

**MINUTES OF THE REGULAR MONTHLY MEETING OF
THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL FOUR**

December 12, 2018

The Regular Monthly Meeting of the Board of Directors of Seal Beach Mutual Four was called to order, following the Open Forum for shareholders to address the Board, by President Slater at 9:30 a.m. on Wednesday, December 12, 2018 in the Administration Building Conference Room A.

ROLL CALL

Present: President Slater, Vice President Levitt, Secretary Russell, CFO Smith, Directors Kuhl, Lessin, and Goecke

GRF Representative: Ms. Gerber was absent.

Guests: Four shareholders of Mutual Four

Staff: Ms. Hopkins, Mutual Administration Director
Mr. Black, Building Inspector
Ms. Villalobos, Recording Secretary

MINUTES

The November 14, 2018, Regular Minutes were approved by general consent of the Board as printed.

SECRETARY'S REPORT / CORRESPONDENCE

Secretary Russell received no correspondence.

GRF REPRESENTATIVE

In the absence of Ms. Gerber, CFO Smith presented the GRF report (attached).

BUILDING INSPECTOR'S REPORT

Inspector Black presented his report (attached).

Following a discussion, it was the consensus of the Board to continue using Roofing Standards for the 2019 Roofing Project.

Following questions, Inspector Black left the meeting at 10:07 a.m.

UNFINISHED BUSINESS

Following a discussion, and upon a MOTION duly made by Director Kuhl and seconded by Secretary Russell, it was

RESOLVED, To ratify adopted/posted Policy 7501.04 – Pet Policy and rescind posted Policy 7501 – Pet Policy.

The MOTION passed.

Following a discussion and upon a MOTION duly made by Director Kuhl and seconded by Secretary Russell, it was

RESOLVED, To ratify amended/posted Policy 7499.04- Air Conditioning/HVAC/Heat Pump Units.

The MOTION passed.

NEW BUSINESS

Following a discussion and upon a MOTION duly made by CFO Smith and seconded by Secretary Russell, it was

RESOLVED, To amend Policy 7510.04 – Eligibility Requirements on a preliminary basis until the 30-day posting period is completed.

The MOTION passed.

CHIEF FINANCIAL OFFICER'S REPORT

CFO Smith presented her financial report (attached).

MUTUAL ADMINISTRATION DIRECTOR'S COMMENTS

Ms. Hopkins presented the Mutual Administration report (attached).

COMMITTEE REPORTS

Emergency Information Committee

Director Kuhl presented her report (attached).

**RESOLUTIONS IN THE REGULAR
MONTHLY MEETING OF DECEMBER 12, 2018**

12-12-18 RESOLVED, To ratify adopted/posted Policy 7501.04 – Pet Policy and rescind posted Policy 7501 – Pet Policy.

RESOLVED, To ratify amended/posted Policy 7499.04- Air Conditioning/HVAC/Heat Pump Units.

RESOLVED, To approve amending Policy 7510.04 – Eligibility Requirements on a preliminary basis until the 30-day posting period is completed

COMMITTEE REPORTS (continued)

Landscape Committee

Vice President Levitt and CFO Smith presented their report.

Physical Property

Secretary Russell presented his report (attached).

The Board appointed the following members to the Carport Committee:

Secretary Russell (Chair)

Director Kuhl

President Slater

DIRECTORS' COMMENTS

No Directors' comments were made.

SHAREHOLDER COMMENTS

No Shareholder comments were made.

ADJOURNMENT

There being no further business to conduct, President Slater adjourned the meeting at 11:23 a.m. and announced there would be an Executive Session following the meeting to discuss member issues.



Attest, Jon Russell, Secretary
SEAL BEACH MUTUAL FOUR

cv:12-12-18

Attachments

GRF Director for Mutual Four
December 12, 2018

Happy Holidays to my Mutual Four neighbors!

