

BUILDING/UNIT \_\_\_\_\_

BUILDING CAPTAIN \_\_\_\_\_

**MINUTES OF THE REGULAR MONTHLY MEETING OF THE BOARD OF  
DIRECTORS  
SEAL BEACH MUTUAL FOURTEEN  
January 16, 2018**

The Regular Monthly Meeting of the Board of Directors of Seal Beach Mutual Fourteen was called to order by President Melody at 1:00 p.m. on Tuesday, January 16, 2018, followed by the *Pledge of Allegiance*, in Building Five, Conference Room B.

**SHAREHOLDER COMMENTS**

Several shareholders made comments or introduced themselves.

**ROLL CALL**

Present: President Melody, Vice President Jorgenson, Secretary Worthington, Chief Financial Officer Faucett, Directors Stefun, and Moore, and Advisory Director Bourhenne

Absent: Director Shaddow

GRF

Representative: Mr. Lukoff

Guests: Twenty shareholders of Mutual Fourteen

Staff: Ms. Hopkins, Mutual Administration Director  
Mr. Black, Building Inspector (1:01p.m.)  
Ms. Fernandez, Mutual Administration Manager

President Melody welcomed staff members and guests.

**MINUTES**

President Melody asked if there were any corrections to the December 14, 2017, Regular Meeting minutes. There being none the minutes were approved as printed.

**BUILDING INSPECTOR'S REPORT**

Inspector Black presented his report (attached).

Following questions, Inspector Black left the meeting at 1:30 p.m.



**January 16, 2018**

**GRF REPRESENTATIVE'S REPORT**

Mr. Lukoff presented his report (attached).

**SECRETARY/CORRESPONDENCE**

Secretary Worthington received no correspondence.

**PRESIDENT'S REPORT**

President Melody presented his report (attached).

**VICE PRESIDENTS REPORT**

Vice President Jorgenson presented her report (attached).

**UNFINISHED BUSINESS**

Following a discussion, and upon a MOTION duly made by CFO Faucett and seconded by Vice President Jorgenson, it was

RESOLVED, To ratify amended/posted Policy 7510.14 –  
Eligibility Requirements (attached).

The MOTION passed unanimously.

Following a discussion, and upon a MOTION duly made by CFO Faucett and seconded by Vice President Jorgenson, it was

RESOLVED, To ratify amended/posted Policy 7709.14 –  
Escape Tax Deposit (attached).

The MOTION passed unanimously.



January 16, 2018

UNFINISHED BUSINESS (continued)

Following a discussion, and upon a MOTION duly made by CFO Faucett and seconded by Vice President Jorgenson, it was

RESOLVED, To ratify rescinded/posted Policy 7020 Approval of Escrows and ratify adopted/posted Policy 7020.14 – Approval of Escrows.

The MOTION passed unanimously.

Following a discussion, and upon a MOTION duly made by CFO Faucett and seconded by Vice President Jorgenson, it was

RESOLVED, To ratify rescinded/posted Policy 7545.1 – Inspection Fee, Inheriting Share of Stock and ratify adopted/posted Policy 7545.14 – Inspection Fee, Inheriting Share of Stock.

The MOTION passed unanimously.

Following a discussion, and upon a MOTION duly made by CFO Faucett and seconded by Vice President Jorgenson, it was

RESOLVED, To ratify rescinded/posted Policy 7401 – Contractor License and rescinded/posted Policy 7401.1 – Licensed and Insured Contractors List and ratify adopted/posted Policy 7401.14 Licensed and Insured Contractors List.

The MOTION passed unanimously.

Following a discussion, and upon a MOTION duly made by CFO Faucett and seconded by Vice President Jorgenson, it was

RESOLVED, To ratify rescinded/posted Policy 7490 – Standard Plans and Specifications-Remodeling and rescinded/posted Policy 7490.1 – Standard Contract – Building Alterations, and rescinded/posted Policy 7490.3 – Inspection Service – Building Alterations and ratify adopted/posted Policy 7490.14 Standard Plans and Specifications.

The MOTION passed unanimously.



**January 16, 2018**

**UNFINISHED BUSINESS (continued)**

Following a discussion, and upon a MOTION duly made by CFO Faucett and seconded by Vice President Jorgenson, it was

RESOLVED, To ratify rescinded/posted Policy 7530 –  
Withdrawal Inspection and adopted/posted Policy 7530.14  
Withdrawal Repair Deposit of Seller.

The MOTION passed unanimously.

Following a discussion, and upon a MOTION duly made by CFO Faucett and seconded by Vice President Jorgenson, it was

RESOLVED, To ratify amended/posted Policy 7431.14 –  
Service Maintenance Requests.

The MOTION passed unanimously.

**NEW BUSINESS**

Following a discussion, and upon a MOTION duly made by CFO Faucett and seconded by Vice President Jorgenson, it was

RESOLVED, To rescind the following resolution dated  
December 14, 2017: RESOLVED, To assign the responsibility  
forgiving parking tickets, collecting parking fines, and the  
hearing process to the Golden Rain Foundation (GRF).

The MOTION passed unanimously.

Following a discussion, it was the consensus of the Board to remove Orange County Fire Authority – Master Lock Box Keys from New Business.

Following a discussion, and upon a MOTION duly made by Vice President Jorgenson and seconded by Secretary Worthington, it was

RESOLVED, To approve that should a shareholder(s) request  
an Incident Report relative to actions of a Mutual Board or a  
Mutual Board member, that GRF Security Services is to direct  
the Shareholder to draft correspondence to the attention of  
the Mutual Board.

The MOTION passed with one "no" vote (Stefun).



**January 16, 2018**

**NEW BUSINESS (continued)**

Following a discussion, and upon a MOTION duly made by CFO Faucett and seconded by Vice President Jorgenson, it was

RESOLVED, To rescind the following Policies 7010 – Merger of Mutuels, 7110 – Code of Conduct, 7170 – Parcel Representation, 7211 – Proxy Card/Form, 7306.14 – Banking Resolution, 7331.2 – Impound Account Agreement, 7403.4 – Skylights for Bathrooms or Kitchens, 7403.5 – Skylights in Permanent Roof Extensions, 7410 – Apartment Fire/Safety Inspection, 7491 – Roof Extensions, 7493 – Patio Roof Covers, 7508 – Patio/Estate Sales, 7509 – Acceptability of Individual for Stock Ownership, 7550 – Dual Ownership, 7574 R – Satellite Dish Installation – Regulation, 7610 – Operating Service, 7621 – Replacement Reserve, 7622 – Replacement Reserve Fund, 7710 – Estate Transaction and Creditors' Claims, 7812 – Physical Property Council Bylaws, 7910 – Regulatory Agreement on a preliminary basis until the 30-day posting period is completed.

The MOTION passed unanimously.

Following a discussion, and upon a MOTION duly made by CFO Faucett and seconded by Vice President Jorgenson, it was

RESOLVED, To adopt and begin the use of the Active Living Disclosure as prepared by the Mutual Fourteen Attorney immediately.

The MOTION passed unanimously.

Following a discussion, and upon a MOTION duly made by Vice President Jorgenson and seconded by CFO Faucett, it was

RESOLVED, To post amended Policy 7525 – Withdrawal Inspection Process Fee, amended on 11/17/15, never ratified and/or, on a preliminary basis until the 30 – day posting period is completed.

The MOTION passed unanimously.

Following a discussion, and upon a MOTION duly made by Vice President Jorgenson and seconded by CFO Faucett, it was

RESOLVED, To request legal counsel opinion regarding AB (assembly Bill) 634, SB (Senate Bill) 407 and Proposition 64.

The MOTION failed unanimously.



**NEW BUSINESS (continued)**

Following a discussion, and upon a MOTION duly made by Director Stefun and seconded by Vice President Jorgenson, it was

RESOLVED, To approve LA Seismic to place the nodes in Mutual Fourteen common area for a compensation to Mutual Fourteen of \$20,000.

The MOTION passed unanimously.

**CHIEF FINANCIAL OFFICERS REPORT**

CFO Faucett presented his report (attached).

**MUTUAL ADMINISTRATION DIRECTOR'S REPORT**

Ms. Hopkins presented her report (attached).

**ANNOUNCEMENTS**

Election dates:

February 16, 2018 – Ballots open for candidate's nomination

March 19, 2018 - Nomination closed for candidates

March 22, 2018 – Meet the Candidates

May 17, 2018 – Mutual 14 Annual Meeting

**COMMITTEE REPORTS**

**Physical Property Committee Report**

Director Stefun presented his report (attached).

**Landscape Committee Report**

President Melody presented his report (attached).

**DIRECTORS COMMENTS**

Several Directors made comments.



**BOARD OF DIRECTORS  
MUTUAL FOURTEEN**

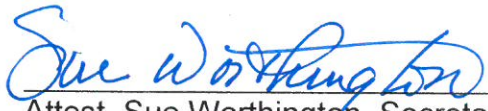
**January 16, 2018**

**SHAREHOLDER COMMENTS**

Several shareholders made comments.

**ADJOURNMENT**

President Melody adjourned the meeting at 2:56 p.m. and announced that there would be an Executive Session following the meeting to discuss member issues.



Attest, Sue Worthington, Secretary  
SEAL BEACH MUTUAL FOURTEEN  
bf: 1/16/18  
Attachments

**NEXT MEETING: THURSDAY, February 20, 2018, at 1:00 p.m.,  
In Building 5, Conference Room B**



**RESOLUTIONS IN THE REGULAR  
MONTHLY MEETING OF DECEMBER 14, 2017**

- 1/16/18      RESOLVED, To ratify amended/posted Policy 7510.14 – Eligibility Requirements.
- RESOLVED, To ratify amended/posted Policy 7709.14 – Escape Tax Deposit.
- RESOLVED, To ratify rescinded/posted Policy 7020 Approval of Escrows and ratify adopted/posted Policy 7020.14 – Approval of Escrows.
- RESOLVED, To ratify rescinded/posted Policy 7545.1 – Inspection Fee, Inheriting Share of Stock and ratify adopted/posted Policy 7545.14 – Inspection Fee, Inheriting Share of Stock.
- RESOLVED, To ratify rescinded/posted Policy 7401 – Contractor License and rescinded/posted Policy 7401.1 – Licensed and Insured Contractors List and ratify adopted/posted Policy 7401.14 Licensed and Insured Contractors List.
- RESOLVED, To ratify rescinded/posted Policy 7490 – Standard Plans and Specifications-Remodeling and rescinded/posted Policy 7490.1 – Standard Contract – Building Alterations, and rescinded/posted Policy 7490.3 – Inspection Service – Building Alterations and ratify adopted/posted Policy 7490.14 Standard Plans and Specifications.
- RESOLVED, To ratify rescinded/posted Policy 7530 – Withdrawal Inspection and adopted/posted Policy 7530.14 Withdrawal Repair Deposit of Seller.
- RESOLVED, To ratify amended/posted Policy 7431.14 – Service Maintenance Requests.
- RESOLVED, To rescind the following resolution dated December 14, 2017: RESOLVED, To assign the responsibility forgiving parking tickets, collecting parking fines, and the hearing process to the Golden Rain Foundation (GRF).



**January 16, 2018**

RESOLVED, To approve should a shareholder(s) request an Incident Report relative to actions of a Mutual Board or a Mutual Board member, that GRF Security Services is to direct the Shareholder to draft correspondence to the attention of the Mutual Board.

RESOLVED, To rescind the following Policies 7010 – Merger of Mutuels, 7110 – Code of Conduct, 7170 – Parcel Representation, 7211 – Proxy Card/Form, 7306.14 – Banking Resolution, 7331.2 – Impound Account Agreement, 7403.4 – Skylights for Bathrooms or Kitchens, 7403.5 – Skylights in Permanent Roof Extensions, 7410 – Apartment Fire/Safety Inspection, 7491 – Roof Extensions, 7493 – Patio Roof Covers, 7508 – Patio/Estate Sales, 7509 – Acceptability of Individual for Stock Ownership, 7550 – Dual Ownership, 7574 R – Satellite Dish Installation – Regulation, 7610 – Operating Service, 7621 – Replacement Reserve, 7622 – Replacement Reserve Fund, 7710 – Estate Transaction and Creditors' Claims, 7812 – Physical Property Council Bylaws, 7910 – Regulatory Agreement on a preliminary basis until the 30-day posting period is completed.

