

MUTUAL OPERATIONS**RESIDENT REGULATIONS****Eligibility Requirements – Mutual Eight**

Any person or persons jointly seeking approval of the Board of Directors of Seal Beach Mutual No. Eight to purchase a share of stock in the Mutual, and to reside in the Mutual, shall meet the following income 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 supported by a Driver's License AND Birth Certificate, OR a Passport.

2. Financial Ability

a. Verified monthly income that is/are at least 4.5 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 \$50,000 over the purchase price.

1. Verified monthly income/assets may be in the form of the past two years of:

a) The two most recent year Tax returns; IF TAX RETURNS ARE NOT FILED, explain why, and provide the following two year history of:

- i.) 1099s for interest and dividends;
- ii.) 1099-R for retirement income from qualified plans and annuities;
- iii.) SSA-1099 Social Security Benefit Statement

2.) Verified liquid assets of at least \$50,000 will be in the form of:

- a.) Brokerage statements and current interim statement
- b.) Six to Twelve months of checking account statements
- c.) Sellers Settlement Statement of proceeds of sale of real property

MUTUAL OPERATIONS**RESIDENT REGULATIONS****Eligibility Requirements – Mutual Eight**

- 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 2.1.a. above.
- 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, so that shareholder can take care of normal living needs without calling on other members of the cooperative for an undue amount of assistance.

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

RESIDENT REGULATIONS

Eligibility Requirements – Mutual Eight

4. Character

Have a reputation for good character in his/her present community.

- C. Assume, in writing, the obligations of the "Occupancy Agreement" in use by the Mutual Corporation.

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 OPERATIONS**RESIDENT REGULATIONS****Eligibility Requirements – Mutual Eight**

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****ADOPTION****AMENDED****EIGHT:**

04-27-70

09-17-93, 08-25-08, 08-28-17, 03-26-18

(Mar 18)

Seal Beach Leisure World

An Active Adult Community

Disclosure

To: Prospective Purchasers:

Seal Beach Leisure World is an "Active Adult Community" offering the best in co-op and condominium housing for persons fifty-five years of age or older. This style of active adult housing should not to be confused with an assisted living or a skilled nursing facility. No health care services, such as living assistance or medical assistance, are provided by the Golden Rain Foundation and/or the respective Mutuals.

Assisted Living: Assisted Living facilities offer personalized supportive services and assistance with day-to-day living needs. Meals, snacks, housekeeping, physical fitness, laundry and 24-hour trained staff members are all provided under the umbrella of assisted-living services. These are not services provided at Seal Beach Leisure World. SEAL BEACH LEISURE WORLD IS NOT AN ASSISTED LIVING FACILITY OR RESIDENCE.

Active Adult Community: In Seal Beach Leisure World you can be as active as you choose to be. There are many recreational opportunities. Members who purchase the right to reside in a Mutual apartment direct their own lives and are independent and able to handle their own affairs without the assistance of Golden Rain Foundation.

It is recommended that prospective applicants for ownership and residency should have reasonably good health for a person of his/or her age and be able to live independently.

Reasonably good health may be described in part as an applicant's ability to:

▪Dress self with weather-appropriate clothing.	▪Able to shop and prepare meals, or eat out.
▪Maintain a clean, safe living environment.	▪Able to medicate self properly when necessary
▪Bathe (shower) & maintain personal hygiene.	▪Able to take care of personal finances.

Choosing an active adult community is a decision which should be made with the assistance of loved ones, professional healthcare physicians, legal advisors and others. Please allow us to answer any questions you might have regarding qualification for residency in this community. You may contact Seal Beach Leisure World, Stock Transfer Office at: (562) 431-6586, ex. 346, 347 or 348 for assistance.

Notwithstanding any of the forgoing, both federal and California law prohibits, among other things, discrimination against people with disabilities, and nothing herein shall be construed to prevent a Prospective Purchaser with a disability otherwise qualifying for membership.

I have read and understand that Seal Beach Leisure World *is not* an assisted living facility:

Print Prospective Purchaser's Name: _____

Prospective Purchaser's Signature: _____

Date: _____

Mutuals 3, 5, 6, 8, 10 042618 remove Mutual 11 njr)

MUTUAL OPERATIONS

RESIDENT REGULATIONS

Secondhand Smoke/Nuisance Policy – Mutual Eight

A. Background on Secondhand Smoke/Nuisance Policy

The Board of Directors ("Board") of the Seal Beach Mutual No. Eight ("Mutual") is charged with ensuring that the Mutual is in compliance with the law and its Governing Documents, while considering the interests of all of its shareholders and residents.

It is well-known that exposure to secondhand smoke is dangerous to individual and public health.¹ This includes exposure from tobacco and marijuana smoke, in addition to smoke from other sources such as e-cigarettes, pipes, cigars, hookahs, fire pits, and barbecues, among other things.

