

SEAL BEACH MUTUAL NO. FIFTEEN**Mutual Operations – Merger of Mutuals**

1 **1. EXCERPT OF FHA DATED 17 SEPT 65 FROM H.E. JOHNSON, DIRECTOR:**
 2 **COPIES TO THE PRESIDENT OF GOLDEN RAIN FOUNDATION AND PRESIDENTS**
 3 **OF ALL MUTUALS**

4 1.1. “To reduce the number of entities in Leisure World, we would be glad to
 5 approve the merger of Mutuals. Our policy on this subject is set forth in
 6 Section 10.24 of the Cooperative Housing Insurance and Servicing Handbook.
 7 This would perhaps make a unified approach on subjects of this kind more
 8 feasible.”

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 10 **2. SECTION 10.24:**

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 12 2.1. Corporate Mergers: The Merger of Cooperative Housing Corporations is to be
 13 encouraged, and its achievement is to be assisted when in the opinion of the
 14 Director of the Insuring Office and the Regional Attorney such a pooling of
 15 interests will result in benefits to the cooperatives concerned.

16 2.2. Where two or more cooperative housing projects are contiguous or within close
 17 proximity, duplication of cost and effort may often be eliminated by way of
 18 centralization of management, consolidation of utility costs and centralized
 19 authority of a single Board of Directors.

20 2.3. Any proposed Merger plan should be drafted by the cooperative corporations
 21 concerned and submitted to the Director for his review, approval, and
 22 subsequent recommendation to the Director of the Cooperative Housing
 23 Division.

24 2.4. The approval of any Merger plan must be conditioned upon the written opinion
 25 of the Regional Attorney that the Merger will not waive or diminish any of the
 26 legal rights of the Commissioner.

27 2.5. The consent of the mortgagee or mortgagees involved should be obtained. All
 28 obligations of the original corporations must be assumed by the new or
 29 surviving corporation.

30 2.6. Statutory requirements of the jurisdiction or jurisdictions concerned must be
 31 met. The laws of a number of states require an affirmative vote of two-thirds or
 32 more of the stockholders to validate a Corporate Merger
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Document History

Adopted: Sept 1965

Keywords: Mutual Fifteen Merger Mutual

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(April 21)