RESOLVED, To adopt and begin the use of the Active Living Disclosure as prepared by the Mutual Fourteen Attorney immediately.

RESOLVED, To post amended Policy 7525 – Withdrawal Inspection Process Fee, amended on 11/17/15, never ratified and/or, on a preliminary basis until the 30 –day posting period is completed.

RESOLVED, To approve LA Seismic to place the nodes in Mutual 14 in the common area for a compensation to Mutual 14 of \$20,000.



Seal Beach Mutual 14  
GRF Representative's Report  
January, 16, 2018

Our community hit a major milestone on December 31st. For the year 2017, the GRF collected over two million dollars in new membership fees. These fees go towards the purchase of new amenities or equipment/components for the community as well as funding our reserves on a 50/50 basis. The reserve funding alone saves each shareholder in the community over \$12.50 per month. As of today there are under 50 homes available for sale.

Last month, the Physical Properties Department began demolition on the old lawn bowling court behind clubhouse #2. In its place will soon be 4 playing courts for either pickleball or badminton. Adjacent, where the old shuffle board court is currently being demolished will be a new park with seating, barbecues and shade trees. This new park has been named "Mission Park" after the old California Mission bell which will be moved from behind the library to the entrance of the park. This year you will also see a new stage plaza between Clubhouse 3 and the Library. This new facility has been named Veterans Plaza, which complements the veterans flag circle nearby. It is planned that there will be expanded author readings and small scale performances there.

The paving of South St. Andrews drive has also been completed. Plans are moving forward for the landscaping of the new median strips. There are no plans for further paving this year.

And for those of you who use Clubhouse 6, there is a new wheelchair ramp at the East entrance to the building.



Seal Beach Mutual 14  
GRF Representative's Report  
January, 16, 2018

The Recreation Department has informed me that the Girl Scouts will soon be in our community selling cookies as they did last year. ( As a point of personal pride, this idea was my own and has been enthusiastically embraced by even the most reluctant ( read ornery) board members.

Last week, I and three other board members flew to Las Vegas for the day to attend the Consumer Electronics Show. This trip was at our own expense for the purpose of investigating the possibility of bringing new electric, autonomous, self driving buses to our community. This being part of a long range plan to improve transportation options within the community as well as lowering the costs of that transportation. Next month I will present a video of the bus. In the meantime, you can go to YouTube and search for OLLI Autonomous Bus and see a demonstration.

When you drive through the front gate you will soon be greeted by traffic staff who will be wearing bright yellow polo shirts. These shirts will not only identify persons as Security Staff but will make them much more visible to those drivers entering.

At our Mutual Town Hall meeting a couple weeks ago the issue of Superwire came up. I am still in the process of reading the contract with Superwire as well as reviewing the history of Superwire in the community. Currently, Superwire has 3847 direct customers in Leisure World. I use the word "direct" to distinguish the customers who only have Superwire basic cable service and those customers who have a contract for



Seal Beach Mutual 14  
GRF Representative's Report  
January, 16, 2018

telephone or internet or both directly with Spectrum. Currently, Spectrum is unable to offer a bundled price for services to Leisure World customers. For a bundled price you have to go to FIOS, at least currently. This is because Spectrum has a contract with Superwire which allows Superwire to be the provider only of basic cable services. This contract dates back many years when Spectrum was known as Time-Warner and before Time-Warner was known as Charter and before Charter was known as Adelphia. The history is a bit murky as the cable industry has expanded and consolidated. Was this a no-bid contract? Yes. Was there a payoff when the contract was made? Probably. Does the GRF benefit from this contract? Only in the sense that it charges Superwire for rent and bill servicing. All other Spectrum services, and services from Spectrum purchased at the Superwire office, are billed directly by Spectrum. Let me repeat this: Even if you purchased your telephone service and your internet service at the Superwire office, your bill for those services come from Spectrum. Look at your bill from Spectrum, I have included a copy of my bill, there is NO CHARGE for BASIC and STANDARD TV. This portion of the bill, \$29.50, is collected by the GRF as part of your monthly assessment and paid to Supewire on your behalf. But I agree with all of you who would like to get a bundled price from Spectrum. At least until next year this is not possible, your only other options for bundled services are with Frontier, formerly known as Verizon or with Direct TV. But it is not the GRF that is preventing this. It is Superwire which has the contractual monopoly from Spectrum. After looking, you will see from my own bill that I think these services are too expensive. Personally, I am looking into cutting my cable TV cord. I am investigating internet only television. I am also considering giving up my land-line for



Page 2 of 4

October 21, 2016

Barry Lukoff

Account:

8448 40 027 0200731

Security Code:

2136

## Charge Details

Previous Balance		135.20	Int
Credit Card Payment	10/09	-135.20	Ho
Remaining Balance		\$0.00	Un

Payments received after 10/21/16 will appear on your next bill.

Service from 11/01/16 through 11/30/16

## TV Services

Wh-dvr Service	19.99	
Enhanced Wh-dvr Set-Top	11.75	
Box & Remote		
DIG Adapter A/O & RMT	3.25	
HD Set-Top Box, Remote	23.50	PR
and Add'l Outlet Service		Ho
Qty 2 @ \$11.75 Each		Se
Service Discount	-13.50	Vo
Qty 2 @ \$6.75 Each		Se
EPIX	9.99	
Service Discount	-5.00	T
HBO	16.99	
Service Discount	-1.99	
Showtime	15.99	
Service Discount	-15.99	F
Starz	15.99	
Service Discount	-0.00	
Starter TV	0.00	
Standard TV	0.00	
	\$74.97	
Fees & Charges		
PEG Capital Fee	0.95	
Franchise Fee	3.94	
	\$4.89	

\$29.50 Paid THRU  
GRF Monthly  
ASSESSMENT

TV Services Total

\$79.86



Presidents Report  
January 16, 2018

Hello everyone. Happy New Year. Welcome to the first board meeting of 2018.

One of the major tasks facing your board this year is reviewing, rescinding, and amending our Policies. As you can see from our Agenda this month, it is quite a large task and one that hasn't been done in many years. Jodi Hopkins, our Mutual Administration Director, and her team have been doing an outstanding job. Without them your board could not accomplish what is needed on this daunting project. Thank you.

I am happy to report that the unedited Financials for 2017 show that M14 has closed out the year with a positive variance. A well done and thank you to Jack Faucett our CFO and his Finance and Budget Committee.

The re-piping project continues on schedule and should be completed by June of this year.

The Town Hall meeting on January 8<sup>th</sup> was attended by over 50 shareholders who came out in the rain to participate. I would like to compliment the shareholders that raised questions regarding unfounded rumors, so that your board could address each issue. As most of you know, your board has, and continues to be, transparent in all its dealings. I encourage all of you to continue to raise your questions, comments and suggestions to your board members.

GRF Member Resource and Assistance Liaison, Cindy Tostado, has provided information on her responsibilities, as well as a number of



programs that are available to all Mutual Shareholders. Please see the attached information.

The GRF newspaper, the LW Weekly's, deadline for articles is the preceding Thursday at 4 p.m. It is recommended that all shareholders read the LW Weekly to keep updated on GRF meetings, minutes, financials and news.

As you all know, the M14 Board is elected yearly and the process begins with those interested in running for the board picking up a board ballot application at Stock Transfer beginning February 16<sup>th</sup>. Completed applications must be returned by March 19<sup>th</sup>. All shareholders in good standing are eligible to run for the 7 board member positions. The Director Job Description and Code of Conduct are available. Please contact any director to receive copies.

Thank you all for your participation in your board meeting.

Respectfully submitted,

Lee W. Melody, President





## Golden Rain Foundation

# Member Resource and Assistance Liaison

The Member Resource and Assistance Liaison is dedicated to improving the quality of life for residents. The Member Resource Liaison is available for crisis intervention, linkages to community resources, and support. For confidential and free service please contact this department if you are:

- Grieving the loss of a loved one
- Caring for an ill or aging relative
- Coping with a life changing diagnosis
- Making long-term care arrangements
- Feeling overwhelmed and stressed
- In need of assistance in your home
- Interested in a volunteer opportunity
- Homebound and in need of a friendly visitor

Contact Cynthia Tostado, LCSW Member Resource and Assistance Liaison at 562-431-6586 X 317





Helping People. Changing Lives.

Community Action Partnership of Orange County

# FREE FOOD

## Monthly Distributions in the Following cities:

Anaheim  
Buena Park  
Costa Mesa  
Garden Grove  
Huntington Beach  
Irvine  
La Habra  
Midway City  
Orange  
Placentia  
San Clemente  
Santa Ana  
Seal Beach  
Stanton  
Westminster

Also

Long Beach, Norwalk,  
Whittier, Santa Fe Springs,  
Riverside, Mira Loma  
Rubidoux

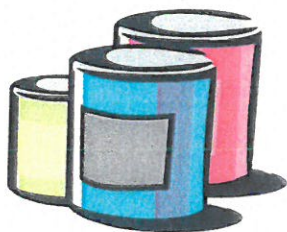
## ■ SENIOR CITIZENS (60 YEARS AND OLDER)

Each eligible person receives a box of food weighing approximately 30 pounds. The box contains canned fruit, vegetables, meat, rice, juice, cereal and more!

**BRING  
YOUR PHOTO ID WITH YOU**

Income Guidelines	
Household	Monthly Income
1	\$1,287.00
2	1,736.00
3	2,184.00
4	2,633.00
5	3,081.00
6	3,530.00

**QUALIFIED  
PEOPLE  
Will  
Receive  
FOOD THE  
SAME DAY.**



**Call 714-897-6670  
Julie ext. 3613  
Esther ext. 3612  
For locations, days and times.**



# COMMUNITY ACTION PARTNERSHIP OF OC

## Utility Assistance & Weatherization Provider

This provider offers utility payment assistance and weatherization services to low-income Californians in your area.

### **Community Action Partnership of Orange County**

11870 Monarch St.  
Garden Grove, CA 92841

Utility Payment Assistance: (714) 839-6199

Emergency Services: (714) 839-6199

Weatherization Services: (714) 839-6199

Toll Free: (800) 660-4232

Fax: (714) 839-2817

Phone/Lobby Hours: 10 a.m. to 4 p.m.

Office Hours: 8 a.m. to 5 p.m. Monday through Friday

Website: [www.capoc.org](http://www.capoc.org)

## Community Action Agency

This provider offers services under the Community Services Block Grant targeting low-income Californians and disadvantaged communities in your area.

### **Community Action Partnership of Orange County**

11870 Monarch St.  
Garden Grove, CA 92841

Phone: (714) 897-6670

Fax: (714) 894-5404

Monday through Friday: 8 a.m. to 5 p.m.

Website: [www.capoc.org](http://www.capoc.org)

### **Community Services Offered:**

- Child/Youth Services
- Education Services
- Emergency Services
- Employment Services
- Food/Nutrition Services
- Health Services
- Income Management Services
- Senior Services



# VOLUNTEERS NEEDED



Looking for a way to help your community?  
Pathways will be offering a free volunteer training to residents interested in being client companions at Leisure World Seal Beach. We are looking for people who would be willing to spend a few hours a week with someone who is home-bound, lonely and /or need of a little assistance with errands.

*I've learned that people will forget what you said,  
people will forget what you did, but people will never  
forget how you made them feel. Maya Angelou*

**January 22 & 29th from 10-12 pm**  
**Contact Tammie at 562-531-3031**







# JOURNEYS GRIEF SUPPORT GROUP

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**WEDNESDAYS, FEBRUARY 7 TO MARCH 28, 2018**  
**10 TO 11:30 AM**

LEISURE WORLD SEAL BEACH

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One of the best ways to deal with grief is to surround yourself with a supportive community. The Journeys grief support programs provides a safe place to process feelings with others who have experienced similar losses. Each week a new topic will be introduced and group members will learn valuable tools to help them move forward in their grief journey.

