

MUTUAL OPERATIONS

RESIDENT REGULATIONS

Eligibility Requirements – Mutual Seventeen

Any person or persons seeking approval of the Board of Directors of Seal Beach Mutual No. Seventeen Corporation to purchase a condominium in the Mutual, and to reside in the Mutual, shall meet the following criteria:

- A. Apply for and be accepted as a member of the Golden Rain Foundation, Seal Beach, California.
- B. Be at least 55 years of age.
 - This must be verified by presenting a copy of a birth certificate or a copy of the appropriate page of a passport. A driver's license is not acceptable as proof of age.
- C. Meet the following financial requirements

1. Income

Have verified monthly income that is at least 4.5 times the monthly carrying charges (regular GRF plus Mutual assessments) at the time of application. Monthly income can be verified by any combination of the following:

- Copies of Federal and State Tax returns for the preceding two years.
- Copies of Forms 1099-INT and 1099-DIV showing interest and dividends received during the preceding two years.
- Copies of Forms 1099-R showing income from pensions, qualified plans, annuities, etc. received during the preceding two years.
- Forms SSA-1099 showing Social Security Benefits received during the preceding two years.

The qualifying income must be in place at the time of the application and although the sources of income may be verified with documents covering the preceding two years it is not required that the entire qualifying income be in place during the preceding two years.

Monthly income will be the Adjusted Gross Income as shown on I.R.S. Forms 1040, 1040A or 1040EZ plus that portion of Social Security, IRA distributions, pensions, annuities, etc., not included in the Adjusted Gross Income, minus the following, where applicable, all divided by twelve.

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- All income taxes paid (both Federal and State)
- Self – employment taxes paid
- Medicare Part B and Part D premiums
- Property Tax Payments*
- Projected Mortgage payments on the unit being purchased

*Property taxes will be calculated as 1.2% of the new unit sale price plus any Orange County District fees.

Only the resident owner's income will be recognized for qualifying.

2. Assets

Have verified liquid assets of at least \$50,000 at the time of application. Assets can be verified by submitting copies of at least the most recent 12 month's worth of savings/checking/investments account statements.

NOTE: Assets being used to purchase the unit will not be included in the financial calculations.

If moving within Leisure World or if there are any additions/changes to the title, the prospective resident owner must meet these eligibility requirements.

Verification shall be done by the Escrow Company and the Stock Transfer Office for each prospective resident owner 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. Credit Report

In addition to the above financial verification documents a recent credit report from one of the established credit reporting companies must be provided to the Stock Transfer Office by the prospective resident owner. The Stock Transfer Office must ensure that the following conditions are met and must include that information with the financial verification report:

- A minimum FICO score of 620

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- A period of not less than 5 years must have elapsed since the prospective resident owner was discharged or dismissed from a bankruptcy.
- The prospective resident owner must have no reported late payments of more than 30 days on a current mortgage in the previous 12 months.

E. Health

Have reasonably good health for a person of his/her age, so that the prospective resident owner can take care of normal living needs without calling on other members of the Mutual for assistance.

- F. Assume, in writing, the obligations of the Governing Documents of Mutual Seventeen Corporation.

Officers or Committees of the Board of Directors of the Mutual designated to approve or disapprove new applicants are responsible for ensuring that the eligibility criteria of the corporation is equitably applied to all applicants. Escrow may not close before ten (10) days have elapsed from the date that approval of the buyer(s) has been received by the Stock Transfer Office from the Mutual.

