

PLEASE DO NOT DROP INTO THE MAIL SLOTS

**MINUTES OF THE REGULAR MONTHLY MEETING
BOARD OF DIRECTORS
SEAL BEACH MUTUAL FIVE
July 26, 2017**

The Regular Monthly Meeting of the Board of Directors of Seal Beach Mutual Five was called to order by President Coven on Wednesday, July 26, 2017, at 9:00 a.m. in Building Five, Conference Room B, followed by the *Pledge of Allegiance*.

ROLL CALL

Present: President Coven, Secretary Boryta, CFO Tran, and Directors Cude, Deady, and Powell

Absent: Vice President Van Wyk

GRF Representative: Mr. Gould

Guests: Eleven shareholders of Mutual Five

Staff: Mr. Bristow, Security Services Director (9:28 a.m.)
Ms. Fernandez, Mutual Administration Manager
Mr. Hawke, Security Services Manager (9:28 a.m.)
Mrs. Aquino Recording Secretary

MINUTES

President Coven asked if there were any corrections to the June 21, 2017, Regular Meeting minutes. A correction was noted on page 4: the first resolution should read "...to reschedule the July 19 Regular Board Meeting to Tuesday July 26, at 9:00 a.m. in Building 5, Conference Room B." The minutes were approved by acclamation.

SHAREHOLDERS' COMMENTS

Several shareholders made comments.

BUILDING INSPECTOR'S REPORT

In Inspector Alvarez' absence, his report was submitted (attached).

GRF REPRESENTATIVE'S REPORT

GRF Representative Gould presented his report on the GRF activity (attached).

CORRESPONDENCE

Secretary Boryta received no correspondence.

CHIEF FINANCIAL OFFICER'S REPORT

CFO Tran presented her financial report (attached).

COMMITTEES

Laundry Rooms

Director Powell presented his report (attached).

Physical Properties

Director Cude presented his report (attached).

GUEST SPEAKER(S)

Security Services Director Bristow, and Security Service Manager Hawke introduced themselves and discussed with the Board the new changes that will be happening in Security as well as the improvements that will be coming in the future.

Mr. Bristow and Mr. Hawke left the meeting at 9:43 a.m.

UNFINISHED BUSINESS

President Coven updated the Board on the Roofing Project.

GRF Representative Gould left the meeting at 9:49 a.m.

NEW BUSINESS

Following a discussion, and upon a MOTION duly made by President Coven and seconded by Director Powell, it was

RESOLVED, That the interest earned at Morgan Stanley be reinvested in the Restricted Reserve Funds.

The MOTION passed.

NEW BUSINESS (continued)

Following a discussion, and upon a MOTION duly made by President Coven and seconded by Secretary Boryta, it was

RESOLVED, To ratify the phone poll vote taken on July 10, 2017, to move \$188,356 from the Unrestricted Funds to the Roofing Reserves.

The MOTION passed.

The Board discussed rescinding Policy 7170 – Parcel Representation (attached). Upon MOTION duly made by Secretary Boryta and seconded by Director Powell, it was

RESOLVED, To rescind Policy 7170 – Parcel Representation on a preliminary basis until the 30-day posting period is completed.

The MOTION passed.

Following a discussion, it was the consensus of the Board to postpone the rescinding of Policy 7304 – Financing Capital Projects until this Policy can be thoroughly reviewed by the Board.

The Board discussed rescinding Policy 7305 – Depreciation – Straight Line Method (attached). Upon a MOTION duly made by Secretary Boryta and seconded by Director Deady, it was

RESOLVED, To rescind Policy 7305 – Depreciation – Straight Line Method on a preliminary basis until the 30-day posting period is completed.

The MOTION passed with five “yes” votes (Coven, Boryta, Tran, Powell, Deady) and one “no” vote (Cude).

Following a discussion, it was the consensus of the Board to postpone discussion regarding Occupancy Agreement Article 23 Late Charges/Cost 2017-2018 until further research can be done.