The Facilities and Amenities Review Ad Hoc Committee has started meeting again to review Trust property amenities and recreational usage. The Recreation Committee receives a variety of requests on the use and possible future use of our amenities. Solutions cannot be created in a vacuum and the committee needs to know your wants, needs and desires. There was a questionnaire regarding usage of the facilities in the November 29th LW Weekly. The GRF Board looks forward to the enhancement of lifestyle and the value of Trust Property. There are currently approx. 240 clubs meeting in the various club houses. There is a moratorium currently on any new clubs due to a lack of space for them to meet in the club houses.

Have you seen the new murals in Club House 4? They are wonderful! An area has large photographs of the LW Globe throughout our 50+ Year history.

The Physical Property Committee recently had a presentation about charging stations for electric cars. The speaker stated that in 10 years all new cars sold would be electric only. This is a topic that cannot be ignored. Should we have charging stations in the Mutuals or Trust Property areas? Who will pay for them? Will visitors be allowed to use them? So many questions...

There is a lot of talk about the future rules of golf carts in Leisure World. Nothing has been resolved yet, but it appears that some types of golf carts (made for more than 2 people) may need to be registered with the DMV. Also all carts will need seat belts, wipers, horn, lights.

The GRF Board went on a field trip last week to Laguna Woods Village. This is the facility built after our Seal Beach Location. They were once part of the Leisure World family and now they are their own city. They have 18,000 residents and 94 different floor plans. There are 14 security gates. We wanted to see how they handle their facilities and gate protocol. It is a beautiful, well-kept community. To maintain it, they charge a lot more money monthly and there is generally a charge for nearly everything. We all were happy when we got home and drove through our main gate. Our location can't be beat-- a mile and a half from the beach. The small town atmosphere is also really nice here. At Laguna Woods there are hills everywhere and it appears you would need to drive in a car to go the gym, pool, golf course, etc.

Wishing you peace in your life in the new year,

Mansha Gerber

FINANCIAL RECAP - NOVEMBER 2018

	Monthly Actual	Monthly Budget	Variance	YTD Actual	YTD Budget	Variance
Income	146,458	147,965	-1,507	1,620,886	1,627,615	-6,729
Reserves	47,085	47,085	0	517,935	517,935	0
Expenses	97,919	100,882	-2,963	1,175,204	1,109,702	65,502
Total Expenses	145,004	147,967	-2,963	1,693,139	1,627,637	65,502
Income/Expense	1,454	-2	1,456	-72,253	-22	-72,231
Add Back Depreciation	6,487			75,165		
Adjusted	7,941			2,912		

Our unrestricted cash for month end is \$384,406 restricted reserve accounts total \$1,911,728

Reserves:

Appliance	\$3,774
Painting	\$42,583
Operating	\$25,000
Roofing	\$1,316,136
Emergency	\$122,125
Infrastructure	\$402,110

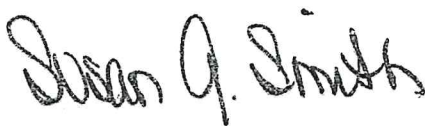
Total Reserves \$1,911,728

We are in a pretty good shape right now. We are under budget \$2,912 year to date. We get another break on insurance in December but we have tree trimming and gutter cleaning to cover. Even though the trees will not be trimmed until January, they are still an expense for 2018. It will be close!!

The CFO Council had an "Open Agenda" this month. We discussed new accounting regulations for next year, Contingency Reserves vs Emergency reserves, clarification of some accounting terms, start of audit and more.

LANDSCAPE

We had to cut back on the tree trim list due to budgetary restrictions. If you have a tree that you believe should have been trimmed know the decision to skip it this year was purely monetary. See Mike Levitt's report for the new tree trim schedule.



Feel free to call me with any questions. I may not be home but if you leave a message I WILL return the call or forward to the appropriate person for resolution. 562-296-8518.

