

**DOCUMENTS**  
**OF**  
**GOLDEN RAIN FOUNDATION**  
**AND**  
**MUTUAL CORPORATIONS**  
**ONE THROUGH SIXTEEN**  
**OF**  
**SEAL BEACH**  
**LEISURE WORLD**  
**CORPORATIONS PROVIDING HOUSING**  
**ON A COOPERATIVE BASIS**

**This 2007 Pink Book (with a temporary yellow cover) is being provided on behalf of the Mutuels, and consists of copies and/or excerpts of the governing documents for the Golden Rain Foundation and Mutual Corporations. The Foundation is working to update the Pink Book. In the meantime, you are recommended to contact the Mutual you are moving into should you have any questions or need additional information.**

# CONTENTS

The Golden Rain Foundation of Seal Beach is the sponsoring corporation for the Seal Beach Mutual Corporations. Under Section 1360 of the California Civil Code, copies of the following documents are furnished for the information of prospective buyers and available for current stock or shareholders of the Mutual Corporations:

<b>ARTICLES OF INCORPORATION</b>	<b><u>PAGE(S)</u></b>
Golden Rain Foundation	1-3
 <b>BY-LAWS</b>	
Golden Rain Foundation	6-16
 <b>ARTICLES OF INCORPORATION</b>	
Seal Beach Mutuals Nos. 1 through 5	17-27
Seal Beach Mutuals Nos. 6 through 16	28-32
 <b>COMBINED BY-LAWS</b>	
Seal Beach Mutuals Nos. 1 through 16	33-68
 <b>OCCUPANCY AGREEMENT</b>	69-75

The By-Laws and CC&Rs for Mutual Seventeen are issued separately from this document.

Reprinted:

July 1978, amended April/June 1978

July 1981

January 1984

June 1988

June 1990

October 1991

July 1993

September 1979

September 1995

October 2000

March 2001

September 2003

April 2005

April 2007

May 2012

*NOTE: The Golden Rain Foundation and Mutual Corporations are required to comply with all corporation laws. These bylaws may not reflect all changes in corporation laws.*

**ARTICLES OF INCORPORATION**

**AND**

**BY-LAWS**

**OF THE**

**GOLDEN RAIN FOUNDATION**

# ARTICLES OF INCORPORATION OF GOLDEN RAIN FOUNDATION

## I

The name of this corporation is GOLDEN RAIN FOUNDATION.

## II

This corporation is organized pursuant to Part 1 of Division 2 of title 1 of the Corporations Code of the State of California, also known as the General Nonprofit Corporation Law.

## III

The purpose for which this corporation is formed are:

- (a) To engage primarily and specifically in providing services and furnishing community facilities to housing operated on a cooperative or other basis and to the occupants thereof.
- (b) To act as a partner and joint venturer and to enter into copartnership and joint venture agreements with other corporations and with individuals.
- (c) To engage in any business or activity now or hereafter permitted under the General Nonprofit Corporation Law of the State of California.

For the purpose above specified, this corporation shall have the powers, as follows:

- (a) To solicit gifts of, to receive by gifts, devise or bequest, to purchase and to otherwise acquire real and personal property of every kind and nature, including shares of stock, bonds, and securities of other corporations, and to hold, own, manage and administer the same.
- (b) To act as trustee under any trust incidental to the purposes of this corporation and to receive, hold, administer and expend funds and property subject to such trust.
- (c) To sell, assign, convey, exchange, lease, mortgage, encumber, transfer upon trust, or otherwise dispose of all property, real or personal.
- (d) To invest and reinvest funds of the corporation in real or personal property of every kind and nature, including bonds, corporate common or preferred stocks, or securities of any type or character.
- (e) To borrow money, contract debts, and issue bonds, notes and debentures, and secure the payment or performance of its obligations.
- (f) To make contracts and to do all other acts necessary or expedient for the administration of the affairs and attainment of the purposes of this corporation.

## IV

This corporation does not contemplate the distribution of gains, profits or dividends to any of its members, except that upon the dissolution or winding up of this corporation, after paying or adequately providing for the debts and obligations of this corporation, the directors or other persons in charge of the liquidation, unless this corporation holds its assets in any trust, shall distribute any remaining assets to the then members of this corporation.

V

The principal office for the transaction of the business of this corporation is to be located in the County of Orange, State of California.

