

AGENDA
REGULAR MONTHLY CONFERENCE CALL MEETING OF THE
BOARD OF DIRECTORS
SEAL BEACH MUTUAL FIVE
February 16, 2022
Meeting begins at 9:00 a.m.
Building 5, Conference Room B / Zoom Video and Conference Call

TO ATTEND: The Shareholder will be provided with instructions on how to access the call via telephone upon the Shareholder contacting Mutual Administration and requesting the call-in information. Please submit your information, including your 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.

TO PROVIDE COMMENTS DURING MEETING: In order to make a comment during the open Shareholder forum, the Shareholder must (i) notify their parcel director of their intent to speak during Shareholder open forum, or (ii) 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. ROLL CALL
3. SHAREHOLDERS' COMMENTS (limited to 2-3 minutes, agenda items only)
4. INTRODUCTION OF GRF REPRESENTATIVE, STAFF, AND GUEST(S):

Mr. Thompson, GRF Representative
Mr. Meza, Building Inspector
Mr. Rocha, Security Director
Ms. Arshat, Member Resources and Assistance Liaison
Ms. Barua, Portfolio Specialist
Ms. Vasquez, Recording Secretary

5. APPROVAL OF MINUTES:
 - a. **Regular Meeting Minutes January 19, 2022.**
 - b. **Special Meeting Minutes of January 28, 2022. (p.3)**
6. **BUILDING INSPECTOR'S REPORT** Mr. Meza
Permit Activity; Escrow Activity; Contracts & Projects; Shareholder and Mutual Requests (pp.4-5)
7. **GUEST SPEAKER** Mr. Rocha/ Ms. Arshat
 - a. Presentation on assisting Mutuals and their shareholders on cognitive issues.
8. **GRF REPRESENTATIVE** Mr. Thompson
9. **UNFINISHED BUSINESS**
 - a. Discuss and vote to ratify amended Rule 05-7510-1 – Eligibility Requirements. (pp.6-12)

10. **NEW BUSINESS**

- a. Monthly Finances (p.13)
- b. Discuss and vote to authorize Mutual 05 Attorney to revise Policy 7210.05 – Annual Elections. (pp.14)

STAFF BREAK BY 11:00 A.M.

11. SECRETARY / CORRESPONDENCE Ms. Gardner

12. CHIEF FINANCIAL OFFICER'S REPORT Mr. Cude

13. PRESIDENT'S REPORT Ms. DeRungs

14. PORTFOLIO SPECIALIST Ms. Barua

15. ANNOUNCEMENTS

- a. **NEXT REGULAR MEETING: Wednesday, March 16, 2022, at 9:00 a.m., via Zoom/Video Conference Call**

16. COMMITTEE REPORTS

17. DIRECTORS' COMMENTS

18. ADJOURNMENT

19. EXECUTIVE SESSION

STAFF WILL LEAVE THE MEETING BY 12:00 P.M.

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL NO. FIVE
January 28, 2022**

The Special Meeting of the board of Directors of Seal Beach Mutual No. Five was called to order by President DeRungs at 9:03 a.m. on Friday, January 28, 2022 via Zoom.

Those members present were: President DeRungs, Vice President Murphy, Chief Financial Officer Cude, Secretary Gardner, Directors Gould and Powell

Absent: Director Shannon

No shareholders present.

The purpose of this meeting was to discuss and vote to approve sidewalk concrete contract.

Following a discussion and on MOTION duly made by Director Gould and second by Director Murphy, it was,

RESOLVED to approve the concrete work for sidewalks between buildings 109 and 112, sidewalks between buildings 112 and 108, and sidewalks between buildings 110 and 111 contract from MJ Jurado Inc., at a cost not to exceed \$71,986.50. Funds to come from Concrete Reserves, Authorize the President to sign the contract; and authorize the necessary transfer of funds in accordance with the provisions of civil code 5502.

The MOTION passed unanimously with ROLL CALL vote.

President DeRungs adjourned the meeting at 9:45 a.m.