Leisure World Mutual 4
Profit & Loss Budget vs. Actual YTD Report B
January through November 2018

	Jan - Nov 18	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
ASSESSMENT			
Regular Assessment - Mutual 4	375,221.00	375,221.00	0.00
Reserves Assessment	517,935.00	517,935.00	0.00
GRF Assessment	665,159.00	665,159.00	0.00
Total ASSESSMENT	1,558,315.00	1,558,315.00	0.00
FINANCIAL INCOME			
Interest Income - Other Taxable	764.00	539.00	225.00
Interest Income - Taxable	24,940.00	22,935.00	2,005.00
Late Charges	373.00	0.00	373.00
Total FINANCIAL INCOME	26,077.00	23,474.00	2,603.00
SERVICES INCOME			
Inspection Fees	18,000.00	30,228.00	-12,228.00
Laundry Machines	14,009.00	15,598.00	-1,589.00
Miscellaneous	4,485.00	0.00	4,485.00
Total SERVICES INCOME	36,494.00	45,826.00	-9,332.00
Total Income	1,620,886.00	1,627,615.00	-6,729.00
Cost of Goods Sold			
GRF MAINTENANCE FEE	657,481.00	665,159.00	-7,678.00
Total COGS	657,481.00	665,159.00	-7,678.00
Gross Profit	963,405.00	962,456.00	949.00
Expense			
PROFESSIONAL FEES			
Legal Fees	512.00	3,047.00	-2,535.00
Management Fee	2,442.00	2,442.00	0.00
Total PROFESSIONAL FEES	2,954.00	5,489.00	-2,535.00
SERVICES			
Landscape - Contract	146,416.00	144,749.00	1,667.00
Landscape - Extras	3,715.00	9,152.00	-5,437.00
Miscellaneous Services	3,568.00	2,002.00	1,566.00
Painting	1,972.00	1,397.00	575.00
Pest Control	10,592.00	9,889.00	703.00
Standard Service	53,317.00	54,626.00	-1,309.00
Structural Repairs	8,850.00	8,228.00	622.00
Total SERVICES	228,430.00	230,043.00	-1,613.00
TAXES & INSURANCE			
Hazard/Liability Insurance	85,362.00	96,921.00	-11,559.00
State & Federal taxes	5,344.00	3,839.00	1,505.00
Total TAXES & INSURANCE	90,706.00	100,760.00	-10,054.00
UTILITIES			
Electricity	17,531.00	16,511.00	1,020.00
Trash	35,754.00	35,673.00	81.00
Water	67,183.00	56,067.00	11,116.00
Total UTILITIES	120,468.00	108,251.00	12,217.00
RESERVE FUNDING			
Emergency Reserve	2,288.00	2,288.00	0.00
Roof	144,837.00	144,837.00	0.00
Paint	10,483.00	10,483.00	0.00
Infrastructure	314,490.00	314,490.00	0.00
Appliances	45,837.00	45,837.00	0.00
Total RESERVE FUNDING	517,935.00	517,935.00	0.00

Leisure World Mutual 4
Profit & Loss Budget vs. Actual YTD Report B
January through November 2018

	<u>Jan - Nov 18</u>	<u>Budget</u>	<u>\$ Over Budget</u>
DEPRECIATION	75,165.00	0.00	75,165.00
Total Expense	1,035,658.00	962,478.00	73,180.00
Net Ordinary Income	-72,253.00	-22.00	-72,231.00
Net Income	<u>-72,253.00</u>	<u>-22.00</u>	<u>-72,231.00</u>