VI

- (a) The number of directors of this corporation is three, provided that said number may be changed by a By-Law duly adopted by the members of this corporation, subject always to any restriction of law as to the minimum number of directors.
- (b) The names and addresses of the persons who are appointed to act as the first directors are:

Name	Address
Lewis M. Letson	7806 Adoree Street Downey, California
Edna Illinik	709 South Essey Street Compton, California
Reverend Domonic Daly	10961 Reagan Street Los Alamitos, California

- (c) The qualifications, powers, duties and tenure of the office of said directors and the manner in which they shall be chosen shall be as prescribed and set forth in the By-Laws of this Corporation.

VII

This corporation shall have perpetual existence.

VIII

The members of this corporation shall not be personally liable for the debts, liabilities or obligations of this corporation.

IX

The authorized number and qualifications of members of this corporation, the different classes of membership, if any, the property, voting and other rights and privileges of each class of membership, and the liability of each or all classes to dues or assessments and the method of collection thereof, shall be as prescribed and set forth in the By-Laws of this corporation.

EXECUTED in Los Angeles, California, on May 11, 1961.

**BY-LAWS OF THE GOLDEN RAIN FOUNDATION  
TABLE OF CONTENTS**

**ARTICLE I                    GENERAL PURPOSES AND OFFICES**

- Section 1.    General Purpose
- Section 2.    Offices

**ARTICLE II                  MEMBERSHIP**

- Section 1.    Classes of Membership
- Section 2.    Voting Rights
- Section 3.    Membership – Eligibility and Acceptance
- Section 4.    Membership Fees
- Section 5.    Membership Certificates
- Section 6.    Termination of Membership

**ARTICLE III                MEETINGS OF MEMBERS**

- Section 1.    Place of Meetings
- Section 2.    Annual Meetings
- Section 3.    Notice of Meetings
- Section 4.    Order of Business
- Section 5.    Robert's Rules of Order
- Section 6.    Special Meetings
- Section 7.    Entry of Notice
- Section 8.    Voting
- Section 9.    Quorum
- Section 10.   Members Acting Without a Meeting
- Section 11.   Other Actions without a Meeting Procedure with Consents  
From Less than All Members
- Section 12.   Organization
- Section 13.   Inspectors of Election

**ARTICLE IV                OFFICERS**

- Section 1.    Officers
- Section 2.    Selection
- Section 3.    Removal and Resignation

**ARTICLE V                BOARD OF DIRECTORS**

- Section 1.    Governing Body
- Section 2.    Powers
- Section 3.    Regular Meetings
- Section 4.    Place of Meetings
- Section 5.    Directors Acting Under Unanimous Written Consent-Waiver

**BY-LAWS OF THE GOLDEN RAIN FOUNDATION**  
**TABLE OF CONTENTS (Cont'd.)**

**ARTICLE VI            ELECTION OF DIRECTORS**

- Section 1.    Qualifications
- Section 2.    Number of Directors
- Section 3.    Nominations, Election and Term of Office
- Section 4.    Organization Meeting
- Section 5.    Voting
- Section 6.    Vacancies
- Section 7.    Removal of Directors

**ARTICLE VII          DUTIES OF OFFICERS**

- Section 1.    President
- Section 2.    Vice-President
- Section 3.    Secretary
- Section 4.    Treasurer

**ARTICLE VIII        COMMITTEES**

**ARTICLE IX          FINANCE**

- Section 1.    Fiscal Year
- Section 2.    Bond
- Section 3.    Moneys and Funds

**ARTICLE X          MISCELLANEOUS**

- Section 1.    Method of Voting
- Section 2.    Inspection of Records
- Section 3.    Contracts
- Section 4.    Inspection of By-Laws
- Section 5.    Amendments
- Section 6.    Record of Amendments

BY-LAWS OF  
GOLDEN RAIN FOUNDATION

ARTICLE I.  
General Purpose and Offices

**Section 1. General Purpose** This association shall be conducted as a non-profit corporation for the benefit of its members and for the purpose set forth in its Articles of Incorporation.

The following By-Laws shall be the rules and regulations of the Golden Rain Foundation except as otherwise may be provided by statute or its said Articles of Incorporation.

**Section 2. Offices.** The principal office for the transaction of the business of this corporation is hereby fixed and located at Rossmoor Leisure World, Seal Beach, California. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another in said County.