Attest: Laura Gardner, Secretary
SEAL BEACH MUTUAL NO. FIVE
KV: 02/03/22

INSPECTOR MONTHLY MUTUAL REPORT

MUTUAL: (05) FIVE	INSPECTOR: Mike Meza
MUTUAL BOARD MEETING DATE: February, 2022	

PERMIT ACTIVITY

UNIT #	DESCRIPTION OF WORK	GRF/CITY PERMIT	PERMIT ISSUE	COMP. DATE	Improvement Values	RECENT INSPECTION	CONTRACTOR
117-J	UNIT REMODEL	BOTH	07/05/21	02/20/22	\$135,200	Waiting on contractor	JC KRESS
121-G	NEW PATIO	GRF	08/30/21	02/20/22	\$0	FINAL 02/09/22	MP CONSTRUCTION
121-G	UNIT REMODEL	BOTH	08/30/21	01/30/21	\$165,000	FINAL 02/09/22	MP CONSTRUCTION
103-I	KITCHEN REMODEL/WALL	BOTH	11/15/21	01/20/22	\$41,250		LOS AL BUILDER
91-F	FLOORING THRU OUT	GRF	12/08/21	01/08/22	\$8,630		FAMILY FLOOR
109-E	PATIO FLOORING	GRF	12/13/21	01/30/22	\$875	FINAL 02/03/22	LW DÉCOR
115-J	SOLA TUBE/ WINDOWS	BOTH	12/13/21	03/30/22	\$13,500		MP CONSTRUCTION
126-K	HEAT PUMP	BOTH	12/15/21	03/15/22	\$3,800		GREENWOOD
117-C	FLOORING	GRF	12/30/21	01/30/22	\$800		KARYS CARPET
91-A	CEILING FAN	GRF	01/11/22	01/18/22	\$0		BERGIN ELECTRIC
98-D	HEAT PUMP	BOTH	01/19/22	04/19/22	\$4,050		GREENWOOD
96-L	ICE MAKER LINE	GRF	01/19/22	01/22/22	\$200		OGAN CONSTRUCTION
105-D	RETRACTABLE SCREEN	GRF	01/27/22	02/27/22	\$750		NATIONWIDE
117-G	CARPET FLOORING	GRF	01/30/22	03/01/22	\$1,400	FINAL 02/03/22	KARYS CARPET
113-H	PATIO CARPET	GRF	02/01/22	03/01/22	\$1,400		KARYS CARPET
115-J	ENTRY DOOR	GRF	02/01/22	05/31/22	\$600		LW DÉCOR
120-K	SHOWER CUT DOWN	BOTH	02/07/21	03/07/22	\$2,815		NUKOTE
112-D	SHOWER CUT DOWN	BOTH	02/09/21	03/09/22	\$3,695		NUKOTE
108-C	SHOWER CUT DOWN	BOTH	02/14/21	03/14/22	\$2,815		NUKOTE
119-J	MICROWAVE	BOTH	02/14/22	02/28/22	\$745		OGAN CONSTRUCTION
117-D	WASHER/DRYER FLOORING	BOTH	02/18/22	04/30/22	\$8,080		LOS AL BUILDER

ESCROW ACTIVITY

Unit #	NMI	PLI	NBO	FI	FCOEI	ROF	ACTIVE, CLOSING, CLOSED
71-A		11/02/21					12 7
91-A		11/08/21	12/28/21	12/28/21	01/12/22		
93-A		12/10/20					
96-E		07/26/21					
101-I		07/09/21					
103-G		08/24/21					
104-L		10/01/21					
105-D		09/30/20					
107-E		11/19/21	01/24/22	01/25/22			
109-H		10/21/21	12/20/21	12/23/21	01/10/22		
110-C		10/27/20					
111-F		11/05/21					
114-L		07/09/20					
115-I		01/05/22	02/09/20	02/09/20			
115-J		10/01/21	10/18/21	10/18/21	11/01/21		
116-G		09/17/21	11/03/21	11/03/21	11/18/21		
121-K		01/25/22					
123-K		10/21/21	10/26/21	11/03/21	11/18/21		

SHADED AREAS HAVE BEEN SIGNED OFF

FI = Final Inspection FCOEI = Final COE Inspection ROF = Release of Funds

CONTRACTS

CONTRACTOR	PROJECT
J&J LANDSCAPE AUGUST 8th 2022	Landscaping & Irrigation

INSPECTOR MONTHLY MUTUAL REPORT

MUTUAL: (05) FIVE	INSPECTOR: Mike Meza
MUTUAL BOARD MEETING DATE: February, 2022	

EMPIRE PIPE	DECEMBER 31st 2022	Annual inspection
FENN	MAY 31st 2023	Pest and rodent control services
GRECO	JULY 1, 2022	Installing new meter doors thru out Mutual 54 Single doors installed
ROOFING PROJECT		Buildings 100, 101, 113, 120 Contract in progress
MJ JURADO		Replace sidewalks near building 102, 110, 109 and 112 Contract process

