BLDG.103 ON 07/10/17
KRESS		STOVE HOODS 94/95 HAS BEEN COMPLETED

MUTUAL OPERATIONS**ORGANIZATION OF THE BOARD****Parcel Representation**

Excerpt from Attorney W. A. Williams' letter to the Administrator, dated 15 April 1969.

"With respect to the nomination of individuals for the office of director in the corporation, it is not necessary that the nominating party be a member of the same mortgage parcel as the person nominated. The reason for this is the fact that this is one corporation, and the directors serve all members of the corporation despite the fact that the Bylaws provide that only one member may be eligible for election for each mortgage parcel."

(Removes paragraph concerning nominations from the floor which is no longer valid.)

(Apr 69)

MUTUAL OPERATIONS**RESCIND MUTUAL FIVE****ACCOUNTING AND FISCAL**Financing Capital Projects

WHEREAS, Seal Beach Mutual No. _____ (all except Mutual No. Nine) recognizes the need for continuing development and improvement of the trust property of Seal Beach Leisure World for the benefit of all stockowners, and

WHEREAS, it is the desire of the Mutual Corporation to assist in the financing of capital improvements to the trust,

NOW, THEREFORE, BE IT RESOLVED that for any refund owing to the Mutual Corporation from the Golden Rain Foundation for the fiscal year 1972, this Corporation does hereby instruct the Golden Rain Foundation as their agent to:

1. Deposit to the credit of the trust fund of Seal Beach Leisure World which is held by the Golden Rain Foundation as trustee for the benefit of the Seal Beach Mutual Corporations any portion of the refund due this Corporation from the Golden Rain Foundation that is the proceeds in excess of the first \$50,000 of refund derived from the operation of the Golden Rain Foundation.
2. It is the intent of this resolution that the Golden Rain Foundation shall refund in the normal manner the first \$50,000 for the fiscal year 1972 and apply any refund in excess of \$50,000 to the capital funds of the trust in the same proportion that the original contributions were made to the trust.

BE IT FURTHER RESOLVED, that this resolution will become effective only in the event that all other Seal Beach Mutuals adopt a similar resolution.

Mutual No.5 (11-18-16) & Mutual No. 7 Only (Effective 11-21-00):

WHEREAS, Seal Beach Mutual No. _____ recognizes the need for continuing development and improvement of the trust property of Seal Beach Leisure World for the benefit of all stockowners, and

WHEREAS, it is the desire of the Mutual Corporation to assist in the financing of capital improvements to the trust,

NOW, THEREFORE, IT BE RESOLVED, that for any refund owing to the Mutual

Mutual No.5 (Effective 11-18-16) & Mutual No. 7 Only (Effective 11-21-00) (Cont'd.):

MUTUAL OPERATIONS**RESCIND MUTUAL FIVE****ACCOUNTING AND FISCAL****Financing Capital Projects**

Corporation from the Golden Rain Foundation for the fiscal year 1972 and following fiscal years, this Corporation does hereby instruct the Golden Rain Foundation as their agent to:

1. Deposit to the credit of the trust fund of Seal Beach Leisure World which is held by the Golden Rain Foundation as trustee for the benefit of the Seal Beach Mutual Corporations any portion of the refund due this Corporation from the Golden Rain Foundation that is the proceeds in excess of the first \$50,000 of refund derived from the operation of the Golden Rain Foundation.
2. It is the intent of this resolution that the Golden Rain Foundation shall refund in the normal manner the first \$50,000 for the fiscal year 1972 and the following fiscal years and apply any refund in excess of \$50,000 to the capital funds of the trust in the same proportion that the original contributions were made to the trust.

BE IT FURTHER RESOLVED, that this resolution will become effective only in the event that all other Seal Beach Mutuals adopt a similar resolution.

<u>MUTUAL ADOPTION</u>	<u>AMENDED</u>	<u>RESCINDED</u>
ONE		
TWO	11-16-72	
THREE	11-20-72	
FOUR	01-08-73	
FIVE	12-20-72	11-18-16
SIX	12-08-72	
SEVEN	01-19-73	11-21-00
EIGHT		
NINE	11-13-72	07-11-11
TEN	11-30-72	
ELEVEN	12-21-72	
TWELVE	11-09-72	
FOURTEEN	11-09-72	
FIFTEEN	11-10-72	
SIXTEEN	12-14-72	

MUTUAL OPERATIONS**RESCIND MUTUAL FIVE****ACCOUNTING AND FISCAL****Depreciation - Straight Line Method****RESOLUTION:**

WHEREAS, the official books of this Corporation are being kept using the Sinking Fund method of depreciation, and income tax returns are submitted using the Straight Line method of depreciation, and

WHEREAS, it is desirable to use the same method on the books as is used on the tax returns, and

WHEREAS, the Internal Revenue Service will not recognize the Sinking Fund method as a generally accepted method of depreciation and give their approval for its use on the income tax returns;

THEREFORE, BE IT RESOLVED, to adopt the Straight Line method of depreciation for the official books of this Corporation.