ARTICLE II.  
Membership

**Section 1. Classes of Membership** There shall be 2 classes of membership: (1) Active Member, and (2) Honorary Member. Active members shall consist of the incorporators and all members who pay an initiation fee and such dues and assessments as shall be from time to time fixed and determined by the Board of Directors. The status of the incorporators as active members shall terminate at the first annual membership meeting unless they have been approved for active membership by the Board of Directors and pay an initiation fee and such dues and assessments as shall be from time to time fixed and determined by the Board of Directors. Honorary members are members who have rendered noteworthy service to this Corporation, as determined by the unanimous election of the Board of Directors, provided, however, that such Honorary membership may be conferred by such election only upon written notice of such proposed election to each member of the Board of Directors at least one week prior to the meeting at which such election shall be conducted. Honorary members shall be exempt from the payment of all fees and dues and shall enjoy all of the privileges of the active membership except that they shall not vote or hold office, nor shall they be entitled to any services, medical, recreational or otherwise, offered to be provided by this Corporation, nor shall they share in the distribution of any remaining assets upon the dissolution or winding up of this Corporation.

**Section 2. Voting Rights.** Only Active Members in good standing shall be entitled to vote at the annual meeting of the Corporation. Each such member shall be entitled to one vote.

**Section 3. Membership – Eligibility and Acceptance** All stockholders or members in good standing of any non-profit cooperative housing corporation sponsored by this Corporation and providing housing in Seal Beach Leisure World, a cooperative housing development, and all members of Seal Beach Mutual No. Seventeen, a non-profit mutual benefit corporation, located in Seal Beach, California, shall be entitled to active membership in this Corporation, which membership shall be appurtenant to the respective shares of stock of said non-profit cooperative housing corporations and appurtenant to the memberships in Seal Beach Mutual No. Seventeen. It is the intention of this corporation to offer such services, as it may



provide, only to occupant stockholders of said non-profit cooperative housing corporations and members of Seal Beach Mutual No. Seventeen. Application for membership shall be made concurrently with the execution of a subscription agreement for stock or membership in such a cooperative housing corporation or subscription agreement for membership in Seal Beach Mutual No. Seventeen, and shall be accompanied by such portion of the initiation fee as the Board of Directors shall from time to time determine. When a subscription is accepted by such a cooperative housing corporation or Seal Beach Mutual No. Seventeen, and stock or a membership certificate is issued to a subscriber, notice shall be sent to said subscriber of his or her eligibility for membership in this corporation and a request for payment of the full initiation fee shall accompany said notice. Payment of said initiation fee shall constitute an acceptance of membership and agreement to abide by these By-Laws and rules and regulations of the Corporation. Failure to make payment of the initiation fee at the time fixed by the Board of Directors shall render the candidate's eligibility of membership null and void at the discretion of the Board of Directors. The authorized number of membership shall be to the cooperative housing corporation stockholder occupants and to members of Seal Beach Mutual No. Seventeen, the total of said units being 6,608.

**Section 4. Membership Fees.** The Board of Directors shall from time to time fix and determine the amount to be paid as active membership fees. Until further designation by the Board of Directors the initiation fee for active members shall be \$250.00 which shall be paid at the time of application for membership. If the applicant is not accepted for membership, his membership fee shall be refunded; provided further that every active member shall pay an annual fee in the sum of \$10.00 payable in the month of January of each year.

**Section 5. Membership Certificates.** The Corporation shall issue certificates of Membership to each member upon admission to membership, and payment of the fee therefor, in such form and containing such provisions as the Board of Directors from time to time may determine.

**Section 6. Termination of Membership.** Membership in this Corporation may be terminated by majority vote of the Board of Directors, (a) after a voluntary resignation tendered in writing, addressed to the Secretary, but no such resignation shall be accepted unless the resigning member is at the time in good standing; (b) for failure to renew membership and pay membership fees as provided in these By-Laws; and (c) for good cause, as determined by the Board of Directors, a majority concurring therein. Membership in the Corporation shall automatically terminate at any time a member ceases to be a member in good standing in a cooperative housing corporation or in Seal Beach Mutual No. Seventeen such as hereinabove described. Any initiation fee paid by a member shall not be refundable and membership may be assigned only in conjunction with the transfer of membership in such a cooperative housing corporation or Seal Beach Mutual No. Seventeen membership.

### **ARTICLE III. Meetings of Members**

**Section 1. Place of Meetings.** All meetings of the members shall be held at the principal office of this Corporation, or at any other place in Orange County, State of California, which may be designated by the President.

**Section 2. Annual Meetings.** The annual meetings of members shall be held on the second Tuesday of June of each year at 2 P.M. of said day; provided, however, that should said

day fall upon a legal Holiday, then such annual meeting of members shall be held at the same time and place on the next day thereafter ensuing which is not a legal holiday.