Following a discussion, and upon a MOTION duly made by Secretary Boryta and seconded by Director Powell, it was

RESOLVED, That Mutual Five 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.

The MOTION passed.

NEW BUSINESS (continued)

Following a discussion, and upon a MOTION duly made by President Coven and seconded by Director Powell, it was

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

The MOTION passed.

Following a discussion, and upon a MOTION duly made by President Coven and seconded by Secretary Boryta, it was

RESOLVED, To approve Mr. C's Towing for towing 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.

The MOTION passed.

Following a discussion, and upon a MOTION duly made by Secretary Boryta and seconded by Director Deady, it was

RESOLVED, To accept the GRF attorneys opinion to eliminate the physicians note, and use the Active Living Disclosures, effective immediately.

The MOTION passed.

The Board discussed amending Policy 7020.05 – Approval of Escrows (attached). Upon a MOTION duly made by Director Deady and seconded by Director Powell, it was

RESOLVED, To amend Policy 7020.05 – Approval of Escrows on a preliminary basis until the 30–day posting period is completed.

The MOTION passed.

NEW BUSINESS (continued)

The Board discussed amending Policy 7510.05 – Eligibility Requirements (attached). Upon a MOTION duly made by Secretary Boryta and seconded by Director Powell, it was

RESOLVED, To amend Policy 7510.05 – Eligibility Requirements on a preliminary basis until the 30-day posting period is completed.

The MOTION passed.

MUTUAL ADMINISTRATION DIRECTOR

In Ms. Hopkins absence, Mutual Administration Manager Fernandez updated the Board on Mutual Administration activity (attached).

DIRECTOR'S COMMENT


Several Directors made comments.

SHAREHOLDERS' COMMENTS

One shareholder made a comment.

ADJOURNMENT

There being no further business to conduct, President Coven adjourned the meeting at 11:23 a.m. and stated an Executive Session would follow to discuss member issues.


Attest, Joan Boryta, Secretary
SEAL BEACH MUTUAL FIVE
ka:7/27/17
Attachments

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

RESOLUTIONS IN THE REGULAR
MONTHLY MEETING JULY 26, 2017

076/26/17 RESOLVED, That the interest earned at Morgan Stanley be reinvested in the Restricted Reserve Funds.

RESOLVED, To ratify the phone poll vote taken on July 10, 2017, to move \$188,356 from the Unrestricted Funds to the Roofing Reserves.

RESOLVED, To rescind Policy 7170 – Parcel Representation on a preliminary basis until the 30–day posting period is completed.

RESOLVED, To rescind Policy 7305 – Depreciation – Straight Line Method on a preliminary basis until the 30–day posting period is completed.

RESOLVED, That Mutual Five 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.

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

RESOLVED, To approve Mr. C's Towing for towing 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.

RESOLVED, To accept the GRF attorneys opinion to eliminate the physicians note, and use the Active Living Disclosures, effective immediately.

RESOLVED, To amend Policy 7020.05 – Approval of Escrows on a preliminary basis until the 30–day posting period is completed.

RESOLVED, To amend Policy 7510.05 – Eligibility Requirements on a preliminary basis until the 30–day posting period is completed.

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 CARPORT 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							

125-G HAVE BEEN SIGNED OFF

re-Listing Inspection NBO = New Buyer Orientation

1st 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

Wayne R. Gould
GRF Directors Report July 2017
Mutual 5

It has been a month since I was elected to the GRF Board representing Mutual 5. A lot has happened in the month.

GRF has completed the schedule of replacement GRF ID Cards. Over 7700 cards were replaced with about 1500 remaining to be exchanged. Starting August 1 please carry your new ID card when attending any GRF event or use any Recreation Facility. Without your new ID card you may be turned away. If you have not yet picked up your card go to Stock Transfer.

Recreation has asked for a moratorium on new clubs for a year due to loss of available meeting spaces while the clubhouses are being remodeled. The multi-use recreation facility being built behind club house 2 is on track to be under construction by years end. The Wall segment to the rear is still on hold due to permitting issues.