Leisure World Mutual 4
Profit & Loss Budget vs. Actual
November 2018

	Nov 18	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
ASSESSMENT			
Regular Assessment - Mutual 4	34,111.00	34,111.00	0.00
Reserves Assessment	47,085.00	47,085.00	0.00
GRF Assessment	60,469.00	60,469.00	0.00
Total ASSESSMENT	141,665.00	141,665.00	0.00
FINANCIAL INCOME			
Interest Income - Other Taxable	124.00	49.00	75.00
Interest Income - Taxable	2,674.00	2,085.00	589.00
Late Charges	46.00	0.00	46.00
Total FINANCIAL INCOME	2,844.00	2,134.00	710.00
SERVICES INCOME			
Inspection Fees	1,000.00	2,748.00	-1,748.00
Laundry Machines	944.00	1,418.00	-474.00
Merchandise Sales	0.00	0.00	0.00
Miscellaneous	5.00	0.00	5.00
Total SERVICES INCOME	1,949.00	4,166.00	-2,217.00
Total Income	146,458.00	147,965.00	-1,507.00
Cost of Goods Sold			
GRF MAINTENANCE FEE	60,469.00	60,469.00	0.00
Total COGS	60,469.00	60,469.00	0.00
Gross Profit	85,989.00	87,496.00	-1,507.00
Expense			
PROFESSIONAL FEES			
Investment Fees	0.00	0.00	0.00
Legal Fees	0.00	277.00	-277.00
Management Fee	222.00	222.00	0.00
Total PROFESSIONAL FEES	222.00	499.00	-277.00
SERVICES			
Escrow Expense	0.00		
Landscape - Contract	13,850.00	13,159.00	691.00
Landscape - Extras	0.00	832.00	-832.00
Miscellaneous Services	0.00	182.00	-182.00
Painting	130.00	127.00	3.00
Pest Control	683.00	899.00	-216.00
Standard Service	4,467.00	4,966.00	-499.00
Structural Repairs	0.00	748.00	-748.00
Total SERVICES	19,130.00	20,913.00	-1,783.00
TAXES & INSURANCE			
Hazard/Liability Insurance	2,451.00	8,811.00	-6,360.00
State & Federal taxes	564.00	349.00	215.00
Total TAXES & INSURANCE	3,015.00	9,160.00	-6,145.00
UTILITIES			
Electricity	1,467.00	1,501.00	-34.00
Trash	3,342.00	3,243.00	99.00
Water	3,787.00	5,097.00	-1,310.00
Total UTILITIES	8,596.00	9,841.00	-1,245.00
RESERVE FUNDING			
Emergency Reserve	208.00	208.00	0.00
Roof	13,167.00	13,167.00	0.00
Paint	953.00	953.00	0.00

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12/10/18

Accrual Basis

Leisure World Mutual 4
Profit & Loss Budget vs. Actual
November 2018

	Nov 18	Budget	\$ Over Budget
Infrastructure	28,590.00	28,590.00	0.00
Appliances	4,167.00	4,167.00	0.00
Total RESERVE FUNDING	47,085.00	47,085.00	0.00
DEPRECIATION	6,487.00	0.00	6,487.00
Total Expense	84,535.00	87,498.00	-2,963.00
Net Ordinary Income	1,454.00	-2.00	1,456.00
Net Income	<u>1,454.00</u>	<u>-2.00</u>	<u>1,456.00</u>

The Mutual Administration Director's Comments

DECEMBER 2018



YEAR-END MAILOUT INFORMATION

The 2019 guest passes and property taxes and assessments information will be mailed to addresses on file beginning December 29, 2018.

Payment coupons will be mailed under separate cover.

If you pay monthly assessment via direct debit, the money will automatically be withdrawn from your account.

As a reminder, guest passes are intended for your trusted family and friends, and are NOT to be given to contractors, Caregivers, neighbors or people you've hired to work in your home

CAREGIVER REGISTRATION

As a reminder, the 2019 Caregiver Registration begins in late December. Please make sure your Caregiver is currently registered with a photo pass.

PET REGISTRATION AND RENEWAL IN THE NEW YEAR

Per Pet Policy 7501, Article II, your pet must be registered with the Stock Transfer Office before it is brought onto the Mutual premises. Further, the pet registration and licensing must be updated on or before December 31st of each year. The Mutual Pet Registration Form can be picked up at the Stock Transfer Office. To complete the registration, you will need to include the following:

Requirements for Dogs: City of Seal Beach Pet License, proof of spay or neuter, proof of dog's inoculations, proof of liability insurance, and proof of dog's weight.