**Section 3. Notice of Meetings.** Notice of meetings, annual or special, shall be given in writing not less than ten nor more than sixty days before the date of the meeting, to members entitled to vote thereat by the Secretary or the Assistant Secretary, or if there is no such officer, or in the case of his neglect or refusal, by any Director or Member.

Such notices or any reports shall be given personally or by mail or other means of written communication and shall be sent to the member's address appearing on the books of the corporation, or supplied by him to the corporation for the purpose of notice, and in the absence of said address as herein provided, such notice shall be given as provided in Section 601 of the California Corporations Code.

Notice of any meeting of members shall specify the place, the day and the hour of meeting, and (1) in case of a special meeting, the general nature of the business to be transacted and no other business, may be transacted, or (2) in the case of an annual meeting, those matters which the Board at day of mailing, intends to present for action by the Members. At any meetings where Directors are to be elected, notice shall include the names of the nominees, if any, intended at date of notice to be presented by the Board of Directors for election.

If a member supplies no address, notice shall be deemed to have been given to him if mailed to the place where the principal executive office of the corporation, in California, is situated, or published at least once in some newspaper of general circulation in the County of said principal office.

Notice shall be deemed given at the time it is delivered personally or deposited in the mail or sent by other means of written communication. The Officer giving such notice or report shall prepare and file an affidavit or declaration thereof.

When a meeting is adjourned for forty-five days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save, as aforesaid, it shall not be necessary to give any notice of adjournment or of the business to be transacted at an adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

**Section 4. Order of Business.** The order of business at the annual meetings shall be as follows: (a) Reading of the Minutes of the previous annual meeting, (b) Report of officers, (c) Report of Committees, (d) Report of Board of Directors, (e) Unfinished business, (f) New Business.

**Section 5. "Robert's Rules of Order."** "Robert's Rules of Order" shall govern procedure at all meetings, except as otherwise provided.

**Section 6. Special Meetings.** Special meetings of the Members may be called at any time by the Board of Directors, the President, a Vice President, the Secretary, or by one or more members holding not less than one-tenth (1/10) of the voting power of the Corporation. Except as next provided, notice shall be given as for the annual meeting.

Upon receipt of a written request addressed to the Chairman, President, Vice President, or Secretary, mailed or delivered personally to such Officer by any person (other than the Board) entitled to call a special meeting of members, such Officer shall cause notice to be given, to the members entitled to vote, that a meeting will be held at a time requested by the person or persons calling the meeting, not less than twenty-five or more than sixty days after the receipt of such request. If such notice is not given within twenty days after receipt of such request, the persons calling the meeting may give notice thereof in the manner provided by these By-Laws.

**Section 7. Entry of Notice.** Whenever any member entitled to vote has been absent from any meeting of members, whether annual, monthly or special, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meetings was given to such members, as required by law and the By-Laws of this Corporation.

**Section 8. Voting.** At all meetings of members, every member in good standing shall have the right to vote in person and shall be entitled to one vote. Such vote may be viva voce or by ballot. Directors of the Corporation shall be elected in the manner provided in Article VI of these By-Laws.

**Section 9. Quorum**

- a. The presence in person of 33 1/3% of the members of record in good standing at any meeting shall constitute a quorum for the transaction of business at said meeting.
- b. In the event 33 1/3% of the members in good standing shall not be present at the Annual Meeting duly given pursuant to the provisions of Article III, Section 3 of these By-Laws, a quorum for said Annual Meeting for the purpose of transacting business as set forth in Section 4 of this Article, shall consist of those members of record in good standing and present in person at the Annual Meeting. Except that at said Annual Meeting any action requiring the vote of the members of this corporation shall be entered on the minutes of said meeting, after being duly proposed, and submitted to the members for vote by secret ballot and held by mail. Said ballots shall be sent to members of record in good standing within 10 days, following said Annual Meeting, and said ballots shall be returned by the members to the principal office of the corporation on or before the 20<sup>th</sup> day following the date of said Annual Meeting. A resulting majority vote of those votes cast shall determine the resolution of any such issue requiring the vote of members. This provision shall not apply to the election of directors or officers, or for amendment of these By-Laws, which matters are provided for in other provisions of these By-Laws, nor shall it apply to any proposal for dissolution of the Corporation.
- c. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.
- d. If no quorum be present at such meeting, the President shall adjourn such meeting for one week, except as herein provided for the annual meeting, which may be adjourned at its conclusion until the next Annual Meeting.