BE IT FURTHER RESOLVED, THAT this resolution will become effective only in the event that all other Seal Beach Mutuals adopt a similar resolution.

MUTUAL ADOPTION:

ONE	03-27-75	NINE	03-10-75
TWO	03-20-75	TEN	04-24-75
THREE	03-17-75	ELEVEN	04-17-75
FOUR	04-07-75	TWELVE	03-13-75
FIVE	06-18-75	FOURTEEN	06-27-75
SIX	06-27-75	FIFTEEN	03-03-75
SEVEN	03-21-75	SIXTEEN	06-18-75
EIGHT	03-24-75		

(Jun 75)

Finance Department Late Charges and Others Cost

MOTION:

RESOLVED, That according to Mutual _____ the Occupancy Agreement Article 23, Late Charges and Others Costs in Case of Default; that a late charge of \$10.00 or 10% whichever is greater for each month of delinquency, will be assessed to a delinquent shareholder, effective 2017-2018.

Property Tax Postponement

MOTION:

RESOLVED, That Mutual _____ does not support or authorize the signing of the Property Tax Postponement Application from the State of California. The Mutual further authorizes the GRF Finance Department to notify the Board if a shareholder requests a Property Tax statement, effective 2017-2018.

MUTUAL AGENDAS

MOTION:

RESOLVED, That Mutual _____ continue to receive one hard copy of the various Mutuals' monthly minutes in their MAIL BOX in the Stock Transfer Office, effective 2017-2018.

OR

RESOLVED, That Mutual _____ continue not receiving one hard copy of the various Mutuals' monthly minutes in their MAIL BOX in the Stock Transfer Office, effective 2017-2018.

Towing:

RESOLVED, To approve Mr. C's Towing for towing of vehicles when there is a violation of Mutual policy, and two signatures of Board members are required with at least one of the signatures being that of an officer on the Board, effective 2017-2018.

Mr. C's Towing
 10821 Bloomfield Street
 Los Alamitos, CA 90720
 (562) 594-9521

PRIVATE PROPERTY TOW SERVICES AGREEMENT

Agreement Date:

Effective Date:

_____ Mutual Five Corporation (Customer)

_____ Mutual Five (Property)

TYPE OF PRIVATE PROVERTY (Check One)

- Residential Commercial Retail HOA/Common Interest Development

This agreement by and between Mr. C's Towing and Customer named above shall serve as authorization to service the Property named above in accordance with the requirements of California Vehicle Code Section 22658 (CVC 22658) "Removal From Private Property" upon the specific written authorization of Customer, except for Section 22658 (l) (1) (E), for which this agreement may serve as the general authorization.

Mr. C's Towing agrees to respond to the Property within a reasonable period of time when requested by Customer for the purposes of removing any vehicles that are not in compliance with the property or business regulations as determined by Customer and communicated to Mr. C's Towing in the written authorization provided by Customer under CVC 22658(l).

Mr. C's Towing will, as prescribed by law, promptly report all impounded vehicles to the appropriate law enforcement agency and will perform all operations within the guidelines set forth in CVC 22658.

Mr. C's Towing agrees that their employees will act and conduct themselves in a professional workmanlike manner on and off the above Property. This agreement is for a period of one (1) year commencing on the Effective Date noted above and shall automatically renew annually unless terminated in writing upon 30 days written notice by either party.

Accepted:

Customer: Mutual Five Corporation	Mr. C's Towing
Signed:	Signed:
Print Name: Betty Coven	Print Name:
Title: Mutual Five Board President	Title:
Date:	Date:

PRIVATE PROPERTY TOW SERVICES AGREEMENT

ACCOUNT INFORMATION FORM:

Original Updated _____

Property/Complex Name: Mutual Five Corporation			
Property Address: 13531 St. Andrews Drive			
City: Seal Beach, CA		Zip: 90740	
TG Map Grid:		Cross Streets:	
Mailing Address (if different than above): P.O. Box 2069 Seal Beach, CA 90740			
Property Management Company <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
If Yes, Name, Address & Phone: Golden Rain Foundation, P.O. Box 2069, Seal Beach, CA 90740			
Manager Name	Asst Manager Name	On-Site Contact Name	
Executive Director	Mutual Administration Manager	Security Chief	
Phone: 562-431-6586	Phone: 562-431-6586	Phone: 562-431-6586	
Fax:	Fax:	Fax:	
Email:	Email:	Email:	
Security Company <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
If Yes, Name, Address & Phone: Internal Department of Property Management Company (562) 431-6586 Ext# 377			
Persons Authorized To Sign for Vehicle Removals	1	Two Board Directors	Title: President
	2	must be present	Title: Vice-President
	3		Title: CFO
	4		Title: Secretary
	5		Title: Director at Large