Paving of Homewood/Cedarcrest is expected to start first part of August and should take 9 working days. The RV lot has successfully moved to GRF control. The new office is in place as is the new Port a Potty.

Bike theft continue thru out Leisure World. Lock your bikes, preferably with a U type lock

Respectfully Submitted

Wayne R. Gould

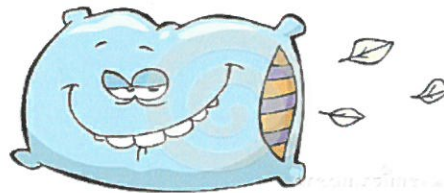
P.O. Box 2069
 Seal Beach CA 90740

Jun Actual	Jun Budget		2017 Y-T-D Actual	2017 Y-T-D Budget
119,084	119,084	Carrying Charges	714,505	714,504
40,334	40,334	Reserve Funding	242,005	242,004
159,418	159,418	Total Regular Assessments	956,510	956,508
0	0	Service Income	0	0
2,945	1,668	Financial Income	17,899	10,008
4,099	2,145	Other Income	19,536	12,870
7,044	3,813	Total Other Income	37,435	22,878
166,462	163,231	Total Mutual Income	993,945	979,386
71,188	71,188	GRF Trust Maintenance Fee	427,128	427,128
13,391	11,651	Utilities	58,771	69,906
1,623	1,024	Professional Fees	3,820	6,144
0	39	Office Supplies	74	234
31,453	29,083	Outside Services	174,762	174,498
11,885	9,914	Taxes & Insurance	70,442	59,484
40,334	40,334	Contributions to Reserves	242,005	242,004
169,874	163,233	Total Expenses Before Off-Budget	977,001	979,398
(3,412)	(2)	Excess Inc/(Exp) Before Off-Budget	16,944	(12)
3,167	0	Depreciation Expense	14,559	0
(6,580)	(2)	Excess Inc/(Exp) After Off-Budget	2,386	(12)
		Restricted Reserves		
1,338	0	Appliance Reserve Equity	35,680	0
4,602	0	Painting Reserve	207,470	0
0	0	Contingency Operating Equity	50,706	0
9,587	0	Roofing Reserve	2,065,989	0
267	0	Emergency Reserve Equity	117,700	0
12,775	0	Infrastructure Reserve	223,937	0
28,569	0	Total Restricted Reserves	2,701,481	0

Washroom Report

July 26/ 2017

Last week in washroom 123, someone washed a pillow with plastic pellets in washer 78 which then exploded leaving a mess of plastic pellets belching out of the washer. Please do not wash specialty pillows in our washers. That is pillows bought on cable TV infomercials. Or pillows advertised to heat in the microwave oven and cool in the freezer. They are made with ground walnut shells or macadamia nut shells. Those pillows break apart in the washer leaving what looks like a pile of sand in the washing machine.



Also be aware that the Lint cans in the washrooms are not for disposing general trash like laundry soap boxes or bottles. Dispose of these items in the dumpsters. They fill-up lint cans very quickly and the lint cans are only emptied once a month when our service cleans the laundry rooms. **Please: no bottles or laundry soap boxes in the lint cans !**



Physical Properties Committee Report 7-26-17

Mutual 5 Physical Properties Committee is responsible for the oversight of the Mutual's buildings and grounds; and, the biggest effort going on currently is the reroofing program for all 41 Mutual buildings and 12 carports. The program will be ongoing for up to five years and will cover the specific buildings shown in the following schedule. It includes replacing the roofs, installing new rain gutters and the internal repairs of the buildings due to the installation of the new roofs.

The current schedule for the reroofing program is shown in the table below. The current year's nine buildings are under contract and six buildings have been completed, one is under construction and the final two buildings are scheduled to be completed by the end of 2017. The schedule for the remainder of the 41 buildings is tentative and will be reviewed and modified based on information learned during the first years' experience. New contracts will be advertised, bids received, and contracts awarded for each of the remaining years, on a year by year basis.