Requirements for Cats: Proof of spay or neuter, and proof of liability insurance.

If you are renewing a currently-registered pet in the Stock Transfer Office, you do not need to complete a new form, but you will need to provide current liability insurance documents and, for dogs only, a current City of Seal Beach Pet License.

If you have questions about registering your pet, call Stock Transfer at (562) 431-6586, ext. 346 or 347.

If you have questions about Pet Licenses, call City of Long Beach Animal Care Services at (562) 570-7387.

PRESIDENT'S REPORT

Board of Directors Meeting
Wednesday, November 14, 2018

First and foremost, "Happy Holidays," including Thanksgiving.

If I were to rate 2018 so far, I would give it an A-. This has been, for the most part, a trouble-free year. I thank you for making it that.

Our Directors have handled most all "opportunities" in a timely manner; Our new Directors have fit in well and are vocal in our Board meetings. We are luckier than other Mutuals, no clichés, it's all about attitudes, and you wouldn't have it any other way.

The Board has done much to improve several areas in the Mutual: new grass, new roofs, new pipes. We'll have watched our dollars very closely and have gotten the most bang out of our buck. Kudos to our bean counters, led by CFO Smith.

If nothing earth shaking happens in the next 7 weeks of the year, consider this my November-December Report.

Bob, The Prez, M4

MUTUAL 4 Leisure World Director's Report
December 11, 2018

Happy and Safety Holidays to all of you.

Last month our mutual board decided to go ahead and keep up our emergency sheds. Shed 88 contains tools, shed 75 contains communication information, and shed 49 contains some basic first aid supplies. They will be opened in case of a natural or man-made disaster. They contain no food or water. You, as a shareholder, are responsible for your food, water, medical needs, evacuation, and communication. Several times each year, I place in these minutes lists of supplies that are suggested by governmental offices such as FEMA and the CDC.

Again, I would like to offer gatherings for those who wish to learn to use the mutual's walkie talkies during a severe emergency. In September and October I offered this, but only one person called and said they would attend. So I will offer again:

January 29, 2019 at 10:00 AM in Unit 46 E or

February 11 2019 at 1:00 PM in Unit 46E

Please call me at 562-446-0082 to say you are attending so I can plan.

Remember that in January and February your directors make the rounds of all the mutual units to check for compliance to Orange County and Mutual 4 fire and safety codes and policies. Be sure you have your insurance policy and pet registrations on display. Please check the pet policy that has been posted in your laundry rooms for almost two months.

Again, happy holidays. Be safe and careful.

Respectfully submitted,
Jan Kuhl, M4 Director
46E Phone: 562-446-0082

**Mutual 4 Monthly Report for November 2018 -
Buildings 78, 79, 80, 82, 83 and 84**

There was not a lot happening in our buildings the last month. We are in the process of roofing some of our buildings. We have completed two and are working on the last three buildings.

I had a water leak in one of my buildings. Of course this happened at night time and service maintenance had to come out and find the leak. This resulted in service maintenance turning off the water to the water to the entire building. I want to thank the residents for their patience and understanding. I want to thank the individual whose unit it was in for her help and the building captain for keeping me appraised.

Walking around the Mutual I am glad to see all the Christmas decorations. It makes the Mutual look quite festive.

I wish to wish all the residents a very Merry Christmas and Happy New Year.

Jon Russell 741

(562) 794-9334

M-4 Director's Report
For November, 2018
Dec. 12, 2018
Mike Levitt, Director

November's unusual weather brought on lotsa calls to our landscape company — too much watering, or not enough watering. Sprinklers needing adjusting. Or needing replacing.

Then there were The Ants. Gazillions of ants. And termites. Seemingly everywhere. Flying. Swarming. In search of a location for their queen's next nest. Which is something none of us wants in our back yards. (Oh, wait...that's right, we do not have a 'back yard.')