Please Check Appropriate Boxes:

<input checked="" type="checkbox"/> Fire Lane Removals	<input type="checkbox"/> Visitor Only Parking	<input checked="" type="checkbox"/> Posted "Tow-Away Zone"
<input checked="" type="checkbox"/> Ingress/Egress Interference	<input type="checkbox"/> Mgr Only Parking	<input checked="" type="checkbox"/> GRF Policy 1920
<input checked="" type="checkbox"/> Within 15' of Fire Hydrant	<input checked="" type="checkbox"/> Expired Tags	<input checked="" type="checkbox"/> GRF Policy 7502.5
<input type="checkbox"/> Parking Permits	<input checked="" type="checkbox"/> No Street Parking	
<input checked="" type="checkbox"/> Handicap Parking	<input type="checkbox"/> Tenants authorized to tow	
<input checked="" type="checkbox"/> Blocking Garages	<input type="checkbox"/> Time Limit Parking	<input type="checkbox"/>
<input checked="" type="checkbox"/> Blocking Dumpster	<input checked="" type="checkbox"/> Proof of residence required – Describe:	
<input type="checkbox"/> Double Parked		

Local Rate Jurisdiction:	Westminster CHP TSA
Tow Rate:	\$185
Storage Rate / Day:	\$55
Other:	Gate Fee: \$92.50 Drop Fee: \$60

SEAL BEACH LEISURE WORLD
An Active Adult Community

To: Providing Physician _____ Patient: _____

Seal Beach Leisure World is an "Active Adult Community" offering the best in co-op and condominium housing for persons fifty-five years of age or older. Active adult housing should not be confused with an assisted living or a skilled nursing facility.

Active Adult Community: Persons who purchase the right to reside in a Mutual apartment or condominium: (1) Direct their own lives; 2) Are independent and 3) Must be able to handle their own affairs.

In accordance with Mutual Policy 7510, Eligibility Requirements, item (3), "prospective applicants for ownership and residency should have reasonably good health for a person of his or her age and be able to live independently as evidenced in the form of a letter provided by the applicant's treating physician on the physician's letterhead stationery. (Including National Provider Identification (NPI)).

Reasonably good health may be described in part as an applicant's ability to: (Please check)

Dress self with weather appropriate clothing

Maintain a clean, safe, living environment

Bathe (shower) & maintain personal hygiene

Shop, prepare meals, or eat out.

Medicate self when necessary

Take care of personal finances

if physician declares patient can comply with each of the above conditions, the Mutual will consider this as part of the qualification for residency in the community.

If you have any question please call Seal Beach Leisure World, Stock Transfer Office at: (562) 431-6586, ex. 346, 347 or 348 for assistance.

Notwithstanding any of the forgoing, both federal and California law prohibits, among other things, discrimination against people with disabilities, and nothing herein shall be construed to prevent a Prospective Purchaser with a disability otherwise qualifying for membership.

I understand that Seal Beach Leisure World is an **Active Adult Community.**

Providing Physician's Signature _____ NPI# _____ Date _____

Note: Only one patient per page will be accepted

Please Attach Your Patient's Letter of Eligibility on letterhead with NPI.

Seal Beach Leisure World

An Active Adult Community

To: Prospective Purchasers, ~~Providing Physicians~~

Seal Beach Leisure World is an "Active Adult Community" offering the best in co-op and condominium housing for persons fifty-five years of age or older. This style of active adult housing should not be confused with an assisted living or a skilled nursing facility. No health care services, such as living assistance or medical assistance, are provided by the Golden Rain Foundation and/or the respective Mutuals. A prospective purchaser of a Leisure World Mutual Share of Stock need only determine what their personal needs are.

Assisted Living: Assisted Living facilities offer personalized supportive services and assistance with day-to-day living needs. Meals, snacks, housekeeping, physical fitness, laundry and 24-hour trained staff members are all provided under the umbrella of assisted-living services. These are not services provided at Seal Beach Leisure World. SEAL BEACH LEISURE WORLD IS NOT AN ASSISTED LIVING FACILITY OR RESIDENCE.

Active Adult Community: In Seal Beach Leisure World you can be as active as you choose to be. There are many recreational opportunities. Members who purchase the right to reside in a Mutual apartment direct their own lives and are independent and able to handle their own affairs without the assistance of the independent Mutual Corporations and/or Golden Rain Foundation.

