

**SEAL BEACH MUTUAL NO. SIX**

**RESIDENT REGULATIONS**

**Eligibility Requirements**

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

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

**1. MEET THE MUTUAL ELIGIBILITY CRITERIA AS FOLLOWS:**

**1.1. Age**

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

**1.2. Financial Ability**

**1.2.1. Income**

**1.2.1.1.** Verified monthly income that is at least four (4) times or greater than the monthly carrying charge (Regular GRF and Mutual Assessment plus Property Tax and Fees) at the time of application and have liquid assets of at least \$25,000 over the purchase price.

**1.2.1.2.** Verified monthly income will be in the form of the past two years of:

- Current Tax returns,
- 1099s for interest and dividends
- 1099-Rs for retirement income from qualified plans and annuities.
- SSA-1099 showing Social Security Benefit statement;
- Six (6) to Twelve (12) months of checking account statements

**1.2.1.3.** Adjusted Gross Income per 1040, 1040A, or 1040EZ minus income tax and self-employment taxes paid will equal net annual income able to be spent.

**1.2.2.** Projected assessments will be the current 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 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

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- 42 by the escrow company and the Stock Transfer Office. Stock Transfer
- 43 shall have the final say in establishing verifiable income.
- 44 **1.2.3.** Verification shall be done by the escrow company and the Stock
- 45 Transfer Office prior to the new buyer orientation and prior to the close
- 46 of escrow (the above verification will not be the responsibility of the
- 47 individual Mutual Director; Directors will not be required to study or
- 48 understand the financial requirements).
- 49 **1.2.4.** Only the residential shareholder’s income shall be considered for
- 50 qualifying.
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**2. SHAREHOLDER NEW BUYER FEE**

- 52 **2.1.** Prospective Mutual 06 shareholders will be assessed a Shareholder Buyer Premium
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- 54 Fee of \$750 at the time of escrow.
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57 Assume, in writing, the obligations of the “Occupancy Agreement” in use by the Mutual  
58 Corporation.

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60 Officers or Committees of the Board of Directors designated to approve new applicants are  
61 responsible that the eligibility criteria of this corporation is equitably applied to all applicants.  
62 Approval or disapproval of buyer(s) must be received by the Stock Transfer Office at least ten  
63 (10) working days prior to the close of escrow.

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79 I have read and understood what is required for eligibility consideration in the above named  
80 Mutual, including necessary documentation.

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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.

(Oct 21)

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Prospective Buyer	Date
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**Document History**

Adopted: 22 Oct 21

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