M-5 FIVE-YEAR ROOFING PLAN

Year	Building Numbers	No. of Buildings
2017	90, 91, 93, 94, 95, 98, 103, 114, 121	9
2018	110, 111, 116, 118, 119, 120, 123, 124, 125, 126	10
2019	99, 100, 101, 102, 105, 106, 108, 109	8
2020	69, 70, 71, 72, 92, 96, 97, 117	8
2021	104, 107, 112, 113, 115, 122	6

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The Board will be reviewing the current contract, the experience from the first year and the remaining schedule in the coming months as it finalizes the next year's work. Further information will be available in subsequent months.

Ken Cude, Chair Physical Properties Committee

Mutual Administration Director's Report

July 2017 Election Results Term 2017-2018

Mutual	President	GRF Directors
ONE	Sandra Luther-Stark	Richard Stone Leah Perrotti
TWO	Myrna Baker	Paul Pratt Paula Snowden
THREE	Carol Ginthner	Linda Stone
FOUR	Bob Slater	Joy Reed
FIVE	Dr. Betty Coven	Wayne Gould
SIX	Tom Dowd	Susan Hopewell
SEVEN	Sue Rotter	Kathleen Rapp
EIGHT	Camille Thompson	Steven McGuigan
NINE	Debra Schnauer	Antonio Doderio
TEN	Ruthann Arlart	Ronde Winkler
ELEVEN	Phil Mandeville	Mary Ruth Greer
TWELVE	Margaret Gillon	Carole Damoci
FOURTEEN	Lee Melody	Barry Lukoff
FIFTEEN	Jackie Dunagan	Patrick Anderson
SIXTEEN	Al Grenrock	Susanne Fekjar
SEVENTEEN	Pete Hayes	Perry Moore

Mutual	# of Units	# of Estates at time of Election	Total # of Ballots Received	Total % of Members Voting	Total Votes Cast for Write-in Candidates Who Accepted Nomination	Total Votes Cast for Abstention Only	Total Votes Cast for Quorum Only
ONE	844	10	316	37%	0	11	2
TWO	864	22	400	47%	0	10	3
THREE	432	14	212	50%	0	1	1
FOUR	396	5	221	56%	3	2	2
FIVE	492	13	210	43%	22	2	2
SIX	408	9	204	51%	0	1	2
SEVEN	384	8	236	63%	0	0	1
EIGHT	348	6	187	54%	0	2	1
NINE	384	5	187	49%	134	9	1
TEN	276	4	159	58%	0	1	0
ELEVEN	312	No election this year; annual meeting only					
TWELVE	452	8	210	47%	0	5	0
FOURTEEN	328	5	239	73%	0	4	6
FIFTEEN	502	8	300	60%	0	0	1
SIXTEEN	60	0	36	60%	0	1	0
SEVENTEEN	126	7	77	64%	0	4	0

Mutual	Bylaw Amendment	Yes	No	Abstain	Passed
FIVE	Remove FHA, Eliminate Parcels, Eliminate Cumulative Voting & Institute Staggered Terms <i>Kaiser</i>	174	21	13	YES
NINE	Measure No. 1 - Eliminate Parcels <i>Rabkin</i>	118	32	36	NO
	Measure No. 2 - Institute Staggered Terms	110	36	40	NO
TEN	Measure No. 1 - Notice of Meetings <i>Rabkin</i>	140	1	18	YES
	Measure No. 2 - Proxies	125	15	19	YES
	Measure No. 3 - Secret Ballot	130	11	18	YES
	Measure No. 4 - Removal of Director	133	7	19	YES
	Measure No. 5 - Board Action without Meeting	117	24	18	YES
	Measure No. 6 - Annual Budget Report	141	1	17	YES
FIFTEEN	Eliminate cumulative voting and FHA requirement <i>Roseman/Zweig</i>	238	33	28	YES

MUTUAL OPERATIONS**RESCIND MUTUAL FIVE****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****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 Mutuels 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)

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

(Sept 08)