Accordingly, the Board has crafted the policy below in an effort to address secondhand smoke within the Mutual community ("Community").

B. California Law and Local Regulations on Smoking and Nuisance

California has prohibited smoking in places of employment, in or around public buildings, and within 25 feet of a playground or tot lot. (Labor Code §6404.5; Gov. Code §7596 – 7598, Code of Regulations §5148.)

In addition, California property owners/landlords have the right to make their properties completely smoke-free, anywhere on the property, including common area, units, private balconies, and patios. Civil Code §1947.5

The concept of nuisance can be used to describe an activity or condition that is harmful or annoying to others and interferes with their right to "quiet enjoyment." Examples include: (1) doing something that causes loud noises or objectionable odors; (2) the harm caused by such an activity or condition; and, (3) the legal liability that arises from a combination of these two. (Civil Code §3479 *et seq.*; Civil Code §3480; Civil Code §3481; and Civil Code §3483.)

The Seal Beach Municipal Code defines a public nuisance as follows:

1. A public nuisance is any violation of the code or anything injurious to health, indecent or offensive to the senses, or an obstruction to the free use of property, so as to interfere with the comfortable enjoyment of life or property by a neighborhood or by a considerable number of persons even when the damage inflicted is unequal.

¹ See, eg <https://www.cdc.gov/tobacco/data_statistics/fact_sheets/secondhand_smoke/index.htm>

MUTUAL OPERATIONS**RESIDENT REGULATIONS****Secondhand Smoke/Nuisance Policy – Mutual Eight**

2. Each of the following constitutes a public nuisance: emission of noxious fumes or odors.

(Seal Beach Municipal Code 7.35.010(A)-(B).)

C. Secondhand Smoke and Nuisance Policy

This policy is intended to address secondhand smoke within the Community.

The Mutual Eight Occupancy Agreement states: "...Member[s] shall not...interfere with the rights of other occupants... nor commit or permit any nuisance on the premises..." Mutual Eight Occupancy Agreement, Article 5 ("Occupancy Agreement").

Accordingly, the following are the Mutual's rules regarding secondhand smoke within the Community:

1. No shareholder or occupant shall cause a nuisance to any other occupant due to his/her smoking of any substance.
2. Any nuisance caused by a shareholder or occupant shall be treated by the Mutual as a violation of these rules and the Occupancy Agreement.
3. In the event that any new shareholders anticipate that there may be any secondhand smoke within their Units, such shareholders shall have their Units insulated at the close of escrow, paid for by the new shareholders. **Please see Policy 7708.08 – Listing Inspections**
4. All insulation of shareholder Units as set forth above shall be conducted by GRF and/or a vendor of GRF, who will then invoice the shareholder for the cost.
5. In no case shall the Mutual pay for the insulation of a Unit, and/or the mitigation of the effects of a shareholder's/resident's secondhand smoke.
6. Any damages and/or liability arising from the emission of secondhand smoke by a shareholder and/or a resident/occupant/guest, will be borne by the shareholder of the offending Unit.
7. There shall be no smoking of any kind on a patio that is not enclosed and insulated.

MUTUAL OPERATIONS**RESIDENT REGULATIONS****Secondhand Smoke/Nuisance Policy – Mutual Eight**

8. Upon the complaint of any shareholder or resident regarding a potential nuisance due to secondhand smoke, the Mutual and/or GRF will conduct an informal investigation regarding the allegations and facts.
 - a. Following the investigation, if GRF and/or the Mutual deems the complaint to be valid, the shareholder who is the subject of the complaint will be provided the opportunity to insulate his/her Unit, at his/her expense.
 - b. If he/she does not insulate the Unit or take any other steps toward resolving the issue, the Board may call the shareholder to a hearing regarding the complaint, with proper notice.
 - c. If, after the hearing, a determination is made by the Board that the shareholder and/or resident is causing a nuisance due to secondhand smoke and/or other noxious odors within his/her Unit, the shareholder shall have his/her Unit insulated at shareholder's expense.
 - d. The Board may also impose additional requirements for mitigating the issue, and/or take any disciplinary action for a violation of these rules.
 - e. All insulation shall take place within 30 days of the agreement to insulate or a determination by the Board.
9. In the event of a violation of these rules, the Mutual reserves the right to pursue any remedy under the law and its Governing Documents, including, but not limited to, imposing a fine after notice and hearing, and engaging in internal dispute resolution pursuant to Mutual Policy 7731.G, among other things.
10. If any shareholder or resident believes that he/she is entitled to an exception to any of these rules as a reasonable accommodation of a disability, he/she may submit such a request. All requests will be considered on a case-by-case basis.

MUTUAL OPERATIONS

RESIDENT REGULATIONS

Secondhand Smoke/Nuisance Policy – Mutual Eight**X**_____
Signature_____
Date_____
Printed Name_____
Signature_____
Date_____
Printed NameMUTUALADOPTION

EIGHT:

(Nov 18)