Sponsored by Pathways Volunteer Hospice



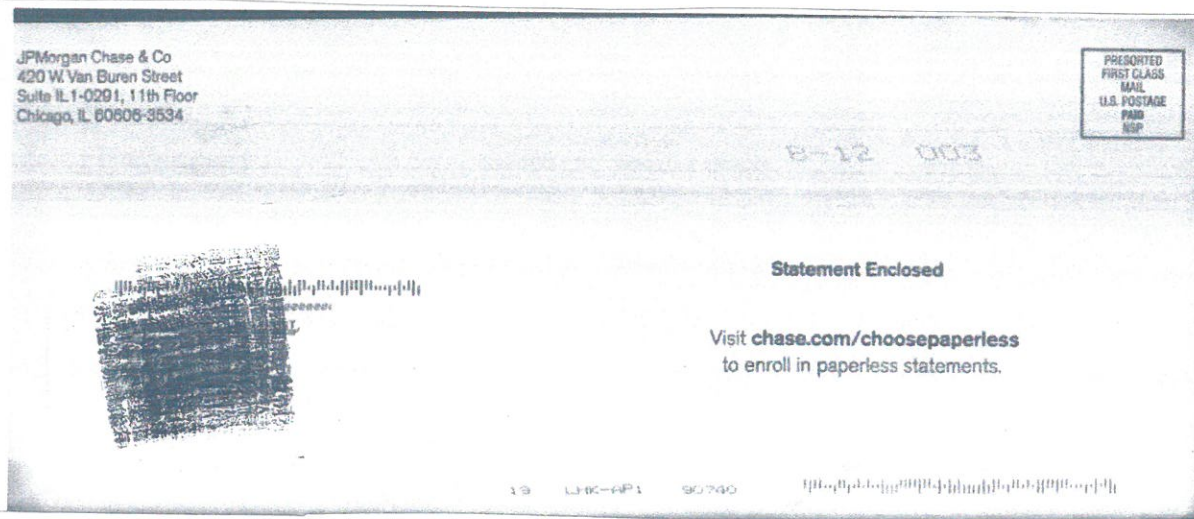
FOR MORE INFORMATION & TO RSVP CONTACT: CINDY TOSTADO, LCSW  
@ 562-431-6586 X317



MUTUAL 14  
VICE PRESIDENT'S REPORT  
JANUARY 16, 2018

A free service is available through the USPS (United States Postal Service) to inform you of mail that will be delivered to your residence by the USPS. Informed Delivery by USPS emails the resident an image of letter-sized mail pieces that are processed through USPS automatic equipment. I receive an email that looks like this:

USPS.com Informed Delivery COMING TO YOUR MAILBOX SOON.



I check my email every day to see what envelopes are going to be delivered to me. That way, important mail doesn't get mixed in with junk mail and thrown away.

To sign up for this service, go to [www.usps.com](http://www.usps.com). At the top of the page, click on "Track & Manage." Scroll down and click on "Informed Delivery." You can sign up there for this free service.

*Valerie Jorgenson*

Valerie Jorgenson 562-296-5428  
Mutual 14 Vice President

[vjorgenson@outlook.com](mailto:vjorgenson@outlook.com)



## Mutual 14 CFO Report

January 16, 2018

Last year was a roller coaster ride for our finances. There were many unforeseen occurrences that the budget committee had no way of divining in September of 2016. Hurricanes on the east coast raised the price of plywood, interrupting our roofing project. In addition, the roofer whom the board vetted and hired did not pay his supplier the money which we had paid him for the supplies. The supplier filed a mechanic's lien against us for \$116,000. The board decided our best option was to enter into mediation which took months of preparation and volunteer work, especially with research by Donna Melody, to negotiate our liability down to \$13,333. In addition, our president convinced our lawyers to minify their fees from \$61,000 to \$37,000 for work done by us. On the positive side of roofing, the president invoked a warranty settlement with Owens Corning for imperfections in materials supplied to us for \$111,000. This was placed in our reserves and parlayed for roofing and plumbing.

During the year the president and the board recognized the opportunity to purchase a unit that was in need of cleaning, painting and minor repairs. After enhancements, staging and selling we realized a profit of about \$38,000 which helped offset some of our losses.

The attached budget comparison shows we saved \$5,900 in electricity even though rates have increased, due to LED lighting and shareholders laundering in mornings and evenings. We were on schedule to save on water but Seal Beach installed a new water meter which now accurately measures usage. Therefore our water costs rose and will be higher this year. We were \$5,000 under budget on landscape extras as the landscape chairman held BrightView to their 2015 price proposal for tree trimming to less than \$40 per tree. We went over budget on structural repairs, some of which were for roof leaks during last winter's rains, termite repairs and for plumbing leaks. Because of no



major fires and the purchase of smart burners we were under budget on insurance.

Our inspection fee income was under budget by \$4,264 as Mutual 14 did not sell as many units as anticipated. Our laundry income was \$3,500 below budget but this amount was somewhat offset by not having to repair our old machines or buy new ones. However, miscellaneous income was over budget by \$7,130 mostly from the sale of our old machines. Though we missed many targets, our un-audited total operating budget finished the year \$11,415 under budget.

In the next few months we are conducting a reserve study to accurately assess our needed funding in the future. This year we plan to finish re-piping the remaining 168 units which will lower our restricted reserves to a minimum. But we intend to keep about \$250,000 in our reserves for any emergencies. Then, as reserves build we should be able to reroof 2 more 12 unit buildings this year and finish the rest in 2020. Most of the accrument in assessments this year are for reserves to finish these projects. Then the only planned major projects left for the future are reroofing the carports and painting.

Jack Faucett, CFO



Budget Comparison - Mutuals  
12/31/2017

P.O. Box 2069  
Seal Beach CA 90740

Dec Actuals	Dec Budget	Budget Variance	Acct #	Description	Y-T-D Actual	Y-T-D Budget	Budget Variance	Annual Budget	Annual Unused Budget
47,462	47,462	0	7210000	Trust Maintenance Costs	569,500	569,500	0	569,500	0
47,462	47,462	0		GRF Trust Maintenance Fee	569,500	569,500	0	569,500	0
				Total Trust Maintenance Costs					
1,371	1,841	470	6420000	Utilities	16,127	22,081	5,954	22,081	954
2,731	4,071	1,340	6423000	Electricity	48,304	48,885	581	48,885	581
2,663	2,638	(25)	6424000	Water	31,616	31,645	29	31,645	29
				Trash					
6,766	8,550	1,784		Total Utilities	96,047	102,611	6,564	102,611	6,564
				Professional Fees					
180	180	0	6430000	GRF Management Fee	2,204	2,204	0	2,204	0
1,303	1,005	(298)	6434000	Legal Fees	49,901	12,005	(37,896)	12,005	(37,896)
196	121	(75)	6435000	Bank Service Fees	2,119	1,496	(623)	1,496	(623)
1,679	1,306	(373)		Total Professional Fees	54,224	15,705	(38,519)	15,705	(38,519)
				Outside Services					
8,250	8,251	1	6475000	Landscape Maint. - Contract	99,000	98,990	(10)	98,990	(10)
654	1,939	1,285	6475500	Landscape Maint. - Extras	18,018	23,301	5,283	23,301	5,283
0	121	121	6477100	Painting	2,837	1,496	(1,341)	1,496	(1,341)
5,381	656	(4,725)	6477200	Pest Control	8,466	7,872	(594)	7,872	(594)
585	1,333	748	6477300	Structural Repair	24,031	15,941	(8,090)	15,941	(8,090)
302	515	213	6477400	Miscellaneous Services	2,676	6,180	3,504	6,180	3,504
0	61	61	6812100	Office Supplies	444	787	343	787	343
(6,946)	4,422	11,368	7552000	Service Maintenance-Standard	52,045	53,097	1,052	53,097	1,052
4,606	0	(4,606)	7552200	Maintenance Replacements	48,819	0	(48,819)	0	(48,819)
(4,606)	0	4,606	5394000	Transfers from Funded Resvs	(48,819)	0	48,819	0	48,819
8,226	17,298	9,072		Total Outside Services	207,517	207,664	147	207,664	147

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Budget Comparison - Mutuals  
12/31/2017

P.O. Box 2069  
Seal Beach CA 90740

Dec Actuals	Dec Budget	Budget Variance	Acct #	Description	Y-T-D Actual	Y-T-D Budget	Budget Variance	Annual Budget	Annual Unused Budget
212	156	(56)	6720000	Taxes & Insurance					
2,107	6,611	4,504	6730000	State & Federal Taxes	2,063	1,850	(213)	1,850	(213)
				Property & Liability Insurance	75,892	79,310	3,418	79,310	3,418
2,319	6,767	4,448		Total Taxes & Insurance	77,954	81,160	3,206	81,160	3,206
18,989	33,921	14,932		Total Operating Expense	435,742	407,140	(28,602)	407,140	(28,602)
				Contributions to Capital					
4,205	4,206	1	7620000	Appliance Reserve From Assessments	50,461	50,461	0	50,461	0
2,928	2,930	2	7630000	Painting Reserve From Assessments	35,138	35,138	0	35,138	0
5,436	5,431	(5)	7665000	Contingency Operating From Assessments	65,227	65,227	0	65,227	0
13,875	13,879	4	7675000	Roofing Reserve From Assessments	166,504	166,504	0	166,504	0
7,947	7,941	(6)	7677000	Infrastructure Reserve From Assessments	95,358	95,358	0	95,358	0
34,391	34,387	(4)		Total Contributions to Capital	412,688	412,688	0	412,688	0
100,842	115,770	14,928		Total Expenses	1,417,930	1,389,328	(28,602)	1,389,328	(28,602)



P.O. Box 2069  
Seal Beach CA 90740

Dec Actuals	Dec Budget	Budget Variance	Acct #	Description	Y-T-D Actual	Y-T-D Budget	Budget Variance	Annual Budget	Annual Unused Budget
OPERATING INCOME									
0	0	0	5110000	Income From Services					
724	1,291	(567)	5375000	Merchandise Resales	14	0	14	0	(14)
				Laundry Machine Income	12,055	15,547	(3,492)	15,547	3,492
724	1,291	(567)		Total Income From Services	12,069	15,547	(3,478)	15,547	3,478
Financial Income									
474	654	(180)	5397000	Taxable Interest Income - Mutual	3,997	7,815	(3,818)	7,815	3,818
558	301	257	5397500	Tax Exempt Interest Income	7,454	3,590	3,864	3,590	(3,864)
0	0	0	5412000	Gain / Loss on Investments	39,493	0	39,493	0	(39,493)
18	50	(32)	5420000	Other Taxable Income	172	600	(428)	600	428
1,050	1,005	45		Total Financial Income	51,116	12,005	39,111	12,005	(39,111)
Other Income									
(1,268)	51	(1,319)	5610000	Late Charges	2,108	590	1,518	590	(1,518)
3,600	3,003	597	5921000	Inspection Fees	31,750	36,014	(4,264)	36,014	4,264
1,300	0	1,300	5980000	Miscellaneous Income	7,130	0	7,130	0	(7,130)
3,632	3,054	578		Total Other Income	40,989	36,604	4,385	36,604	(4,385)
5,406	5,350	56		Total Operating Income	104,173	64,156	40,017	64,156	(40,017)
Contributions To Capital									
4,205	4,206	(1)	5120000	Appliance Reserve Contributions	50,461	50,461	0	50,461	0
2,928	2,930	(2)	5130000	Painting Reserve Contributions	35,138	35,138	0	35,138	0
5,436	5,431	5	5165000	Contingency Operating Contributions	65,227	65,227	0	65,227	0
13,875	13,879	(4)	5175000	Roofing Reserve Contributions	166,504	166,504	0	166,504	0
7,947	7,941	6	5177000	Infrastructure Reserve Contributions	95,358	95,358	0	95,358	0
34,391	34,387	4		Total Contributions To Capital	412,688	412,688	0	412,688	0
Regular Assessments									
76,040	76,044	(4)	5111000	Carrying Charges	912,485	912,484	1	912,484	(1)
76,040	76,044	(4)		Total Regular Assessments	912,485	912,484	1	912,484	(1)
115,837	115,781	56		Total Income and Contributions to Capit.	1,429,346	1,389,328	40,018	1,389,328	(40,018)
14,995	11	14,984		Excess Inc/(Exp) Before Off-Budget Items	11,415	0	11,415	0	(11,415)
Off-Budget Items									



