

## MUTUAL OPERATIONS

### STOCKHOLDERS MEETINGS

#### Annual Elections

In accordance with California Civil Codes and the Mutual Fourteen 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 Fourteen Bylaws, the affairs of the corporation shall be governed by a Board of Directors composed of seven (7) persons, all of whom shall be members of the Corporation. The sole qualification for election as a member of the Board of Directors shall be that said Members shall be a resident shareholder in good standing. Good standing means that said Member must not be delinquent by more than sixty (60) days in the payment of any assessment, fee, or fine, and must not be found to be in violation of the Corporation's governing documents (following proper notice, hearing, and a finding by the Board).

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

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

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

Mutual shareholders who wish to nominate themselves as a candidate for election to the Mutual Fourteen 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, but the candidate must be present at the Annual Meeting to accept the nomination. There is no provision in the Mutual Fourteen Bylaws allowing for write-in candidates on the ballots.

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

Equal access to clubhouse facilities shall be provided at no cost to all candidates, including those that are not incumbents, and to all shareholders advocating a point of view, including those that are not endorsed by the Mutual Board Fourteen 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 in accordance with this policy, state law and all 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 in accordance with this policy, state law and all applicable codes.

##### 3. Election Materials

###### a. Notice Letter

The only items that may be included with the notice letter in the ballot packet are the mail-in secret ballot, voting instructions, candidates' personal statements (if submitted), and mailing instructions for the Mutual Fourteen annual election. This ballot packet shall be sent to each Mutual shareholder no later than 30 days prior to the Annual Meeting. One ballot packet shall be sent per apartment.

###### b. Candidate's Personal Statement

Each candidate may submit a one-page personal statement (preferably typed) containing information relevant only to his/her own personal background, work experience and goals to the Stock Transfer Office before the announced deadline for insertion and mailing along with the election materials. A candidate statement may not include derogatory language toward other candidates or groups of candidates.

###### c. Secret Ballots Returned By Mail

The mail-in secret ballot, or proxy form if applicable, 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 is irrevocable once it is validated by the inspectors of election.

The mail-in secret ballot or proxy form, if sealed and properly mailed, will be opened the day of the annual meeting by the inspectors of the election.

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#### 4. Inspectors of the Election

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

An inspector of the election may not be a member of the Mutual Fourteen Board of Directors, or a candidate for the Mutual Fourteen Board of Directors, or related to a member of the Mutual Board Fourteen 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 President thirty (30) days before the annual meeting day. The Board may also appoint alternative observers of the election. The observers of the election may appoint and oversee additional assistant observers of the election in any number deemed to be reasonable by the Mutual Board of Directors. The observers may be seated near the ballot counters, but they must be quiet and respectful if asking a question on procedures.

##### 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 ballots and proxy forms.
4. Open mail-in ballots and proxy forms 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 shareholders 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.

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In accordance with the Mutual Fourteen Bylaws, members shall be entitled to the number of votes equal to the number of vacancies. Members shall not cast more than one vote per candidate. A vote for a candidate shall be indicated by the symbol "X" or any other affirmative symbol on the ballot.

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."

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.

7. Actions by Shareholders

When ballots are received in the mail from the election company, shareholders may not go door-to-door in the Mutual to collect ballots or offer their assistance with voting.

Any shareholder of Mutual Fourteen that allegedly intimidates or bullies another shareholder, or forges the signature of another shareholder on a ballot shall be requested to appear before the Mutual Fourteen Board of Directors in Executive Session to answer the charges or allegations. If criminal acts, such as voter fraud or elder abuse, have been committed, the Golden Rain Foundation Security Department and the Seal Beach Police Department shall be notified and appropriate action shall be taken.

**MUTUAL****ADOPTION****AMENDED**

FOURTEEN:

02-22-11

01-24-12, 08-14-17, 04-04-18