

## MUTUAL OPERATIONS

### STOCKHOLDERS MEETINGS

#### Annual Elections – Mutuals 3, 4, 6, 7, 11, 16, and 17

In accordance with State Law and the Mutual Bylaws, the following policy is established for the general election of directors to the Mutual Board of Directors.

#### 1. Candidates

##### a. Candidate Eligibility

In accordance with the Mutual Bylaws, all members in good standing are eligible to run for election to the Mutual Board of Directors. "Good Standing" means that the member is not delinquent in the payment of monthly or special assessments in an amount equal to or greater than one month's assessment for a period of time greater than 30 days.

##### b. Notification of Nominations for Election of Directors

The Mutual Board of Directors shall also place notice in the *Golden Rain News* and in the Mutual laundry rooms not less than 90 days prior to the annual meeting that any member of the Mutual in good standing may place his/her name into nomination for the election of directors.

##### c. Self-Nomination by Shareholders

Mutual members who wish to nominate themselves as a candidate for election to the Mutual Board of Directors must do so in writing not more than 90 days or less than 60 days prior to the annual meeting date.

##### d. Nominations from the Floor

Candidates may be nominated from the floor during the annual meeting. There is no provision in the Mutual Bylaws allowing for write-in candidates.

##### e. Equal Access to Clubhouse Facilities

Equal access to clubhouses shall be provided at no cost to all candidates, including those who are not incumbents, and to all members advocating a point of view, including those who are not endorsed by the Mutual Board of Directors, for purposes reasonably related to the election. The clubhouses are subject to availability by reservation only on a first-come, first-serve basis.

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#### **2. Election Process**

- a. The Golden Rain Foundation will provide a contracted vendor to assume all election services, including inspector(s) of election, who will be directed to conduct the election under current applicable codes.
- b. If the Golden Rain Foundation does not provide a contracted vendor to assume all election services, then Section 3 will be prepared and processed by the Mutual Corporation or Golden Rain Foundation:

#### **3. Election Materials**

##### **a. Notice Letter**

The notice letter, mail-in secret ballot, voting instructions and mailing instructions for the Mutual annual election shall be mailed out to each Mutual apartment no later than 30 days prior to the annual meeting.

##### **b. Secret Ballots Returned By Mail**

The mail-in secret ballot is required to be mailed to the “Inspectors of the Election” for proper verification and validation, and must be received before 4:00 p.m. on the day before the annual meeting.

The mail-in secret ballot, if sealed and properly mailed, will be opened the day of the annual meeting by the inspectors of the election. The mail-in secret ballot is irrevocable once it is validated by the inspectors of election.

#### **4. Inspectors of the Election**

##### **a. Qualifications and Number of Inspectors**

An inspector of the election may not be a member of the Mutual Board of Directors, or a candidate for the Mutual Board of Directors, or related to a member of the Mutual Board of Directors, or under contract to the association for any compensable services.

##### **b. Observers of the Election Appointed By the Board of Directors**

There shall be three (3) observers of the election appointed by the Mutual Board of Directors (90) days before the annual meeting day. The Board may also appoint alternative observers of the election. The observers of the election may appoint and

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oversee additional assistant observers of the election in any number deemed to be reasonable by the Mutual Board of Directors.

**c. Inspector of the Elections - Duties**

- 1) Determine the number of shareholders entitled to vote and the voting power of each.
- 2) Determine the authenticity, validity and effect of proxies, if any.
- 3) Receive mail-in proxy forms and ballots.
- 4) Open mail-in proxy forms and ballots at the annual meeting.
- 5) Hear and determine all challenges and questions in connection to the right to vote.
- 6) Count and tabulate all votes.
- 7) Determine the results of the election.
- 8) Perform his or her duties expeditiously, impartially, and in good faith at all times.

**5. Voting****a. Qualification for Voting**

Votes may be cast by mutual members in good standing:

- 1) By ballot in person on the day of the annual meeting; or
- 2) By using the mail-in secret ballot; or
- 3) By using the mail-in proxy form.

**b. Cumulative Voting**

In accordance with the Mutual Bylaws, voting will be “cumulative.”

**c. Voting by Secret Ballot**

All ballots shall be prepared in a manner consistent with providing and ensuring that the member’s vote will be by “secret ballot.”

**6. Actions by Mutual Boards when a Contracted Vendor is Retained for Elections**

- a. Each Mutual may appoint observer(s) who may make their observations to its respective Mutual Board.
- b. Each Mutual Board shall validate its own election.

**MUTUAL OPERATIONS****STOCKHOLDERS MEETINGS****Annual Elections – Mutuals 3, 4, 6, 7, 11, 16, and 17****7. Actions by Shareholders – Mutual Five Only**

Any shareholder or contractor of Mutual Five that allegedly intimidates or bullies another shareholder, or forges ballot signatures of another shareholder, shall be requested to appear before the Mutual Five Board of Directors in Executive Session to answer the charges or allegations. If criminal acts have been committed, the Golden Rain Foundation Security Department and the Seal Beach Police Department shall be notified and appropriate action taken.

| <b><u>MUTUAL</u></b> | <b><u>ADOPTION</u></b> | <b><u>AMENDED</u></b>        |
|----------------------|------------------------|------------------------------|
| ONE:                 |                        | See Policy 7210.1            |
| TWO:                 |                        | See Policy 7210.2            |
| THREE:               | 09 Feb 07              |                              |
| FOUR:                | 14 Feb 07              |                              |
| FIVE:                | 21 Feb 07              | 17 Aug 11 See Policy 7210.05 |
| SIX:                 | 27 Feb 07              |                              |
| SEVEN:               | 30 Mar 07              |                              |
| EIGHT:               |                        | See Policy 7210.8            |
| NINE:                |                        | See Policy 7210.9            |
| TEN:                 |                        | See Policy 7210.10           |
| ELEVEN:              | 15 Feb 07              |                              |
| TWELVE:              |                        | See Policy 7210.12           |
| FOURTEEN:            |                        | See Policy 7210.14           |
| FIFTEEN:             |                        | See Policy 7210.15           |
| SIXTEEN:             | 20 Feb 07              |                              |
| SEVENTEEN:           | 06 Feb 07              | See Policy 7210.17           |