1014 Seal Beach Mutual No. Fourteen  
Budget Comparison - Mutuals  
12/31/2017

P.O. Box 2069  
Seal Beach CA 90740

Dec Actuals	Dec Budget	Budget Variance	Acct #	Description	Y-T-D Actual	Y-T-D Budget	Budget Variance	Annual Budget	Annual Unused Budget
<u>17,045</u>	<u>0</u>	<u>(17,045)</u>	8100000	Depreciation Expense	<u>63,690</u>	<u>0</u>	<u>(63,690)</u>	<u>0</u>	<u>(63,690)</u>
17,045	0	(17,045)		Total Off-Budget Items	63,690	0	(63,690)	0	(63,690)
(2,050)	11	(2,061)		Excess Inc.Exp. After Off-Budget Items	(52,275)	0	(52,275)	0	52,275

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P.O. Box 2069  
Seal Beach CA 90740

Dec Actual	Dec Budget		2017 Y-T-D Actual	2017 Y-T-D Budget
76,040	76,044	Carrying Charges	912,485	912,484
34,391	34,387	Reserve Funding	412,688	412,688
<b>110,431</b>	<b>110,431</b>	<b>Total Regular Assessments</b>	<b>1,325,172</b>	<b>1,325,172</b>
724	1,291	Service Income	12,069	15,547
1,050	1,005	Financial Income	51,116	12,005
3,632	3,054	Other Income	40,989	36,604
<b>5,406</b>	<b>5,350</b>	<b>Total Other Income</b>	<b>104,173</b>	<b>64,156</b>
<b>115,837</b>	<b>115,781</b>	<b>Total Mutual Income</b>	<b>1,429,346</b>	<b>1,389,328</b>
47,462	47,462	GRF Trust Maintenance Fee	569,500	569,500
6,766	8,550	Utilities	96,047	102,611
1,679	1,306	Professional Fees	54,224	15,705
0	61	Office Supplies	444	787
8,226	17,237	Outside Services	207,073	206,877
2,319	6,767	Taxes & Insurance	77,954	81,160
34,391	34,387	Contributions to Reserves	412,688	412,688
<b>100,842</b>	<b>115,770</b>	<b>Total Expenses Before Off-Budget</b>	<b>1,417,930</b>	<b>1,389,328</b>
<b>14,995</b>	<b>11</b>	<b>Excess Inc/(Exp) Before Off-Budget</b>	<b>11,415</b>	<b>0</b>
17,045	0	Depreciation Expense	63,690	0
<b>(2,050)</b>	<b>11</b>	<b>Excess Inc/(Exp) After Off-Budget</b>	<b>(52,275)</b>	<b>0</b>
		<b>Restricted Reserves</b>		
(401)	0	Appliance Reserve Equity	17,079	0
2,928	0	Painting Reserve	68,273	0
5,436	0	Contingency Operating Equity	100,084	0
13,875	0	Roofing Reserve	294,484	0
(25,362)	0	Infrastructure Reserve	319,581	0
<b>(3,525)</b>	<b>0</b>	<b>Total Restricted Reserves</b>	<b>799,501</b>	<b>0</b>



## Landscape Report

January 16, 2018

I am happy to report that Brite View, our landscape contractor, now has 7 Mutuals in Leisure World and has added staff and a full-time supervisor dedicated to Leisure World.

At the request of your Landscape Committee, Brite View is putting together a Master Plan for M14 to complete the turf rebuilding project. as well as a proposal for standardizing the size and beautification of the tree wells throughout the mutual. The committee will be reviewing those proposals and making recommendations to the board in the next few weeks.

The gutter cleaning has now been completed. Unfortunately those that were not completed prior to the rain, had to be addressed while it was raining. It is reported that we got 1.9 inches, which is a good start.

Please remember to contact your director should you have any questions, suggestions or a report of sprinklers not operating properly. Working together, we can keep M14 ("The Beverly Hills of Leisure World") more beautiful. Thank you for your support.

Respectfully submitted,

Lee W. Melody

Landscape Chair



## LA Seismic Proposal to Mutual No 14

Thanks again for meeting with our team last week regarding the Seismic Survey 2017 project, which encompasses Long Beach, Rossmore, Los Alamitos and Seal Beach, to include the Naval Weapons Station. As was relayed to you at the meeting, this is a mapping project which will aid the USGS in identifying present-day faulting information, Cal State Long Beach for earthquake research, as well as providing the respective cities with information to develop emergency preparedness plans. **In addition, a major benefit of this project is that it will provide data needed for the Los Cerritos Wetlands and Restoration project which is proposing to relocate 150 acres of oil operations and restore a majority of that land back into wetlands. More detail on that project can be found here:**

<http://loscerritoswetlandsrestorationplan.com/>

Regarding the seismic survey itself, a vital part of this process is placement of the wireless nodes. Placement of the nodes in dirt/landscape areas only in as many prudent areas as possible will allow for a more clearly defined survey. LA Seismic has obtained permits from each of the aforementioned cities to place the sensors in the public rights of way; however, in private property areas such as the Leisure World property, an additional access agreement must be in place. In totality, we are requesting placement of approximately 40 sensors (approx. 82.5' apart) per mutual within the Leisure World property. LA Seismic will only need access for 3-5 days although the nodes themselves will remain for the entirety of the survey, which is scheduled to last for approximately 30 days.

The procedure for the placement of the sensors and truck details is as follows:

Survey Crew (usually 2 surveyors) will arrive at the property to identify and confirm the proposed locations of sensors. The sensors will only be placed in dirt areas. We will then confirm there are "no conflicts" with underground utilities. Upon confirmation, the surveyors will return to dig a hole (6" x 11" deep) at the confirmed locations, and place the nodes, and cover with native soil. Upon completion of the survey truck operation, the survey crew will return to collect the sensors and restore all dirt/landscape areas to pre-existing conditions.

The survey trucks will follow a pre-determined route on Mutual streets, imparting the required acoustic energy into the ground at each source location (for about 90 seconds), that will be recorded by each and every sensor within the project area, and will collectively create a seismic array. In totality, we are requesting approximately 40 truck stops (approx. 82.5' apart) per mutual within the Leisure World property. We will NOT be operating on GFR streets. All work will be completed on Mutual land.

For more details, please visit: <http://seismicsurvey2017.com/>

**A contract for financial compensation in the amount stated at the meeting will be entered into with each Mutual who participates in this survey.** For more information please call to discuss.

Ed Selich  
949-300-9464



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****Merger of Mutuals**

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.

(Sept 65)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****ORGANIZATION OF THE BOARD****Code of Conduct – Mutual Fourteen**

Rules of conduct for Mutual Board members:

1. Support majority decisions of the Board.
2. Do not use negative campaigning or make untruthful statements on materials distributed to shareholders.
3. Listen respectfully to other Directors' points of view.
4. Use and support use of the Mutual Bylaws, policies, and resolutions.
5. Conduct business on a professional, impersonal level.
6. Do not represent your individual views as Board policy.
7. Do not give legal counsel.
8. Generally follow Robert's Rules of Order in conducting Board meetings.
9. Keep Board's Executive Session Meetings strictly confidential.
10. Strive to keep the Mutual well maintained and financially secure.

**MUTUAL ADOPTION****AMENDMENTS**

FOURTEEN: 10-21-14

(Oct 14)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****ORGANIZATION OF THE BOARD****Parcel Representation (Except 05)**

Excerpt from Attorney W. A. Williams' letter to the Administrator, dated 15 April 1969.

"With respect to the nomination of individuals for the office of director in the corporation, it is not necessary that the nominating party be a member of the same mortgage parcel as the person nominated. The reason for this is the fact that this is one corporation, and the directors serve all members of the corporation despite the fact that the Bylaws provide that only one member may be eligible for election for each mortgage parcel."

(Removes paragraph concerning nominations from the floor which is no longer valid.)

FIVE: Rescinded 09-20-17

(Sept 17)



## **RESCIND MUTUAL FOURTEEN**

### **SHAREHOLDERS' MEETINGS**

#### **Proxy Card/Form – All Mutuals Except Nine, Twelve, Sixteen, and Seventeen**

WHEREAS, the Shareholders of the Corporation have been duly notified of the Annual or Special Meeting of the Shareholders of the Corporation, and the Shareholders have been furnished with a proxy card/form which gives the Shareholder the opportunity to appoint a proxy holder as his or her lawful agent for the purpose of voting on the election of directors or on matters that may come before the membership at the meeting; and

WHEREAS, the Shareholder of the Corporation may appoint another Shareholder of the same Mutual or the Secretary of the Corporation as their proxy holder by writing "the person's name" or "Secretary" on the proxy card/form; and

WHEREAS, the Shareholder of the Corporation may designate "Quorum purposes only" by checking the box so indicated on the proxy card/form, for which the proxy card/form will be used to constitute a quorum at the Annual Meeting of Shareholders, but not for voting purposes on the election of directors or on matters that come before the membership at the meeting.

BE IT RESOLVED THAT, it is the will of the Board of Directors that the Secretary of the Corporation shall act in conformity with the direction of the Board of Directors while in the capacity of proxy holder for a Shareholder of the Corporation; and

BE IT RESOLVED THAT, the Secretary of the Corporation shall be the proxy holder, by default, if the Shareholder fails to appoint a proxy holder; and

BE IT RESOLVED THAT, in the event the Board of Directors fails to make a resolution, or give other direction by a motion as to the manner in which the Secretary of the Corporation shall vote as the proxy holder for the election of directors, then the Secretary of the Corporation is authorized to vote the proxies herein described in a manner that distributes an equal number of votes being cast among all candidates listed on the slate of candidates presented by the Mutual's Nominating Committee; and

#### **Proxy Card/Form**

BE IT FURTHER RESOLVED that, in the event the Secretary of the Corporation fails to attend the Annual or Special Meeting of the Mutual, the President of the Mutual Corporation shall act in the Secretary's stead for the election of directors or on matters that come before the membership at the meeting.

(Mar 14)



**RESCIND MUTUAL FOURTEEN****SHAREHOLDERS' MEETINGS**

**Proxy Card/Form – All Mutuals Except Nine, Twelve, Sixteen, and Seventeen**

<b><u>MUTUAL ADOPTION</u></b>		<b><u>AMENDMENT(S)</u></b>	<b><u>RESCIND</u></b>
ONE:	03-22-01	08-28-03	
TWO:	03-15-01	08-21-02	
THREE:	03-09-01	08-08-03	
FOUR:	03-05-01	08-04-03	
FIVE:	03-21-01	08-20-03	
SIX:	03-27-01	08-26-03	
SEVEN:	03-16-01	08-15-03	
EIGHT:	03-26-01	08-25-03	
NINE:			<b>See 7211.9</b>
TEN:	03-28-01	08-27-03	
ELEVEN:	03-15-01	08-21-03	
TWELVE:	03-08-01	08-14-03	<b>(Rescinded 4-10-14)</b>
FOURTEEN:	03-14-01	09-10-03	
FIFTEEN:	03-19-01	08-18-03	
SIXTEEN:	03-19-01	08-18-03	<b>(Rescinded 3-17-14)</b>
SEVENTEEN:			<b>See 7211.17</b>



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****ACCOUNTING AND FISCAL****Banking Resolution – Mutual Fourteen**

WHEREAS, the following Restricted and Non-restricted accounts are maintained by Seal Beach Mutual Fourteen: US Bank Community Association Checking, US Bank Tax Impound Account, US Bank Community Association Money Mark Savings, BNY Mellon Money Market Account, and BNY Mellon Bond Investment Account.; and

WHEREAS, the 2010-2011 Board of Directors of Mutual Fourteen took office with the Mutual's reserves already invested in Municipal Bonds; and

WHEREAS, Mutual Fourteen's Policy 7306, Banking Resolution, which had not been revised since October 1992, was in effect and required, "That all funds will be deposited with banks and savings and loans that are insured by the F.D.I.C."; and

WHEREAS, Seal Beach Mutual Fourteen recognizes that the current maximum FDIC insurance is \$250,000; and

WHEREAS, it is desirable to maintain these accounts in approved interest-bearing instruments providing maximum earnings; and

WHEREAS, withdraws for the purpose of paying expenses and other transactions of funds that have been approved by the Board of Directors shall be authorized by two signatures;

THEREFORE, BE IT RESOLVED that funds will be deposited with banks that are insured by the F.D.I.C. and that all funds deposited into interest-bearing accounts are restricted to the maximum F.D.I.C. insurance amount. Furthermore, the Board may invest in such instruments that are backed by the full faith and credit of California Municipal, County, and State Government agencies.

