

MUTUAL OPERATIONS

STOCKHOLDERS MEETINGS

Elections - Mutual One

In accordance with State Law and the Mutual One Bylaws, the following policy is established for the general election and all other elections of directors to the Mutual One Board of Directors. The general election of Mutual One is held every year. The elections shall be staggered. The member shall elect nine (9) directors as follows: The five (5) candidates, in even numbered years, receiving the highest number of votes shall serve for two (2) consecutive years. The four (4) candidates, in odd numbered years, receiving the highest number of votes shall serve for two (2) consecutive years. Directors' terms are for two years.

1. Candidates

a. Candidate Eligibility

In accordance with the Bylaws, all Shareholders in good standing are eligible to run for election to the Mutual One Board of Directors. Only one shareholder per unit.

b. Notification of Nominations for Election of Directors

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

c. Self-Nomination by Shareholders

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

d. Nominating Committee

The Mutual One Board of Directors will appoint a Nominating Committee no later than 90 days before the election meeting (no later than the February Board of Directors' Meeting for the annual Board of Directors' election). The complete Nominating Committee Report, including all self-nominated candidates, all incumbents wishing to run, and others agreeing to run, must be delivered to the Inspectors of the Election 45 days before the date of the election meeting.

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e. Nominations from the Floor

Candidates may be nominated from the floor during the election meeting.

f. 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 Shareholders advocating a point of view, including those who are not endorsed by the 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.

2. Election Process

- a. The Golden Rain Foundation may provide a contracted vendor to assume all election services and who will be directed to conduct the election in accordance with this policy and State Law. If the Golden Rain Foundation does not provide a contracted vendor to assume all election services, then the Golden Rain Foundation or the Mutual will conduct the election in accordance with this policy and State Law.

3. Election Materials

a. Notice Letter

The notice letter, mail-in secret ballot, voting instructions and mailing instructions for the election shall be mailed by the Inspector(s) of the Election to each Shareholder no later than thirty (30) days prior to the election meeting.

b. Secret Ballots Returned By Mail

The mail-in secret ballot or proxy form is required to be mailed to the Inspector(s) of the Election for proper verification and validation, and must be received before 4:00 p.m. on the day before the election meeting.

The mail-in secret ballot is irrevocable once the Inspector(s) of the Election validate it.

If the mail-in secret ballot or proxy form is sealed and properly mailed, the Inspector(s) of the Election will open the mail-in secret ballot or proxy form the day of the election meeting.

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b. Balloting and Proxies at the Election Meeting

If a secret ballot or proxy form has not been recorded with the Inspector(s) of the Election before 4:00 p.m. on the day before the election meeting, a Mutual One Shareholder may record a qualifying secret ballot or proxy form with the Inspector(s) of the Election at the election meeting, up until the time the election is closed by the Mutual One President.

4. Inspectors of the Election

a. Qualifications and Appointment of Inspector(s)

The Mutual One Board of Directors must appoint an Inspector or Inspector(s) of the Election no later than ninety (90) days before the election meeting (no later than the February Board of Directors' Meeting for the annual Board of Directors' election). The Inspector(s) of the Election must be qualified to conduct the election in compliance with this policy and Davis-Stirling State Law and certify the election by the end of the Shareholders' Meeting.

An inspector(s) of the election may not be a member of the Mutual One Board of Directors, or a candidate for the Mutual One Board of Directors, or related to a member of or candidate for the Mutual One Board of Directors, or under contract to Mutual One for any compensable services. (Note: Inspector(s) may be a contractor hired to conduct the election, one to three Shareholders, or any other qualified party.)

b. Observers of the Election Appointed By the Mutual One Board of Directors

There shall be one or three observers of the election appointed by the Board of Directors thirty (30) days before the election meeting day. The Board may also appoint alternative observers of the election. Official observers will be seated at the counting table across from the inspector(s) to observe the complete counting process. Observers must not interfere with the counting process, but watch and listen. Any issue of concern should be brought to the attention of the lead inspector. All other shareholder observers will be seated six feet away from the counting table.

c. Inspector(s) of the Elections - Duties

1. Determine the number of shareholders entitled to vote and the voting power of each.

(Jan 17)

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2. Determine the authenticity, validity and effect of proxies, if any.
3. Establish the mailing address for mail-in ballots and proxy forms, and the contact phone number for shareholder questions.
4. Prepare and mail to all Mutual One Shareholders, no later than thirty (30) days prior to the election meeting, the notice letter, mail-in secret ballot, voting instructions and mailing instructions for the Mutual One election, in a manner consistent with providing and ensuring that the member's vote will be by "secret ballot."
5. Receive mail-in secret ballots and proxy forms.
6. Open mail-in secret ballots and proxy forms at the election meeting.
7. Hear and determine all challenges and questions in connection with the right to vote.
8. Count and tabulate all votes.
9. Determine the results of the election.
10. Perform his or her duties expeditiously, impartially, and in good faith at all times.
11. Certify the election.

5. Votinga. Qualification for Voting

Mutual One Shareholders may cast votes:

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

b. Cumulative Voting

The Secret Ballot will state: You have Nine (9) votes: "Vote for Nine (9)," OR "Distribute Nine (9) Votes for One Candidate" OR "Split the Nine (9) Votes between Multiple Candidates as long as the votes cast equal Nine (9)."

In accordance with the Mutual One Bylaws voting may be "cumulative."

The following excerpt from the Mutual One Bylaws must be stated clearly on the Secret Ballot:

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“Provided the candidate’s name has been placed in nomination prior to the voting and one or more shareholders has given notice at the meeting prior to the voting of the shareholder’s intent to cumulate the shareholder’s votes, every shareholder entitled to vote at any election for Directors may cumulate his votes and give one candidate a number of votes equal to the number of Directors to be elected or distribute his votes on the same principle among as many candidates as he deems fit.”

c. **Voting by Secret Ballot**

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

MUTUAL ADOPTION

ONE: 2-22-07

AMENDMENT

3-24-11; 01-26-17

DAVIS-STIRLING COMMON INTEREST DEVELOPMENT ACT**Civil Code §1363.03, Election Procedures, Secret Ballots, Inspectors of Election**

<http://www.davis-stirling.com/MainIndex/Statutes/CivilCode136303/tabid/877/Default.aspx>