Fenn indeed had a busy month.

Monday the 5th was *my* building's day to be without electricity while Edison plays catch-up with its outdated distribution system. Everyone in Building 81 survived, I'm happy to report, but the experience certainly does highlight the vulnerable position under which we live. Obviously, we had no lighting and no power for our life-sustaining medical devices. Less obvious: no heating, no non-emergency access to our refrigerators, absolutely no cooking, no hot tea in our microwave ovens, no charging our electric golf carts — all that, and more. Fortunately, it was just for one day.

But Imagine what our lives would be like during an extended, region-wide power failure, when even our club houses are dark, our one traffic light is both dark and mute, and the nights are no brighter *outside* our walls.

I would like to be able to suggest or propose alternatives to our electricity-dependent lifestyles. But I'm drawing a blank here. All-electric homes were ultra-modern, the first stop on the way to living with the Jetsons. There are NO built-in back-up systems for most of these issues because electrical service was going to be "...always available."

Sure there are flashlights to keep from walking into a wall or tripping over a sleeping Fido, And a propane-fueled hibachi on the patio is the perfect way to grill a hotdog or brew coffee in a stove-top perculator (if you can find one.) But if the blackout is widespread and for more than a day or two, consequences might not be pretty: there could be no fresh water — takes electricity to pump water, no flushing toilets, no filling up your car at the gas station — takes electricity to run those gasoline pumps. And perhaps worst of all — no credit card machines at Kohls. Or computers. Or — heaven forbid — no Facebook!

Nope! No Jetsons here. But your next new neighbor could be Fred Flintstone.

On to more pleasant and, thankfully, mundane things:

Just a reminder: your garden area — that three- or four-foot ring around your apartment— is yours to beautify and maintain. With a few important exceptions, you are free to cultivate plants of your choice in that area. The mutual is NOT responsible for eradicating any bugs that choose to feed on your plants. You can fight them yourself, or request that I have our landscape company wage the war for you while you stand by and tell the professionals how to do their job.

For those of you waiting for that monster tree in your front yard to be tamed and trimmed — as was expected in November, there's good news, and there's not so good news. Not so good news first: the trimmers have fallen 'way behind and will not make the November schedule. The good news: they are still on the way. And unless our trees are underwater, they will be trimmed in mid-January. Which is why we have reversed the order and have cleaned our gutters *before* the tree-trimming.

Since the El Nino weather condition we are experiencing may bring unusually heavy rains December and January, you are reminded to keep your rain gutter down spout extension extended.

And keep those flashlight batteries fresh and plentiful!

MUTUAL OPERATIONS**AMEND****RESIDENT REGULATIONS****Eligibility Requirements – Mutual Four**

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

- A. Apply for and be accepted as a member of the Golden Rain Foundation, Seal Beach, California.
- B. Meet the Mutual eligibility criteria as follows:

1. Age

Minimum of 55 years **for primary shareholder and 45 years of age for a resident co-occupant**, as confirmed by a birth certificate or passport. A driver's license is not acceptable as proof of age.

2. Financial Ability

1)a- Verified monthly income or sufficient assets that is/are at least four (4) times the monthly carrying charge (Regular Assessment plus Property Tax and Fees) at the time of application and have **a minimum asset base equal to the purchase price of the unit plus** liquid assets of at least \$50,000.