THEREFORE, BE IT RESOLVED, that movement of any funds to a vehicle other than these currently existing accounts must be approved by a vote of the Board at an open session meeting; and

THEREFORE, BE IT RESOLVED, that with respect to the existing Municipal Bonds, the Board has the discretion to hold them to maturity or sell them as deemed prudent.

THEREFORE, BE IT RESOLVED that any two of the following officers are authorized as signatory on the banks, savings & loan associations:

PRESIDENT, VICE PRESIDENT, SECRETARY, CHIEF FINANCIAL OFFICER

**MUTUAL ADOPTION****AMENDED**

FOURTEEN: 10-19-92

06-28-11, 04-21-15, 12-15-15

(Dec 15)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****ACCOUNTING AND FISCAL****Impound Account Agreement – All Mutuals Except Two, Five, Six, Nine, Ten, and Twelve**

THIS AGREEMENT entered into this 21<sup>st</sup> day of February 1974 between Seal Beach Mutual Corporations Nos. One through Eleven, (except Mutual No. Nine, effective 07-10-06) hereinafter called Trustors, and Western Mortgage Corporation, a division of Unionamerica, Inc., a Delaware corporation, hereinafter called Servicer.

**WITNESSETH:**

WHEREAS, Metropolitan Life Insurance Company, a New York corporation, hereinafter called the Beneficiary, now holds deed of trust notes secured by deeds of trust on properties in Seal Beach Leisure World owned by Trustors, which notes represent loans insured by the Federal Housing Administration, hereinafter called FHA, and

WHEREAS, the Beneficiary has appointed Servicer as its correspondent and servicing agent to make collections and to fulfill the obligations of the Beneficiary in the servicing of FHA loans in accordance with the requirements of FHA, and

WHEREAS, the Beneficiary has directed Servicer as its agent to pay interest to Trustors on impound accounts held on the subject FHA loans, and

WHEREAS, the Beneficiary has directed Servicer as its agent to assume the administration of the Reserve Fund for Replacements to the mortgage properties, hereinafter called the Reserve Fund, which Reserve Fund is required by FHA to be maintained under the control of the Beneficiary, and

WHEREAS, the Beneficiary has further directed Servicer to invest such Reserve Fund and pay earnings to the Trustors, and

WHEREAS, the Beneficiary and FHA have agreed that Servicer may collect a reasonable fee from Trustors for the services to be provided under this Agreement, and

NOW, THEREFORE, it is mutually agreed by and between the parties hereto as follows:

1. The Trustors shall continue to make regular monthly payments in cash to the Servicer in accordance with the terms of the deed of trust notes. A portion of such regular monthly payments shall be held by Servicer in impound accounts in amounts as required for the payment of taxes, insurance and M.M.I., as set forth in the impound analysis delivered to



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****ACCOUNTING AND FISCAL****Impound Account Agreement – All Mutuals Except Two, Five, Six, Nine, Ten, and Twelve**

Trustors during the first month of each year. Another portion of such regular monthly payments shall be held by Servicer in said reserve und for replacements in amounts as required by the FHA and provided for in the Agreement for the Reserve Fund on such FHA loans.

2. On or before the 30<sup>th</sup> day of each month, Servicer agrees to deposit the monthly impound collections received through the 20<sup>th</sup> day of that month into regular savings accounts in an institution insured by an agency of the Federal Government yielding the highest available interest rate with out the requirement of any fixed time period. Such savings accounts for the impounds shall be maintained as Trust or Custodial accounts in the name of Western Mortgage Corporation, as custodian for the Beneficiary. Servicer shall make withdrawals on such impound accounts as required for payments of taxes, insurance and M. I.

3. Servicer agrees to provide monthly accounting reports to Trustors and the Beneficiary on or before the fifth day of each month that will reflect all savings account transactions under this Agreement as of the 20<sup>th</sup> day of the preceding month. These reports will include a Cash Flow Statement reflecting for each loan account total impound collections for the month, deposits of impound funds into the custodial savings account, any authorized disbursement, and a reconciliation to the balance outstanding in such savings accounts as of the 20<sup>th</sup> day of each month.

4. Payments to the Trustors of interest earned on the savings accounts shall be made on a calendar quarterly basis, less 1/5<sup>th</sup> of the earned interest on such savings accounts. The parties hereto agree that such 1/5<sup>th</sup> of the earned interest to be retained by Servicer is a reasonable charge for the services performed by Servicer in the investment of the impound funds and payment of earnings to Trustors.

5. Servicer agrees to assume the duties and responsibilities of the Beneficiary in the administration of the portfolio of United States Government Bonds in which the Reserve Fund has been invested under certain agreements between Trustors and Beneficiary. Provided the loan is not in default, at the end of each calendar quarter, the Servicer agrees to accept United States Government Bearer Bonds in substitution for the amounts accumulated in the Reserve Fund from collections during the preceding quarter, provided the accumulated amounts are not needed for repairs of payment or other items required under the Agreement for the Reserve Fund. It is understood that if, at any time, the market value of the Bonds falls below the equivalent amount of cash for which they were exchanged, the Servicer, at its

(Nov 17)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****ACCOUNTING AND FISCAL****Impound Account Agreement – All Mutuals Except Two, Five, Six, Nine, Ten, and Twelve**

option, may require the Trustors to make up the deficiency. It is understood that the Servicer and/or Beneficiary assumes no liability resulting from the fluctuation in the market value of the Bonds.

6. It is understood that the Trustors, after ascertaining the dollar amount for which Bonds may be substituted, will purchase the Bonds and deliver them to the Servicer. The Servicer will then refund to the Trustors an amount equal to the actual cost of the Bonds excluding commissions or the par value of the Bonds, whichever is less, but in no event in excess of the amount of the cash on hand. At the Trustors request, Servicer or its agent will detach the interest coupons for redemption and forward the proceeds to the Trustors.

7. Servicer will provide a calendar quarterly report to Trustors and the Beneficiary on or before the 20<sup>th</sup> day of the month following each quarter which will reflect any changes in the status of the Reserve Fund and the portfolio of United States Government Bonds being administered by Servicer for each Mutual corporation.

8. The Trustors agree to pay Servicer \$25.00 per transaction affecting the portfolio of United States Government Bonds in which the Reserve fund has been invested. "Transaction" for the purpose of such compensation to Servicer includes the sale, purchase, maturity or redemption of Bonds in the portfolio being maintained for coupons on such Bonds. In addition, Trustors agree to pay Servicer \$25.00 per calendar quarter for each Mutual corporation which has investments included in the portfolio being administered by Servicer. The calendar quarterly report on changes in the Bond portfolio submitted by Servicer to Trustees and Beneficiary in accordance with the provisions of paragraph 7 will be accompanied by a quarterly billing summarizing the number of transactions and the amounts owing to Servicer which shall be paid by Trustors within fifteen days of receipt; provided, however, that the compensation payable by Trustors to Servicer for the services provided in the administration of the bond portfolio shall not, in the aggregate in any one year, be less than \$4,000, nor more than \$10,000. The parties hereto agree that the compensation provided for in this paragraph for the administration of the Reserve Fund and the portfolio of United States Government Bonds in which the Reserve Fund has been invested, is a reasonable charge for the services performed by Servicer in connection therewith.

9. Servicer agrees to use due diligence in the performance of its duties and the exercise of its fiduciary responsibilities under this Agreement, and Trustors agree that Servicer and the Beneficiary shall not be responsible for any loss or damage suffered by Trustors in the execution of this Agreement that may be caused by circumstances beyond

(Nov 17)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****ACCOUNTING AND FISCAL****Impound Account Agreement – All Mutuals Except Two, Five, Six, Nine, Ten, and Twelve**

Servicer's control.

10. The parties agree that this Agreement shall be for a term of three years from the date of execution and will be automatically renewed on a year-to-year basis except upon 90 days advance written notice of termination given by either party prior to the expiration of the original term or any renewal period. The parties further understand and agree that the execution and implementation of this Agreement will be subject to the approval of the Beneficiary and the FHA; that this Agreement to pay interest on impound accounts to Trustors on Seal Beach Leisure World FHA loans is entered into on a voluntary basis by the Beneficiary and Servicer, and is not presently required by any law or governmental regulation; and further that any subsequent agreement between the parties to modify, amend or replace this Agreement shall be subject to the approval of the Beneficiary and the FHA.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers, duly authorized the day and year first above written.

**MUTUAL ADOPTION****RESCINDED**

ALL MUTUALS: Feb 1974

TWO:	02-17-11
FIVE:	11-18-16
SIX:	09-22-17
NINE:	07-10-06
TEN:	11-29-17
TWELVE:	07-13-17

(Nov 17)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****PHYSICAL PROPERTY**

**Skylights for Bathrooms or Kitchens – Except Mutuals One, Three, Four, Five, Six, Seven, Eight, Twelve, Fifteen, and Sixteen**

**RESOLUTION:**

WHEREAS, some residents of this Mutual have requested permission to remodel the building in which they reside by installing skylights over the kitchen or bathroom in the existing roof structures, and

WHEREAS, permission has been received from HUD and the mortgagee to permit such remodeling,

NOW THEREFORE BE IT RESOLVED, that the Physical Property Department of the Golden Rain Foundation is hereby authorized to approve individual requests by residents for this remodeling and to issue a building permit in the regular form for this work, subject to the following conditions:

1. The contractor performing the work must be a contractor licensed in the State of California as a General Contractor, and the work to be performed at the expense of the requesting resident.
2. The contract form to be used will be the standard contract form as developed by the Physical Property Department.
3. The construction will conform to the plans and specifications approved by the Mutual Board.
4. A building permit will be obtained from the City of Seal Beach, California.
5. Resident agrees that title to the remodeling and addition shall vest in the Mutual Corporation.

**Mutual Nine (effective 10-11-04)**

6. At the time of installation or replacement of skylights or skylight domes, single-sided foam tape must be applied between the frame and skylight dome.



**MUTUAL OPERATIONS**

7403.4

**PHYSICAL PROPERTY**

**RESCIND MUTUAL FOURTEEN**

**Skylights for Bathrooms or Kitchens** – Except Mutuals One, Three, Four, Five, Six, Seven, Eight, Twelve, Fifteen, and Sixteen

**MUTUAL ADOPTION**

**AMENDMENT(S)**

**RESCIND**

ONE: 07-25-85  
2017  
TWO: 08-15-85  
THREE: 09-14-84  
FOUR: 07-02-84  
FIVE: 10-16-85  
SIX: 10-25-85  
SEVEN: 08-15-86  
EIGHT: 06-25-84  
NINE: 06-10-85  
TEN: 10-23-85  
ELEVEN: 08-24-83  
TWELVE: 12-13-84  
FOURTEEN: 09-23-83  
FIFTEEN: 12-16-85  
SIXTEEN: 06-16-86  
SEVENTEEN: N/A

11-11-91, 07-19-00

10-11-04

07-16-90, 03-19-01, 04-19-04

(See Policy 7465.1)-Jan

(See Policy 7403.3)-Aug 2016  
(See Policy 7403.4.4)-Dec 2006  
(See Policy 7465.05)-Jan 2017  
(See Policy 7403.4.6)-Sept 2009  
(See Policy 7403.4.7)-Jul 2008  
(See Policy 7403.4.8)-Jan 2008

(See Policy 7403.4.12)-Oct 2006  
(See Policy 7419.15)-Nov 2016  
(See Policy 7465.16)-Nov 2016

(Jan 17)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****PHYSICAL PROPERTY****Skylights in Permanent Roof Extension – Except Mutuals One, Three, Five, Six, Seven, and Sixteen****RESOLUTION**

THAT Mutual \_\_\_\_\_ authorizes the Physical Property Department to issue permits for the installation of skylights in patio permanent roof extensions, as approved by HUD and according to the following Mutual specifications:

1. Size
  - a. 32" x 64"
2. Number
  - a. One only per apartment
  - b. Two per apartment
  - c. Three per apartment
3. Location
  - a. Over entry way
  - b. Over front patio
    1. In front of bedroom
    2. In front of living room
4. Position
  - a. Thirty inches in front of building stucco wall
  - b. Long side of skylight parallel with rafters
  - c. Long side of skylight across the rafters
    1. Middle rafter may be cut and headered in

(The number and location of skylights vary in each Mutual; please refer to the Mutual minutes that corresponds to the adoption dates listed below).