~~In accordance with Mutual Policy 7510, Eligibility Requirements, item (3), It is recommended that prospective applicants for ownership and residency should have reasonably good health for a person of his/or her age and be able to live independently as evidenced in the form of a letter provided by the applicant on the applicant's letterhead stationery.~~ **Remove if NO doctors note**

Reasonably good health may be described in part as an applicant's ability to:

- Dress self with weather-appropriate clothing.
- Maintain a clean, safe living environment.
- * Able to shop and prepare meals, or eat out.
- Able to medicate self when necessary.
- Able to take care of personal finances.

Choosing an active adult community is a decision which should be made with the assistance of loved ones, professional healthcare physicians, legal advisors and others. Please allow us to answer any questions you might have regarding qualification for residency in this community. You may contact Seal Beach Leisure World, Stock Transfer Office at: (562) 431-6586, ex. 346, 347 or 348 for assistance.

Notwithstanding any of the forgoing, both federal and California law prohibits, among other things, discrimination against people with disabilities, and nothing herein shall be construed to prevent a Prospective Purchaser with a disability otherwise qualifying for membership.

I have read and understand that Seal Beach Leisure World is not an assisted living facility:

Print Patient/Prospective Purchaser's Name:

~~X-Providing Physician's Signature~~
S:\Forms\FORM Active Living Disclosures.docx

Date:

MUTUAL OPERATIONS**AMENDED DRAFT****Approval of Escrows – Mutual Five**

RESOLUTION:

WHEREAS, Article V, Section 2, of the bylaws vests power in the Board of Directors to accept or reject all applications for membership and admission to occupancy of a dwelling unit in the cooperative housing project, and

WHEREAS, a system utilizing questionnaires ~~and a medical examination~~ has been instituted to expedite determination that the potential buyer meets all established criteria, with the responsibility for operation of said system resting on paid employees of the Foundation, and

WHEREAS, it is necessary that escrow papers be signed in a timely manner but calling special meetings of the Board to accept or reject each application in escrow would prove cumbersome,

NOW, THEREFORE BE IT RESOLVED, THAT

1. The President of this Corporation is appointed and empowered to act in behalf of the Board in signing various document in escrow that are necessary to accept or reject potential members of the Corporations.
2. Should the President be absent or otherwise unable to perform, then any officer of this Corporation shall be empowered to sign such papers on behalf of the Board.

MUTUAL ADOPTION**AMENDMENT(S)**

FIVE: 12-2-16

(Dec 16)

MUTUAL OPERATIONS**AMENDED DRAFT****RESIDENT REGULATIONS****Eligibility Requirements – Mutual Five Only**

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

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

B. Meet the Mutual eligibility criteria as follows:

1. Age

Minimum of 55 years, as confirmed by a birth certificate or passport. A driver's license is not acceptable as proof of age.

2. Financial Ability

a. Verified monthly income that is at least four (4) times or greater the monthly carrying charge (Regular Assessment plus Property Tax and Fees) at the time of application, and have liquid assets of at least \$25,000. Verified monthly income/assets may be in the form of the past two years of:

1. Tax returns;
2. 1099s for interest and dividends;
3. 1099-Rs for retirement income from qualified plans and annuities;
4. SSA-1099 Social Security Benefit Statement;
5. Brokerage statements and current interim statement.
6. Six to twelve months of checking/savings account statements.

b. 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 Paragraph 2.a. above.

(Sept 08)

MUTUAL OPERATIONS**AMENDED DRAFT****RESIDENT REGULATIONS****Eligibility Requirements – Mutual Five Only**

- c. 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 four (4) will be the monthly income required. This will be verified by the escrow company and the Stock Transfer Office. Stock Transfer shall have the final say in establishing verifiable income/assets.¹

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

- d. Only the resident shareholder's income shall be considered for qualifying.
- e. If moving within Leisure World, or if there are any additions/changes to the title, the proposed shareholder(s) must meet these eligibility requirements.

3. Health

Have reasonably good health for a person of his/her age, ~~as evidenced by a letter from his/her physician~~, so that shareholder can take care of normal living needs without calling on other members for an undue amount of assistance. Leisure World is not an assisted living or skilled nursing home facility.

- C. Assume, in writing, the obligations of the "Occupancy Agreement" in use by the Mutual Corporation.

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.

MUTUAL OPERATIONS

AMENDED DRAFT

RESIDENT REGULATIONS

Eligibility Requirements – Mutual Five Only

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.

MUTUAL ADOPTION

AMENDMENT DATES

FIVE

04-15-70

09-15-93, 04-19-06, 09-17-08