**Section 10. Members Acting Without a Meeting.** Any action which may be taken at a meeting of the Members may be taken without a meeting or notice of meeting if authorized by a writing signed by all of the Members entitled to vote at a meeting for such purpose, and filed with the Secretary of the corporation, if the Directors fail to fill a vacancy, then a Director to fill that vacancy may be elected by the written consent of persons holding a majority of shares entitled to vote for the election of Directors.

**Section 11. Others Acting Without a Meeting Procedure with Consents from Less Than All Members.** Unless otherwise provided in the General Corporation Law or the Articles, any action which may be taken at any annual or special meeting of Members may be taken without a meeting and without prior notice if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize taking such action at a meeting at which all shares entitled to vote thereon were present and voted.

Unless the consents of all Members entitled to vote have been solicited in writing, (1) Notice of any Member approval pursuant to Sections 310, 317, 1201 or 2007 of the Corporation code without a meeting by less than unanimous written consent shall be given at least 10 days before the consummation of the action authorized by such approval, and, (2) Prompt notice shall be given of the taking of any other corporate action approved by Members without a meeting by less than unanimous written consent, to each of those Members entitled to vote who not consented in writing.

Any Member giving a written consent, or the Member's proxy holders, or a transferee of the shares of a personal representative of the Member or their respective proxy holders, may revoke the consent by a writing received by the corporation prior to the time that written consents of the number of shares required to authorize the proposed action have been filed with the Secretary of the corporation, but may not do so thereafter. Such revocation is effective until its receipt by the Secretary of the corporation.

**Section 12. Organization.** The President, or in the absence of the President, any Vice President, shall call the meeting of the Members to order, and shall act as chairman of the meeting. In the absence of the President and all of the Vice Presidents, Members shall appoint a chairman for such meeting. The Secretary of the corporation shall act as Secretary of all meetings of the Members, but in the absence of the Secretary at any meeting of the Members, the presiding officer may appoint any person to act as Secretary of the meeting.

**Section 13. Inspectors of Election.** In advance of any meeting of Members the Board of Directors may, if they so elect, appoint inspectors of election to act at such meeting or any adjournments thereof. If inspectors of election be not so appointed, the chairman of any such meeting may, and on the request of any Member or his proxy shall, make such appointment at the meeting in which case the number of inspectors shall be either one or three as determined by a majority of the members represented at the meeting.



## ARTICLE IV. Officers

**Section 1. Officers.** The officers of the Corporation shall be a President, Vice-President, Secretary and Treasurer. The President, with the approval of the Board of Directors, may, from time to time, appoint such other officers as the business of the Corporation may require, each of whom shall hold office for such period, and have such authority and perform such duties as are provided in the By-Laws or as the Board of Directors may from time to time determine.

**Section 2. Selection.** The President, Vice-President, Secretary and Treasurer shall be selected by the Board of Directors from their number at their Organization meeting, their first meeting after the annual meeting, and their tenure of office shall be for one year, and until their Respective successors are elected and shall have qualified.

**Section 3. Removal and Resignation.** Any officer may resign or may be removed with or without cause by the Board of Directors at any time. Vacancies caused by the death, resignation or removal of any officer may be filled by appointment by the Board of Directors, or by the President until such appointment by the Board of Directors.

## ARTICLE V. Board of Directors

**Section 1. Governing Body.** The governing body of this Corporation shall be the Board of Directors. The Board of Directors shall consist of 3 members, and shall include the President, Vice-President, Secretary and Treasurer.

**Section 2. Powers.** Except as otherwise herein provided, the business and affairs of the Corporation shall be carried on and conducted by the Board of Directors. All corporate powers shall be exercised by and through the Board of Directors. At the annual meeting of the members each year, the Board of Directors shall make a written report of their actions and proceedings during the preceding year, and shall make such recommendations regarding future operations as they may deem advisable.

**Section 3. Regular Meetings.** Regular meetings of the Board of Directors shall be held at the corporate offices, or such other place as may be designated by the Board of Directors. One such meeting shall be held each month on the third Tuesday of each month or as otherwise designated by the President. If said day so determined shall fall upon a holiday, such meeting shall be held on the next succeeding business day thereafter. No notice need be given of such regular meetings.

Special meetings of the Board may be called at any time by the President, or if he is absent or unable or refuses to act, by any Vice President, or the Secretary or by any two Directors, or by one Director if only one is in office.