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****PHYSICAL PROPERTY****Apartment Fire/Safety Inspection****Annual Inspection:**

WHEREAS, The Board of Directors of this Corporation is bound by the terms of a Regulatory Agreement with FHA/HUD to maintain the physical structure of the apartment building in the Mutual in good repair and in such condition as will preserve the health and safety of its occupants,

WHEREAS, The Occupancy Agreement between each Stockholder and the Corporation provides that the Board may make an inspection of the dwelling unit at any reasonable hour of the day, and

WHEREAS, It is the desire of this Board that such situations be discovered and rectified before harm can come to residents or to the structure; now, therefore, be it

RESOLVED, That the Golden Rain Foundation Community Facilities Manager is authorized and instructed to institute an annual Fire/Safety Inspection of the dwelling units of this Corporation, using appropriate City and County Health, Fire and Building Codes as a basis for developing a checklist of possible violations, and assigning staff members from Physical Property, Security and/or other appropriate departments to work with members of this Board in conducting such an inspection.

RESOLVED FURTHER, that violations of City or County Codes shall be reported by the Golden Rain Foundation Community Facilities Manager to the appropriate City or County agency for such remedial action as is provided under the Code.

**Biennial Inspection:**

RESOLVED, That the resolution adopted by this Mutual on (see below) authorizing the institution of an Annual Fire/Safety Inspection of Mutual apartments be amended to read "...the Golden Rain Foundation Community Facilities Manager is authorized and instructed to institute a biennial Fire/Safety Inspection of the dwelling units of this Corporation..."

(Oct 17)



MUTUAL OPERATIONS**RESCIND MUTUAL FOURTEEN****PHYSICAL PROPERTY**Apartment Fire/Safety Inspection

<u>Mutual</u>	<u>Annual Inspection</u>	<u>Biennial Inspection</u>
ONE	01-22-87, 04-23-15***	
TWO	<del>05-15-75</del> , 04-19-79	
THREE	<del>02-20-73</del> , <del>11-14-86</del> , 08-11-17****	
FOUR	<del>12-04-72</del> , 12-01-86	
FIVE	<del>12-20-72</del> , 02-19-75 (See Policy 7410.05 – Feb 17)	
SIX	<del>12-08-72</del> , 12-05-86	
SEVEN	<del>01-19-73</del> , 10-19-07**	02-21-75
EIGHT	<del>12-11-72</del> , 11-24-86	
NINE	<del>01-08-73</del> , 02-10-75 (See Policy 7410.09 – June 2016)	
TEN	<del>11-20-72</del> , 02-27-75	
ELEVEN	<del>12-21-72</del> , 03-20-75	
TWELVE	(See Policy 7410.12)	
FOURTEEN	<del>12-08-72</del> , <del>11-21-86</del>	03-31-89
FIFTEEN	<del>01-15-73</del> , 02-03-75	
SIXTEEN	<del>1972</del> , 09-18-00*	02-13-75
SEVENTEEN	(See Policy 7410.17)	

\*In 1972, Mutual Sixteen had annual Inspections; in 1975, the Mutual changed to biennial inspections and, in 2000, the Mutual reverted back to annual inspections.

\*\*On 10-19-07, Mutual Seven reverted back to annual inspections. (Nov. 24, 2014)

\*\*\*Mutual One will have the fire/safety inspections in Buildings 1 through 35 every odd year and in Buildings 36 through 70 every even year, to begin in 2015.

\*\*\*\*In 1974, Mutual Three had annual Inspections, in 1986, the Mutual changed to biennial inspections and, on August 11, 2017, the Mutual reverted to annual inspections.\*\*\*\*

(Oct 17)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****PHYSICAL PROPERTY****Roof Extensions – Except Mutuals Seven, and Nine****RESOLUTION:**

WHEREAS some residents of this Mutual have requested permission to remodel the building in which they reside by extending the roof structure to cover the existing patio area, and

NOW THEREFORE BE IT RESOLVED that the Physical Property Department of the Golden Rain Foundation is hereby authorized to approve individual requests by residents for this remodeling and issue a building permit in the regular form for this work, subject to the following conditions:

1. The contractor performing the work must be a contractor licensed in the State of California as a General Contractor.
2. The contract form to be used will be the standard contact form as developed by the Physical Property Department.
3. The construction will conform to the plans and specifications approved by the architect of the Los Angeles Office of the Federal Housing Administration.
4. A building permit will be obtained from the City of Seal Beach, California.
5. Resident agrees that title to the remodeling and addition shall vest in the Mutual Corporation.

**MUTUAL ADOPTION**

ONE	02-25-01	NINE	11-19-74 – rescinded 3-14-16
TWO	11-20-69	TEN	01-27-71
THREE	10-20-69	ELEVEN	10-16-69
FOUR	10-27-69	TWELVE	01-09-69
FIVE	11-19-69	FOURTEEN	05-05-70
SIX	10-24-69	FIFTEEN	09-04-74
SEVEN	11-21-69 – rescinded 3-15-17	SIXTEEN	12-11-74
EIGHT	04-26-74	SEVENTEEN	Not Applicable

(Mar 17)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****PHYSICAL PROPERTY****Patio Roof Covers****RESOLUTION:**

That, from this date, only permanent type patio roofs may be installed or replaced in Mutual \_\_\_\_\_.

<b><u>MUTUAL</u></b>	<b><u>ADOPTION DATE</u></b>	<b><u>AMENDMENTS</u></b>
ONE		
TWO	05-22-80	
THREE	08-16-79	
FOUR	08-18-80	
FIVE	08-07-78	
SIX	08-22-80	
SEVEN	<del>03-16-79</del>	– rescinded 03-16-16 (See Policy 7493.7)
EIGHT	08-27-79	
NINE	08-11-80	
TEN	06-25-81	
ELEVEN	06-15-78	
TWELVE	01-11-79	
FOURTEEN	08-23-80	
FIFTEEN	09-28-76	
SIXTEEN	03-26-79	
SEVENTEEN	N/A	



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****SHAREHOLDER REGULATIONS****Patio/Estate Sales – All Mutuals Except Mutual Four, Nine, and Eleven**

The following instructions must be followed when requesting to conduct an Estate Sale:

1. Complete four (4) copies of the "Request for Permission to Conduct Estate Sale" (page 2 of this policy) and three copies of "Estate Sale Inventory" (pages 3 and 4 of this policy):
  - a) Give one copy of each form to Mutual President at time of approval.
  - b) Give one copy of "Request for Permission to Conduct Estate Sale" to the Golden Rain News, if advertising the sale in the News.
  - c) Give one copy of "Request for Permission to Conduct Estate Sale" to Security Dept.
  - d) Post copy of "Estate Sale Inventory" at place of sale.

Mutuals Two and Seven (persons holding estate sales in Mutuals Two, Seven and Nine must also):

2. Provide one (1) copy of a sales contract or agreement to Mutual Rep. at time of approval.
3. Selling agent must show proof of Seal Beach Business License for person conducting sale (business license not required if person conducting sale is an immediate family member). Person conducting sale must be present at sale site at all times. Mutual Two: Outside merchandise is not permitted.
4. Provide either of the following:
  - a) Proof that a "Notice of Intention to Withdraw" form has been completed and submitted to the Stock Transfer Office.
  - b) For a deceased resident, a copy of a death certificate for a deceased resident or for a living resident, a document that certifies that living resident is in an assisted living facility and does not plan on returning to the unit.

Mutual One (persons holding estate and/or patio sales in Mutual One must also follow below rules):

1. A permit will be secured at least 72 hours prior to the sale and will be prominently posted on the premises during the sale (Request for Permission to Conduct Estate Sale).
2. Authorization to approve an estate and/or patio sale is given to the president of the Mutual corporation or, in the absence of the president, any other Mutual One officer as long as the president is notified of the sale. An officer may not approve his/her own estate and/or patio sale.

(May 16)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****SHAREHOLDER REGULATIONS****Patio/Estate Sales – All Mutuals Except Mutual Four, Nine, and Eleven**

3. No more than one sale on the same premises in any calendar year.
4. No new merchandise acquired solely for the purpose of resale may be sold at the patio sale.
5. Sales may last no more than two consecutive days (Thursday and Friday only) between the hours of 9:00 a.m. and 3:00 p.m.
6. One sign advertising the sale is allowed on the shareholder premises only. All other signs, either on or off the premises is prohibited.
7. Definitions (Wikipedia):
  - a. Estate sale (liquidation): A sale to dispose of a substantial portion of the materials owned by a person who is recently deceased or who must dispose of his or her personal property to facilitate a move.
  - b. Patio sale: Sale of used goods by private individuals in which sellers are not required to obtain business licenses or collect sales tax but does require a permit.

**MUTUAL ADOPTION AND AMENDMENTS:**

ONE:	7-26-90, 05-24-01, 03-25-10, 09-29-14
TWO:	07-19-90, 05-18-00, 08-16-01, 02-18-10
THREE:	07-13-90, 11-08-91, 07-13-01, 03-12-10
FOUR:	08-06-90, 07-02-01, 03-10-10 (See Policy 7508.4 - Feb-2016)
FIVE:	07-08-91, 07-18-01, 02-17-10
SIX:	07-27-90, 07-23-96, 05-22-01, 02-23-10
SEVEN:	07-20-90, 07-20-01, 02-19-10
EIGHT:	07-23-90, 05-25-01, 03-22-10
NINE:	08-13-90, 07-09-01, 06-08-09, 02-08-10, (See Policy 7508.9-May 2016)
TEN:	07-25-90, 03-27-96, 06-27-01, 02-24-10
ELEVEN:	07-19-90, 07-19-01, 03-25-10 (See Policy 7508.11 –Jan-13)
TWELVE:	07-12-90, 07-12-01, 03-11-10
FOURTEEN:	07-27-90, 06-13-01, 05-24-10
<b>FIFTEEN:</b>	<b>07-16-90, 06-17-96, 05-21-01, 11-16-09, 09-29-14</b>
SIXTEEN:	07-16-90, 06-18-01, 11-16-09
SEVENTEEN:	12-03-91 (no sales at all)

**REQUEST FOR PERMISSION TO CONDUCT AN ESTATE SALE**

(May 16)



MUTUAL OPERATIONS**RESCIND MUTUAL FOURTEEN****SHAREHOLDER REGULATIONS**Patio/Estate Sales – All Mutuals Except Mutual Four, Nine, and Eleven

**TO:** BOARD OF DIRECTORS, SEAL BEACH MUTUAL \_\_\_\_\_  
**FROM:** \_\_\_\_\_ (Person Conducting  
 Sale)

**SUBJECT: REQUEST TO HOLD AN ESTATE SALE**

At Address \_\_\_\_\_ Apt. # \_\_\_\_\_

Date(s) \_\_\_\_\_ between 9 a.m. and 3 p.m.

**I am** (check one): ( ) Resident Shareholder (at above address) ( ) Executor ( ) Nonres.Co-  
 Owner  
 ( ) Other (please explain) \_\_\_\_\_

**Upon approval, I agree to:**

- a) See the Mutual Representative after completing this page and the inventory form.
- b) Provide an approved copy of this form to the Golden Rain News, if placing an ad with them.
- c) Provide nonresident shoppers' full names, vehicle make and license number along with an approved copy of this form, to the Security Department and to accept the responsibility, as my personal guests, anyone admitted to Leisure World for the purpose of attending the sale.
- d) Be responsible for damage or liability as a result of the sale activities.
- e) Minimize inconvenience or disturbances to neighboring residents.
- f) Complete the attached brief inventory of the "major" items to be sold.
- g) Provide a signed copy of the inventory to the Mutual Representative and post a copy of inventory at the sale site.

I am aware that the purpose of this sale is to assist in vacating an apartment and that NO merchandise or personal items may be added to the possessions of the owner/former owner or made a part of this sale. ***I understand that a representative of the Mutual may inspect the sale and that the sale can be stopped immediately if there is deviation from this agreement.*** I agree not to add or bring any goods or merchandise to this sale. I understand that I can be barred from holding any sales in Leisure World for a period of one year if I deviate from this agreement.