SPECIAL PROJECTS

Contractor	Discription of Work

SHAREHOLDER AND MUTUAL REQUEST

115-I	Check oven	Inspect mutual sidewalks
103-C	Leak at base of toilet	Meet with Ken Cude to walk sidewalk job
94-K	Problem with light switch	
123-L	Ceiling stain	
115-G	Hvac issues	
115-J	Inspect patio	
97-K	Inspect oven	
109-G	Meet with shareholder	
92-I	Inspect sidewalk crack	
109-H	Crack on wall	
70-L	Meet with contractor	
97-L	Walk light out	
105-E	Meet with Level up regarding permit	
93-A	Meet with contractor	
118-E	Patio ceiling issues	
69-K	Water heater issues	
91-A	Inspect flooring	
121-G	Inspect rain gutter	
97-L	Inspect kitchen oven	
96-H	Skylight issues	

Mutual Corporation No. Five

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO RATIFY AMENDED RULE 05-7510-1 – ELIGIBILITY REQUIREMENTS (UNFINISHED BUSINESS, ITEM A)
DATE: FEBRUARY 16, 2022
CC: MUTUAL FILE

I move to ratify proposed rule change by amending rule 05-7510-1 – Eligibility Requirements; the 28-day posting requirement has been met.

SEAL BEACH MUTUAL NUMBER FIVE**RESIDENT REGULATIONS****Eligibility Requirements**

1. 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:

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

2. Meet the Mutual eligibility criteria as follows:

2.1. AGE

2.1.1 Minimum of 55 years, as confirmed by a birth certificate, California Driver's license or passport.

3. FINANCIAL ABILITY

3.1.1. Verified net monthly income that is at least four (4) times or greater than the monthly carrying charge (Regular Assessment plus Property Tax and Fees) at the time of application and have a combination of liquid assets of at least \$25,000 and sufficient other assets equal to the purchase price of the Unit. Verified monthly income/assets may be in the form of the past two years of the information below:

4. INCOME REQUIREMENTS

4.1 Acceptable verification includes, among others:

4.2 The most recent Federal Tax returns; including but not limited to:

4.2.1 1099s for interest and dividends;

4.2.2 1099-Rs for retirement income from qualified plans and annuities;

4.2.3 SSA-1099 Social Security Benefit Statement;

4.2.4 W-2 forms or paycheck stubs

4.2.5 Brokerage statements and current interim statement.

4.2.6 Six to twelve months of checking/savings account statements.

4.2.7 Current income: bank, credit union or brokerage statements

4.2.8 Letters from bankers

4.2.9 Notices of annuities

4.2.10 Pensions

4.2.11 Trust Income

SEAL BEACH MUTUAL NUMBER FIVE**RESIDENT REGULATIONS****Eligibility Requirements**

4.2.12 Disability Income

4.2.13 Residential or commercial property rental income

4.2.14 Settlement Payments

4.2.15 An owned business must include appropriate business tax schedules and a profit and loss statement

5. UNACCEPTABLE INCOME verifications include, among others,

5.1 Letters from employers, accountants, bookkeepers and attorneys

5.2 Income not reported on Federal Income Tax returns except as noted above in 4.1.

5.3 Funds held outside U.S borders except as noted above in 4.1.

6. ASSETS REQUIREMENT

6.1 Acceptable Assets will be those that are considered to be liquid, marketable or income producing. Acceptable assets include, among others:

6.1.1 Equity in U.S. residential property (i.e. a home or mobile home being sold to pay for the unit being purchased in Mutual 5)

6.1.2 Savings accounts in U.S. financial institutions

6.1.3 Cash Value in Life Insurance

6.1.4 Certificates of Deposit or Money Market Accounts in U.S. Financial Institutions

6.2 Excluded from consideration are the following assets, among others:

6.2.1 Recreational vehicles, boats and trailers

6.2.2 Vacant land

6.2.3 Automobiles

6.2.4 Artwork, jewelry, furs and collections such as coins, dolls, stamps and other similar items.

6.2.5 Term life insurance

6.2.6 Annuity funds, which cannot be withdrawn in lump sum.

6.2.7 Anticipated bequests or inheritances

6.2.8 Promissory Notes whose income is not reported on the prospective transferee tax return.

6.2.9 Community property

7. NET MONTHLY INCOME: The Net Monthly Income as used in Paragraph 3.1.1. is the sum of:

SEAL BEACH MUTUAL NUMBER FIVE**RESIDENT REGULATIONS****Eligibility Requirements**

7.1 Adjusted Gross Income from Federal Tax Forms 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; all divided by twelve (12) and,

7.2 The sum of all Acceptable Assets from Paragraph 6.1, above, less the assets equal to the purchase price of the unit, divided by the difference between the Actuarial Life Expectancy ¹ minus the actual age of each applicant ² divided by 12 (please see attached example).

8. 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%³ 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. These calculations will be verified by the escrow company and the Stock Transfer Office. Between the two, Stock Transfer shall have the final say in establishing verifiable income/assets.

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 need not be done by the individual Mutual Directors; Directors are not required to study or understand the financial requirements).