2)4) Verified monthly income will be in the form of the past ~~two~~ **three** years of, **including the current year, when applicable:**

- a) **Federal** Tax returns;
- b) 1099s for interest and dividends;
- c) 1099-Rs for retirement income from qualified plans and annuities;
- d) SSA-1099 Social Security Benefit Statement;
- e) Brokerage statements and current interim statement.
- f) Brokerage statement for interest dividends rolled over**
- g) Bank, credit union and /or investment account statements**
- h) W-2 forms or paycheck stubs**
- i) Trust Income**
- j) Disability Income**
- k) Residential/Commercial Property rental income**

3) Acceptable assets will be those that are considered to be liquid, marketable or income producing. Only aged accounts (180 days) will be considered. Acceptable assets include, among others:

- a) **Equity in U.S. residential property**

MUTUAL OPERATIONS**AMEND**

RESIDENT REGULATIONS

Eligibility Requirements – Mutual Four

- b) Savings accounts in U.S. financial institutions
- c) Cash value life insurance
- d) Certificates of deposit, money market accounts in U.S. financial institutions
- e) IRA, SEP, 401(k) and Keogh accounts
- f) U.S. state or municipal government bonds – valued at current market prices
- g) American traded investments (NYSE, Amex, OTC, NASDAQ, etc.) valued at current market prices
- h) Mortgages and promissory notes, provided that interest is reported on the applicant's tax return
- i) Equity in U.S. income producing real estate

~~a~~b. Adjusted Gross Income per 1040, 1040A, or 1040EZ minus income and self-employment taxes paid will equal net annual income.

~~b~~e. Projected assessments will be the previous year's assessment (total of carrying charge less any cable charge, less Orange County Property Taxes and Fees), and the addition of the new property tax at 1.2% of the sales price plus Orange County District fees divided by 12 for the new projected monthly assessment. This new figure (Regular Assessment plus Orange County Property Taxes and District Fees) times four (4) will be the monthly income required. This will be verified by the escrow company and the Stock Transfer Office. ~~Stock Transfer shall have the final say in establishing verifiable income~~¹

~~c~~4) Verification shall be done by the Escrow Company and the Stock Transfer Office prior to the new buyer interview/orientation and prior to the close of escrow. **Verification will not be the responsibility of the individual Mutual Director.**

- ~~a)~~ The above verification will not be the responsibility of the individual Mutual Director.
- ~~b)~~ A credit check must be performed and provided by the perspective shareholder, with the results included in the financial package.

¹ If major remodeling, expansion, or addition of a bathroom is being considered, the increase in taxes over the 1.2% of the purchase price must be taken into consideration.

MUTUAL OPERATIONS**AMEND****RESIDENT REGULATIONS**Eligibility Requirements – Mutual Four

- d. ~~Only the perspective shareholder's income shall be considered for qualifying.~~ The perspective shareholder and spouse or co-occupant's income shall be considered for qualifying.

Membership approval should not be automatically given to Applicants who meet the guidelines set forth in the Financial Ability section above, since such factors as stability of income, other obligations, asset receivers, previous housing expenses and income remaining for special needs should be considered by the Board.

On the other hand, an Applicant who does not meet the minimum net income requirement set forth in the Financial Ability section above should not be automatically disqualified, since stable liquid assets may be used to supplement such income. Generally, second mortgages and other high-risk collateral would disqualify the debt which they secure from being an acceptable source of income. In those cases, in which it is contemplated that assets will be used to supplement income, complete details should be furnished.

The Board shall establish a two-person Appeal Committee to review applicants who do not meet the Financial Ability as stated above and are referred by Stock Transfer or the escrow company. This committee may request additional information from the applicant and following review and upon good cause shown, grant an exception to the minimum net income requirement and liquid assets requirements set forth in the Financial Ability section above.

3. Health

Have reasonably good health for a person of his/her age, as evidenced by a letter from his/her physician, so that resident can take care of normal living needs without calling on other members of the cooperative for an undue amount of assistance. A physician's letter will be required for EACH individual seeking approval for purchase of a share of stock in Mutual No. Four.

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

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

MUTUAL OPERATIONS

AMEND

RESIDENT REGULATIONS

Eligibility Requirements – Mutual Four

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

Prospective Buyer

Date

Prospective Buyer

Date

Prospective Buyer

Date

Prospective Buyer

Date

MUTUAL ADOPTION

AMENDMENTS

FOUR: 04-13-70

09-08-93, 08-13-08, 01-10-18