Date \_\_\_\_\_ Signature \_\_\_\_\_

\_\_\_\_\_

+++++

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**Mutual Approval** – To be completed by Mutual Director

(May 16)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****SHAREHOLDER REGULATIONS****Patio/Estate Sales – All Mutuals Except Mutual Four, Nine, and Eleven**

Director's Name \_\_\_\_\_ ( ) Approved ( ) Disapproved

Date \_\_\_\_\_ Signature \_\_\_\_\_

\_\_\_\_\_  
cc: ( ) Mutual ( ) Responsible Party ( ) Golden Rain News ( ) Security  
Department

(May 16)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****SHAREHOLDER REGULATIONS****Patio/Estate Sales – All Mutuals Except Mutual Four, Nine, and Eleven**

Mutual \_\_\_\_\_ Apt. # \_\_\_\_\_

**ESTATE SALE INVENTORY**

Name \_\_\_\_\_ Address \_\_\_\_\_

**Living Room Area:****Description (color, type of wood, size, make, etc.)**

# \_\_\_\_\_ Couch(es) / Sofa(s) \_\_\_\_\_  
 # \_\_\_\_\_ Chair(s) \_\_\_\_\_  
 # \_\_\_\_\_ Table(s) \_\_\_\_\_  
 # \_\_\_\_\_ Cabinet(s) \_\_\_\_\_  
 # \_\_\_\_\_ Lamp(s) \_\_\_\_\_  
 # \_\_\_\_\_ Television(s) / Radio(s) \_\_\_\_\_  
 # \_\_\_\_\_ Picture(s) / Mirror(s) \_\_\_\_\_  
 # \_\_\_\_\_ Clock(s) \_\_\_\_\_  
 # \_\_\_\_\_ Other \_\_\_\_\_  
 # \_\_\_\_\_ Other \_\_\_\_\_

**Bedroom(s):** # of Bedrooms: Circle One: One Two

# \_\_\_\_\_ Beds \_\_\_\_\_  
 # \_\_\_\_\_ Dresser(s)/High-Boy(s) \_\_\_\_\_  
 # \_\_\_\_\_ Bookcase(s)/Cabinet(s) \_\_\_\_\_  
 # \_\_\_\_\_ Chair(s) \_\_\_\_\_  
 # \_\_\_\_\_ Secretary / Desk(s) \_\_\_\_\_  
 # \_\_\_\_\_ Nightstand(s) / Table(s) \_\_\_\_\_  
 # \_\_\_\_\_ Lamp(s) \_\_\_\_\_  
 # \_\_\_\_\_ Picture(s) / Mirror(s) \_\_\_\_\_  
 # \_\_\_\_\_ Bed Linens \_\_\_\_\_  
 # \_\_\_\_\_ Jewelry \_\_\_\_\_  
 # \_\_\_\_\_ Other \_\_\_\_\_  
 # \_\_\_\_\_ Other \_\_\_\_\_



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****SHAREHOLDER REGULATIONS****Patio/Estate Sales – All Mutuals Except Mutual Four, Nine, and Eleven**

Mutual \_\_\_\_\_ Apt. # \_\_\_\_\_

**Kitchen:**

# \_\_\_\_\_ Table with \_\_\_\_\_ Chairs \_\_\_\_\_

# \_\_\_\_\_ Microwave or Toaster Oven \_\_\_\_\_

# \_\_\_\_\_ Small Appliances, i.e. blender \_\_\_\_\_

# \_\_\_\_\_ Dishes \_\_\_\_\_

# \_\_\_\_\_ Flatware \_\_\_\_\_

# \_\_\_\_\_ Pots and Pans \_\_\_\_\_

# \_\_\_\_\_ Other \_\_\_\_\_

# \_\_\_\_\_ Other \_\_\_\_\_

**Bathroom:**

# \_\_\_\_\_ Linens \_\_\_\_\_

# \_\_\_\_\_ Picture(s) / Mirror(s) \_\_\_\_\_

# \_\_\_\_\_ Other \_\_\_\_\_

# \_\_\_\_\_ Other \_\_\_\_\_

**Miscellaneous:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signed: \_\_\_\_\_ Date \_\_\_\_\_ Phone \_\_\_\_\_

Owner/Executor Signature

(May 16)



## **RESCIND MUTUAL FOURTEEN**

### **RESIDENT REGULATIONS**

#### **Acceptability of Individual for Stock Ownership**

##### **RESOLUTION:**

WHEREAS this Mutual Corporation is called upon from time to time to interview and evaluate the eligibility of individuals for common stock ownership in this Corporation, and

WHEREAS previously no criteria has been established except as to the Section 1, Article III, Eligibility Criteria for Stock Ownership, and

WHEREAS the Mutual Corporation is required to determine suitability pursuant to the regulatory agreement and executed between this Corporation and FHA at the initial and final endorsement of the mortgages upon this project, and

WHEREAS the Occupancy Agreement is to be executed by said member-stock-holder-resident, and

WHEREAS it is the duty of this Corporation to determine that the intention of the person seeking common stock ownership is to provide housing for such member and eligible family.

NOW THEREFORE BE IT RESOLVED that any interviewer for this Corporation, in determining the eligibility and acceptability of an individual for common stock ownership, shall include in the determination by such interviewer, among other factors, as to whether said individual has made multiple moves within the Leisure World Seal Beach complex, for the purpose not of maintaining a residency for said member and family, but rather to create investment properties for the benefit of said proposed owner, the improvement, remodeling, and sale of said units, in which event the interviewer shall report the same to the Mutual Board of Directors, who shall be the final arbiters in making a determination as to the acceptability of said proposed individual for common stock ownership.

#### **Mutual Sixteen Only:**

BE IT FURTHER RESOLVED that the interview of prospective new buyer(s) be conducted after a deposit is made and before escrow is opened.



MUTUAL OPERATIONS**RESCIND MUTUAL FOURTEEN****RESIDENT REGULATIONS**Acceptability of Individual for Stock OwnershipMUTUAL ADOPTIONAMENDED

ONE	09-26-91	
TWO	09-19-91	
THREE	09-13-91	
FOUR	10-07-91	
FIVE	11-11-91	
SIX	09-24-91	
SEVEN	09-20-91	
EIGHT	09-23-91	
NINE	10-13-91	
TEN	10-23-91	
ELEVEN	09-19-91	
TWELVE	09-16-91	12-12-91
FOURTEEN	09-27-91	
FIFTEEN	09-16-91	
SIXTEEN	11-18-91	02-21-06
SEVENTEEN	N/A	



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****RESIDENT REGULATIONS****Dual Ownership    Except Mutual Fourteen**

FHA recognizes that in some instances dual ownership can be justified and arranged on a reasonable and sound basis.

A member can change to another unit for legitimate reasons if:

- a. The Mutuals involved are agreeable to such an arrangement;
- b. The member agrees to be responsible for paying full carrying charges on both units until he has sold the vacated or to-be vacated unit, and;
- c. The member demonstrates his ability to meet the dual financial obligations involved.

Policing these requirements should be left with the Mutuals involved and management.

<b><u>Mutual</u></b>	<b><u>Rescinded</u></b>
<b>Fourteen</b>	<b>11-13-17</b>

FHA Letter: 26 Jun 67

(Nov 17)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****RESIDENT REGULATIONS**

Shareholder's Name \_\_\_\_\_  
 (Print Name Here)

Apt. # \_\_\_\_\_

**Satellite Dish Installation – Regulation – Mutuals 3, 4, 7, 8, 10, 11, 12 and 14**

As a shareholder in Mutual No. \_\_\_\_\_, my/our signature(s) below indicate that I/we have read Policy 7574.\_\_\_\_\_, Satellite Dish Installation, and agree:

1. To obtain a permit from the Physical Property Department of the Golden Rain Foundation prior to having a satellite dish installed.
  - a. To ensure that the licensed company complies with all Foundation and Mutual policies, rules and regulations.
2. That, if a permit is not obtained from the Physical Property Department, the Mutual has the authority and authorization to remove the satellite dish at shareholder's expense.
3. That, in the event the installation occurred prior to May 1, 2002, the Mutual has the right to have the satellite dish removed at the shareholder's expense, unless the shareholder hires a licensed contractor to obtain a permit from the Physical Property Department to verify installation is proper.
4. That any damage which may occur to the building or roof during installation, or during the operation of the satellite dish, is the responsibility of the shareholder and will be paid by the shareholder.
5. To have the satellite dish maintained in good condition. If it is not maintained in good condition by the shareholder, the satellite dish will be removed at the shareholder's expense.
6. To remove the satellite dish upon the sale or transfer of unit, at my/our expense, unless the buyer signs this form.

\_\_\_\_\_  
 Shareholder's Signature

\_\_\_\_\_  
 Date



**MUTUAL OPERATIONS**

**RESCIND MUTUAL FOURTEEN**

**RESIDENT REGULATIONS**

**Shareholder's Name** \_\_\_\_\_  
(Print Name Here)

**Apt. #** \_\_\_\_\_

**Satellite Dish Installation – Regulation – Mutuals 3, 4, 7, 8, 10, 11, 12 and 14**

\_\_\_\_\_  
Mutual President's Approval Date

Copy to: Shareholder, Stock Transfer Office, Physical Property Department, Mutual CFO



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****MUTUAL RESERVES****Operating Service – Except Mutual Nine and Twelve****1. Legal Basis**

The Regulatory Agreement (FHA Form 3225) between the mortgagor (Mutual) and the Federal housing Commissioner required that the Mutual shall establish and maintain a General Operating Reserve by allocation and payment monthly of a sum computed as follows:

1. Three percent of the monthly amount otherwise chargeable to the members pursuant to their Occupancy Agreement (three percent of monthly budget).
2. When the amount on deposit in the General Operating Reserve reaches fifteen percent of the annual budget, the rate of such monthly deposits may be reduced from three percent to two percent by appropriate action of the Mortgagor (Mutual) with approval by FHA.
3. When the amount reaches twenty-five percent of the annual budget, monthly payments may be discontinued and no further monthly deposits need be made so long as said twenty-five percent level is maintained.
4. Upon any reduction of this Reserve below twenty-five percent, monthly deposits at the rate of three percent shall be made until the twenty-five percent level is restored.

**II. Use of the Fund**

This cumulative reserve is maintained to provide a measure of financial stability during periods of special stress and may be used to meet deficiencies from time to time, and for certain other limited purposed.

Disbursements totaling in excess of twenty percent of the total balance in the Reserve as of the close of the preceding annual period may not be made during any annual period without the consent of the Federal Housing Commissioner.

Disbursements from the fund must be fully repaid in the fiscal year following the disbursement.



**MUTUAL OPERATIONS**

7610

**RESCIND MUTUAL FOURTEEN**

**MUTUAL RESERVES**

**Operating Service – Except Mutual Nine and Twelve**

III. Suggestions

Questions concerning any use of the fund should be directed to the Administrator prior to Board action. If FHA review and approval is needed, the matter an then by expedited.

**MUTUAL ADOPTIONS**

**AMENDMENTS**

**RESCINDED**

All Mutuals

NINE: 07-10-06  
TWELVE: 03-10-16

(Mar 16)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****MUTUAL RESERVES****REPLACEMENT RESERVE FUND – All Mutuals****I. Information**

The Regulatory Agreement (FHA Form 3225) between the Mortgagor (Mutual) and the Federal Housing Commissioner (FHC) requires that the Mutual shall establish and maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account with the Mortgagee. The amount is determined by contract and the Replacement Reserve is available for the replacement of the following items:

1. Range, electric
2. Refrigerator, electric
3. Kitchen Sink
4. Lavatories and Fittings
5. Toilets and Valves
6. Bath Tubs, Fittings, Shower Stalls
7. Laundry Tubs, Trays, Washers
8. Laundry Dryers
9. Hot Water Heaters, electric
10. Garbage Disposers
11. Heaters, Electric Radiant
12. Roofing, Built-up or Shingle
13. Flashings, Gutters, Downspouts, GI
14. Asphalt tile
15. Electric Fixtures
16. Ventilating Fans and Blowers
17. Door & Window Screens, aluminum

**II. Use of Fund**

Whenever any Mutual Board determines that an item on the above list needs replacement, the procedure is as follows:

1. Authorize the work to be done and payment to be made upon completion.
2. Adopt a resolution certifying that the work covered by the receipted bills attached has been completed, and request reimbursement from the Reserve for Replacements Fund in the amounts enumerated and the items specified. Further authorize an officer of the corporation to execute the form attached.



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****MUTUAL RESERVES****REPLACEMENT RESERVE FUND – All Mutuals**

3. Request the Administrator to present the request for withdrawal from the rve for Replacements Fund for the items replaced.