9. The resident shareholder's income shall be considered for qualifying. Where there is more than one prospective shareholder, income and assets shall be calculated collectively. Co-owners shall be calculated for their proportional share of the HOA payment. Either one half in the case of two co-owners or one third in the case of three co-owners. Married couple income shall be considered one income.

¹ The Actuarial Life Expectancy is obtained from the Social Security Retirement & Survivors Benefit: Life Expectancy Calculator, website <https://www.ssa.gov/OACT/population/longevity.html>

² The difference between the Life Expectancy value from SSA Life Expectancy Calculator: 78.5 years and the buyer's actual age: 70.3

³ 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.

SEAL BEACH MUTUAL NUMBER FIVE**RESIDENT REGULATIONS****Eligibility Requirements**

10. If moving within Leisure World, or if there are any additions/changes to the Stock Certificate, the proposed shareholder(s) must meet these eligibility requirements.
11. If moving within Mutual 5 from one unit to another, if the Shareholder has maintained payment of their carrying charges for at least one year, they are exempt from the requirement to show \$25,000 in assets.
12. HEALTH
- 12.1. Have reasonably good health for a person of his/her age, 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.
- 12.2. Assume, in writing, the obligations of the "Occupancy Agreement" in use by the Mutual Corporation. Officers or Committees if the Board of Directors designated to approve new applicants are responsible that criteria of the 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.
- 12.3. The Board may appoint a review committee to hear disputed applications. The decision of the Board will be final.
13. SHAREHOLDER BUYER PREMIUM FEE
- 13.1 Prospective Mutual 5 shareholders will be assessed a **non-refundable** Shareholder Buyer Premium Fee of \$750. at the time of escrow.

Document History**Adopted: 20 Oct 2021****Amended:
16 Feb
2022****Keywords:** Mutual Five Eligibility Requirements

SEAL BEACH MUTUAL NUMBER FIVE**RESIDENT REGULATIONS****Eligibility Requirements****EXAMPLE:**

A buyer, single female, born July 1, 1948 has a portfolio of \$500,000 and a fully-paid-for house she is selling for \$600,000 and she is buying a unit in M-5 for \$350,000. She has a Social Security Income of \$1,500 per month. Does she qualify in M-5?

Financial Ability Section 3.1.1.: Verified Net Monthly Income states that is at least four (4) times or greater than the monthly carrying charge (Regular Assessment plus Property Tax and Fees) at the time of application; and, have a combination of liquid assets of at least \$25,000 and sufficient other assets equal to the purchase price of the Unit.

M-5 Regular Assessment for 2018 is \$360.96 which includes M-5 monthly carrying charge, GRF monthly carrying charge and OC User Fee.

Projected Property Taxes according to Section 8, is the amount \$350,000 times 1.2% and is equal to \$4,200 per year or \$350 per month.

Therefore: The Regular Assessment plus Property Tax and Fees is \$360.96 plus \$350 or \$710.96; and, 4 times that amount is \$2,843.84 which is the BENCHMARK required in Section 3.1.1. Applicant's Net Monthly Income must be higher than that amount.

Section 7 defines NET MONTHLY INCOME. For this example it includes:

Social Security Income of: \$1,500 per month

Assets: \$500,000 Portfolio

Plus \$600,000 Value of home

Less \$350,000 Price of M-5 Unit

= \$750,000 Remaining Assets

Divided by: 17.2 years (87.5 minus 70.3) ²

= \$43,605 per year divided by 12: \$3,634 per month.

Total Net Monthly Income: \$5,134 per month

NET MONTHLY INCOME IS GREATER THAN BENCHMARK, THEREFORE APPLICANT IS QUALIFIED.

² The difference between the Life Expectancy value from SSA Life Expectancy Calculator: 87.5 years and the buyer's actual age: 70.3

SEAL BEACH MUTUAL NUMBER FIVE**RESIDENT REGULATIONS****Eligibility Requirements**

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

Mutual Corporation No. Five

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPROVAL OF MUTUAL MONTHLY FINANCES (NEW BUSINESS, ITEM A)
DATE: FEBRUARY 16, 2022
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 January 2022.

Mutual Corporation No. Five

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO AUTHORIZE MUTUAL 05 ATTORNEY TO REVISE
POLICY 7210.05 – ANNUAL ELECTIONS (NEW BUSINESS, ITEM B)
DATE: FEBRUARY 16, 2022
CC: MUTUAL FILE

I move to authorize Mutual 05 Attorney to revise Policy 7210.05 – Annual Elections, at a cost not to exceed \$750. Funds to come from Legal, Authorize the President to sign the contract; and authorize the necessary transfer of funds in accordance with the provisions of Civil Code 5502.