

MUTUAL OPERATIONS

STOCKHOLDERS MEETINGS

Annual Elections – Mutual Two

In accordance with State Law and the Mutual By-Laws, 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 By-Laws, all Mutual Two shareholders in good standing are eligible to run for election to the Mutual Board of Directors. “Good Standing” means that the shareholder 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 place a notice in *THE 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

Any Mutual shareholder who wishes to have their name placed on the ballot should complete a brief application in the Stock Transfer Office between 90 days and 30 days prior to the annual election meeting.

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.

2. Election Process

a. The Mutual Corporation may use a contracted vendor to assume all election services including inspector(s) of election who will be directed to conduct the election in accordance with policy, state law and applicable codes.

b. The Mutual Board shall validate its own election.

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3. Election Materials

a. Ballot Packet

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

- 1) Ballots shall be prepared in a manner consistent with providing and ensuring that the shareholder's vote will be by "secret ballot."
- 2) Each candidate may submit a one-page personal statement (preferably typed) to the Stock Transfer office before the announced deadline to be included in the ballot packet. The statement shall be 300 words or less and may contain only the candidate's background and qualifications. Personal statements that advocate the defeat of another candidate or malign another person's character or actions will not be accepted.
- 3) The terms of office served by the Directors shall be staggered, with each member of the Board elected to serve for a term of two (2) consecutive years with five (5) Directors elected in even-numbered years and four (4) Directors elected in odd-numbered years. To commence the staggering of terms, at the 2016 election of Directors, the members shall elect nine (9) Directors. The five (5) Directors receiving the highest number of votes shall serve two (2) year terms. The four (4) Directors receiving the next highest number of votes shall serve one (1) term. Thereafter, all subsequent selections for Directors shall be for terms of two (2) years. Each Director shall hold office until a successor is elected pursuant to the preceding sentence or until he/she resigns or is removed pursuant to the provisions of these Bylaws.

At all elections of the Directors of this corporation, each member shall be entitled to one vote multiplied by the number of Directors to be elected, and he/she may cast all such votes for a single Director or distribute their votes among the number to be voted for or any two or more of them as he/she sees fit.

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4. Access to Media

Candidates and other shareholders advocating a point of view for purposes reasonably related to the election shall be provided a one-time access to the Golden Rain Foundation's website during the campaign cycle. One submission shall be accepted from each candidate or shareholder for posting on the LWSB website.

- a. Candidates and other members advocating a point of view for purposes reasonably related to the election may purchase, subject to space availability and advertising guidelines established by the News Office, a maximum of a half-page of space in an edition of *THE NEWS* at regular advertising rates during the campaign cycle. No other access to *THE NEWS* will be granted.
- b. Equal access to clubhouses shall be provided at no cost to all candidates, including those who are not incumbents. The clubhouses are subject to availability by reservation only on a first-come, first-serve basis.
- c. In the event that the statements or actions of an incumbent director, who is also a candidate for re-election to the Board, are reported in *THE NEWS* solely in the context of that directors' performance of duties, those reports or statements shall not constitute access to media for campaign purposes.
- d. In the event that the media reports any candidates' statements or actions that are reasonably unrelated to the election, the reporting of such shall not constitute provision access to media for campaign purposes.

5. Voting

a. Qualification for Voting

In accordance with the Mutual's By-Laws, Article IV, Meeting of Members, Section 8, Proxies, every shareholder entitled to vote may do so, either in person or by written proxy, executed in accordance with the provisions of Sections 604 and 704 of the Corporations Code.

b. Cumulative Voting

In accordance with the Mutual's By-Laws, Article IV, Meeting of Members, Section 7, Voting Rights, Cumulative, if a candidate's name has been placed in nomination prior to the voting and one or more member gives notice of his/her intent to vote

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cumulatively at the (annual) meeting prior to the voting, then every member who is entitled to vote may cumulate his votes.

Cumulative voting means that the member may give one candidate a number of votes equal to the number of directors to be elected. If there are nine directors to be elected, then the member may give one candidate nine votes, or may distribute the nine votes among any number of candidates.

6. Returning the Secret Ballot or Proxy for Verification and Validation

The secret ballot must be sealed in the postage-paid, self-addressed return envelope included in the ballot packet (see ballot for specific instructions). Secret ballots may be mailed or hand-delivered to the Inspector(s) of Election for proper verification and validation.

- a. If mailed, the secret ballot must be received by the inspectors of election in the mail before 4:00 p.m. on the day before the annual meeting).
- b. If hand-delivered, the secret ballot must be given to the inspector(s) of election between 9:00 and 10:00 a.m. on the day of the annual meeting.
- c. The secret ballot is irrevocable once it is validated by the Inspectors of Election.
- d. The secret ballot, if sealed and properly mailed or hand delivered, will be opened the day of the annual meeting by the Inspectors of Election.

7. Inspectors of 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. Inspector of Elections - Duties

- 1) Determine the number of shareholders entitled to vote.
- 2) Determine the authenticity, validity and effect of proxies, if any.

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- 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.

8. 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 thirty (30) days before the annual meeting day. Board-appointed observers may request seating to adequately observe the work of the inspectors of election, but may not interfere with the work of the inspectors of election.

Casual observers (shareholders not appointed by the Board of Directors) may observe the work of the inspectors of election from a location established by the inspectors of election.

MUTUAL ADOPTION**AMENDED**

TWO: 10-27-11

01-21-16