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****ADMINISTRATIVE SERVICES****Estate Transaction and Creditors' Claims**

Any authorized person transacting estate affairs pertaining to a deceased member (sole owner), such as a relative, heir, etc., should be referred to the Stock Transfer Office. This is to enable the office to maintain the account on a current basis until the estate can be closed.

Creditors' claims are also generated by this office to cover any outstanding debts which may exist and cannot be collected except through final distribution of the estate by the courts.

**ADOPTED POLICY**

ALL MUTUALS: APR 1987

MUTUAL 16:

**AMENDMENTS**

Rescinded 11-07-17

(Nov 17)



MUTUAL OPERATIONS**RESCIND MUTUAL FOURTEEN****MUTUAL COUNCILS****Physical Property Council Bylaws****ARTICLE I – NAME**

This organization shall be known as the Leisure World Seal Beach Physical Property Council.

**ARTICLE II – PURPOSE**

For the establishment of a personal relationship between the Mutuals, so that viral communications necessary to the best interests of the stockholders of Leisure World Seal Beach may be expedited.

To discuss physical property matters relating to the best interests of Leisure World. However, any collective opinion reached by the Council shall be considered as policy only when approved by the Boards of Directors of said Mutuals.

**ARTICLE III – MEMBERSHIP**

Membership in the Council shall consist of one Official Representative and any other representatives for each Mutual selected by procedures determined by each Mutual.

**ARTICLE IV - OFFICERS**

The officers of the Council shall be a President, a Vice President and a Secretary.

Each officer shall serve until replaced by a duly elected officer.

The President shall have all of the general powers and duties usual to the office including presiding at all meetings of the Council, appointing all committees and serving as an ex officio member of all committees.

The Vice President shall assume the duties of the President in the absence of the President and shall perform other duties assigned to the Vice President by the President.

The Secretary shall perform all duties usual to the office.

**ARTICLE V – MEETINGS**

(Aug 93)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****MUTUAL COUNCILS****Physical Property Council Bylaws****Annual Meeting**

The Annual Meeting shall be conducted immediately prior to the first regular or special meeting of the Council held after June 30 of each year.

The business of the meeting shall be:

- (1) To elect officers for the coming year and
- (2) To set a schedule of regular meeting for the coming year.

A Nominating Committee consisting of at least three Official Representatives of the Council shall be appointed by the President prior to June 15<sup>th</sup> of each year. The Nominating Committee's report shall be included in the agenda for the Annual Meeting. Nominations from the floor are permitted during the Annual Meeting.

**Regular Meetings**

Regular Meetings shall be held in accordance with the schedule of meetings as determined during the Annual Meeting and, if necessary, as revised by the Council during the year by resolution.

**Special Meetings**

Special Meetings may be called:

- (1) By the President,
  - (2) By the Vice President if the President is unable to act,
  - (3) By the Secretary if the President and Vice President are unable to act, or
  - (4) The Official Representatives of any three Mutuals if the officers are unwilling to act.
- Each Official Representative of each Mutual shall be notified of a Special Meeting at least three days in advance of the meeting.

**ARTICLE V1 – VOTING**

Each Mutual shall have one vote only on each question arising at any regular or special meeting of the Council.



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****MUTUAL COUNCILS****Physical Property Council Bylaws**

The vote is to be cast by the Official Representative or duly appointed substitute.

**ARTICLE VII – QUORUM**

A quorum shall exist at any meeting when three-fourths of the Mutuals are represented by a duly designated representative.

Attendance is determined by a roll call of the Official Representatives of the Mutuals. Any substitute for an absent Official Representative is to be identified during the roll call.

Meetings may proceed without a quorum. However, no official business may be conducted.



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****CONTRACTUAL OBLIGATIONS****Regulatory Agreement****A. Legal Basis**

The Regulatory Agreement (FHA Form 3225) is an agreement between a Mutual (Mortgagor) and the Federal Housing Commissioner. In order to obtain mortgage insurance pursuant to Section 213 of Title II of the National Housing Act, and obtain the endorsement of Commissioner on the note, a Mortgagor must consent to be regulated and restricted by the terms of a Regulatory Agreement.

**B. Basic Terms**

1. Mutual to make all mortgage payments promptly.
2. Mutual to maintain a fund for replacements (see Replacement Fund).
3. Mutual to establish and maintain a General Operating Reserve (see Operating Reserve).
4. Mutual to establish and collect monthly carrying charges in accordance with a schedule filed with and approved by FHA.
5. Prior written approval of FHA required for Mutual to:
  - a. Sell, assign, transfer, dispose of or encumber any real or personal property.
  - b. Remodel, reconstruct, demolish or subtract from the premises.
  - c. Permit occupancy of any dwelling except at charges fixed by the schedule of charges.
  - d. Permit occupancy of a dwelling except by members of the corporation.
  - e. Consolidate, merge or go into voluntary liquidation.
  - f. Fail to establish and maintain the Replacement and General Operating Fund.
  - g. Incur liabilities which will at any time exceed 1% of the insured mortgage amount.



## **RESCIND MUTUAL FOURTEEN**

### **CONTRACTUAL OBLIGATIONS**

#### **Regulatory Agreement**

- h. Fail to provide for the management in a manner approved by the Commissioner.
  - i. Invest any funds of the corporation in any property, real, personal or mixed, except obligations of, or fully guaranteed as to principal by, the United States of America.
- 6. Mutual shall not pay any compensation to its officers, directors or stockholders. No officer, director, stockholder, agent, or employee of the Mortgagor shall in any manner become indebted to the Mortgagor, except on account of approved occupancy charges.
- 7. Mortgagor shall maintain its project, the grounds, buildings, and equipment appurtenant thereto, in good repair and in such condition as will preserve the health and safety of its occupants.
- 8. The Mortgagor, its property, equipment, buildings, plans, office, apparatus, devices, books, contracts, records, documents and papers shall be subject to inspection and examination by the Commissioner or his duly authorized agent at all reasonable times.
- 9. The books and accounts of the Mortgagor shall be kept in accordance with the Uniform System of Accounting prescribed by the Commissioner. The Mortgagor shall file with the Commissioner and the Mortgagee the following reports verified by the signature of such officers of the Mortgagor as may be designated and in such form as may be prescribed by the Commissioner:
  - a. Monthly or quarterly operating reports when required by the Commissioner.
  - b. Semi-annual financial statement within 60 days after the semi-annual period when required by the Commissioner.
  - c. Annual reports prepared by a certified public accountant or other person acceptable to the Commissioner within 60 days after the end of each fiscal year.
  - d. Specific answers to questions upon which information is desired from time to time relative to the operation and condition of the property and the status of the Mortgage.
  - e. Copies of minutes of all stockholders' meetings certified by the secretary of the

(Nov 17)



**MUTUAL OPERATIONS****RESCIND MUTUAL FOURTEEN****CONTRACTUAL OBLIGATIONS****Regulatory Agreement**

Mortgagor within 30 days after such meetings, and when required by the Commissioner, copies of minutes of directors' meetings.

10. The Mortgagor shall not execute or file for record any instrument which imposes a restriction upon the sale, leasing or occupancy of the property subject to the insured mortgage, or any part thereof, on the basis of race, color or creed.
11. No litigation seeking the recovery of a sum in excess of \$3,000 nor any action for specific performance or other equitable relief shall be instituted nor shall any claim for a sum in excess of \$3,000 be settled or compromised by the Mortgagor unless prior written consent thereto has been obtained from the Commissioner. Such consent may be subject to such terms and conditions as the Commissioner may prescribe.
12. The Mortgagor agrees to observe and perform each and every one of the covenants and provisions required to be observed and performed under or pursuant to the terms of the Mortgage.
13. The Mortgagor shall not file any petition in bankruptcy, or for a receiver, or in insolvency, or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors, or permit an adjudication in bankruptcy, or the taking possession of the mortgaged property or any part thereof by a receiver, or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale.
14. Upon a violation of any of the above provisions of this Agreement by the Mortgagor, the Commissioner may give written notice thereof to the Mortgagor, by registered or certified mail, addressed to the addressees stated in this Agreement. If such violation is not corrected to the satisfaction of the Commissioner within 15 days after the date such notice is mailed, or within such additional period of time as is set forth in the notice, or where the Mortgagor proceeds immediately and diligently, within such further time as the Commissioner determines is necessary to correct the violation, without further notice the Commissioner may declare a default under this Agreement.
15. As security for the payment due under this Agreement for the Reserve Fund for Replacements, and to secure the Commissioner because of his liability under the endorsement of the Note for insurance, and as security for the other obligations under



**RESCIND MUTUAL FOURTEEN****CONTRACTUAL OBLIGATIONS****Regulatory Agreement**

this Agreement, the Mortgagor assigns, pledges and mortgages to the Commissioner its rights to the rents, profits, income and charges of whatever sort which it may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents in the insured mortgage referred to herein; provided, however, that permission is granted to the Mortgagor to collect and retain under the provisions of this Agreement the rent, profits, income and charges, during any such period or periods of time for which the Commissioner has not declared a default. Upon declaration by the Commissioner of a default, the said permission is terminated and shall not be deemed to be reinstated until the Commissioner has declared the default to be cured.

16. Mortgagor agrees that there shall be full compliance with the provisions of (1) any state or local laws prohibiting discrimination in housing on the basis of race, color, creed or national origin, and (2) with the Regulations of the Federal Housing Administration providing for non-discrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with any such provisions shall be a proper basis for the Commissioner to take any corrective action he may deem necessary including, but not limited to, the rejection of future applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which the Mortgagor is identified, and further, if the Mortgagor is a corporation or any other type of business association or organization which may fail or refuse to comply with the aforementioned provisions, the Commissioner shall have a similar right of corrective action (1) with respect to any individuals who are officers, directors, trustees, managers, partners, associates, or stockholders of the Mortgagor, and (2) with respect to any corporation or any other type of business association or organization with which the officers, directors, trustees, managers, partners, associates or stockholders of the Mortgagor may be identified.
17. The covenants and agreements herein set out shall be deemed to run with the land herein described so long as there is a mortgage on said property insured or owned by the Commissioner and to bind any future purchasers of the real property or any part thereof.
18. This instrument shall bind, and the benefits shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors in office or interest, and assigns.

(Nov 17)



## **RESCIND MUTUAL FOURTEEN**

### **CONTRACTUAL OBLIGATIONS**

#### **Regulatory Agreement**

19. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of any the remaining portions thereof.
20. The Mortgagor agrees and assumes the obligation to have this Agreement recorded in the appropriate land records in the jurisdiction in which the real property herein described is situated; and in the event of failure to do so, it is agreed that the Commissioner may have the same recorded at the expense of the Mortgagor.
21. It is specifically agreed between the parties hereto that the breach of any of the terms of this Agreement by the Mortgagor will substantially damage and injure the Commissioner in the proper performance of his duties under the provisions of the Act, and will impede and injure the proper operations intended under such Act; that such damage will be irrespective of and in addition to any damage to the security of the mortgaged premises or to any financial damage the Commissioner may suffer as insurer; that, except for the agreements herein contained, the Commissioner would not issue and would not be authorized to issue his Contract of Mortgage Insurance, and that the Mortgagee would not lend the sum above-mentioned on the security of the said Mortgage unless the same were insured by the Commissioner.

#### **AMENDMENTS**

(Nov 17)



## RESCIND MUTUAL FOURTEEN

### CONTRACTUAL OBLIGATIONS

#### Regulatory Agreement

MUTUAL 16: Rescinded 11-07-17

(Nov 17)



# SIGN-IN SHEET

## BOARD OF DIRECTORS MEETING

MUTUAL NO. FOURTEEN

DATE: January 16, 2018

	GUEST NAME
1.	Lynn Durkee
2.	Kathy Palmateer
3.	Bruce Anderson
4.	Pat Anderson
5.	Ken Harpham
6.	Sally Cabrera
7.	Linda Corp
8.	Betty Burrows
9.	Rosemary Serba
10.	Ben Watada
11.	Donna Melody
12.	Adrienne Rosenfeld
13.	Erik Solderholm
14.	Laura Arnold
15.	Phil Arnold
16.	Midge Bash
17.	Linda Barisoff
18.	Ellen Brannigan
19.	Julie Faucett
20.	Linda Banez