

## **MUTUAL OPERATIONS**

### **Merger of Mutuals – Except Mutual Two, Fourteen**

Excerpt of FHA letter dated 17 Sept 65 from H. E. Johnson, Director; copies to President Golden Rain Foundation and Presidents of all Mutuals.

“To reduce the number of entities in Leisure World, we would be glad to approve the merger of Mutuals. Our policy on this subject is set forth in Section 10.24 of the Cooperative Housing Insurance and Servicing Handbook. This would perhaps make a unified approach on subjects of this kind more feasible.”

### **Section 10.24**

**Corporate Mergers:** The Merger of Cooperative Housing Corporations is to be encouraged, and its achievement is to be assisted when in the opinion of the Director of the Insuring Office and the Regional Attorney such a pooling of interests will result in benefits to the cooperatives concerned.

Where two or more cooperative housing projects are contiguous or within close proximity, duplication of cost and effort may often be eliminated by way of centralization of management, consolidation of utility costs and centralized authority of a single Board of Directors.

Any proposed Merger plan should be drafted by the cooperative corporations concerned and submitted to the Director for his review, approval and subsequent recommendation to the Director of the Cooperative Housing Division.

The approval of any Merger plan must be conditioned upon the written opinion of the Regional Attorney that the Merger will not waive or diminish any of the legal rights of the Commissioner.

The consent of the mortgagee or mortgagees involved should be obtained. All obligations of the original corporations must be assumed by the new or surviving corporation.

Statutory requirements of the jurisdiction or jurisdictions concerned must be met. The laws of a number of states require an affirmative vote of two-thirds or more of the stockholders to validate a Corporate Merger.

<b><u>MUTUAL</u></b>	<b><u>ADOPTION</u></b>	<b><u>RESCIND</u></b>
TWO		01-18-18
FOURTEEN		02-20-18

(Policy assigned Sept 65)  
(Feb 18)