At least forty-eight (48) hours notice of the time and place of special meetings shall be delivered personally to the Directors or personally communicated to them by a corporate Officer by telephone or telegraph. If the notice is sent to a Director by mail, it shall be addressed to him at his address as it is shown upon the records of the corporation, (or if it is not so shown on such records or is not readily ascertainable, at the place in which the meetings of the Directors

are regularly held). In case such notice is mailed, it shall be deposited in the United States mail, postage prepaid, in the place in which the principal executive office of the corporation is located at least four (4) days prior to the time of the holding of the meeting. Such mailings, telegraphing, telephoning or delivery as above provided shall be due, legal and personal notice to such Director.

**Section 4. Place of Meetings.** All meetings of the Board of Directors shall be held at the principal office of the Corporation, or at any other place in the County of Orange, State of California, designated by the President. A majority or more members shall constitute a quorum of the Board of Directors

**Section 5. Directors Acting Under Unanimous Written Consent-Waiver.** Any action required or permitted to be taken by the Board of directors may be taken without a meeting and with the same force and effect as if taken by a unanimous vote of Directors, if authorized by a writing signed individually or collectively by all members of the Board. Such consent shall be filed with the regular minutes of the Board. When all of the Directors present at any Directors' meeting, however called or noticed, and either (i) sign a written consent thereto on the records of such meeting, or (ii) if a majority of the Directors are present and if those not present sign a waiver of notice of such meeting or a consent to holding the meeting or an approval of the minutes thereof, whether prior to or after the holding of such meeting, which said waiver, consent or approval shall be filed with the Secretary of the corporation or (iii) if a Directors attends a meeting without notice but without protesting, prior thereto, or at its commencement, the lack of notice to him, then the transactions thereof are as valid as if had a meeting regularly called and noticed.

## **ARTICLE VI. Election of Directors**

**Section 1. Qualifications.** Only an active member of the Corporation is qualified to be a Director. An active member of this corporation who is (a) an officer or director of a Mutual Corporation at Seal Beach Leisure World; (b) a member of any City Council; (c) a member of the Board of Supervisors of the County of Orange, California; (d) a member of the Planning Commission for the City of Seal Beach, California, or the County of Orange, California; (e) an elected official of any city, county, governmental body or political subdivision thereof; (f) an individual, a member of any entity or partnership, or an officer or director of any other corporation engaged in supplying material, services or labor to the Golden Rain Foundation, shall not be qualified to serve as a director of this corporation.

The Secretary of this said corporation shall be and is authorized to determine and declare the disqualification of a Director, either elected or proposed, under and pursuant to the terms of this By-Law. The secretary shall certify in writing the disqualification, if any, to the Board of Directors of this corporation, to the elected or proposed Director and to the Board of Directors of the Mutual Corporation in which said proposed or elected director is a shareholder. The director so certified disqualified shall have a period of ten (10) days to remove said disqualification, or, in the alternative, may petition the Board of Directors during said ten (10) day period for determination after presentation of proof that said disqualification does not pertain to the proposed or elected Director. A majority vote of the Board of Directors shall determine the existence or non-existence of said disqualification pursuant to this By-Law. The meeting of the Board of Directors for the determination of said matter shall be held not later than ten (10) days following the filing of said petition with the secretary of this corporation by said proposed or

elected Director. The Board, after hearing the proof submitted by said proposed or elected Director, shall determine the existence or non-existence by a vote of the members of the Board of Directors; a majority determining said question of disqualification.

Said Director shall not be installed as a Director in the event said disqualification is determined prior to his installation. If said disqualification is determined following his installation as a member of the Board of Directors of this corporation upon the certification hereinabove specified, said Director shall not be entitled to serve further on the Board if he shall not have removed said disqualification within ten (10) days, or the Board of Directors after hearing as herein provided shall not have determined that said disqualification does exist, or the failure of said proposed or elected Director to remove said disqualification within ten (10) days after notification, said Director shall not be entitled to serve any further upon the Board of Directors of this corporation.

**Section 2. Number of Directors.** The Board of Directors of this Corporation shall consist of eighteen (18) members.

**Section 3. Nominations, Elections and Term of Office**

**Distribution of Directors:** Effective for and after the year 1964, the active members of the Corporation who are members of Seal Beach Mutual No. One shall elect two directors who shall be members of said Mutual, as shall also the active members of the Corporation who are members of Seal Beach Mutual Two. The active members of the Corporation who are members of each of the other Seal Beach Mutual Corporations (Seal Beach Mutual Nos. Three, Four, Five, Six, Seven, Eight, Nine, Ten, Eleven, Twelve, Fourteen, Fifteen, Sixteen and Seventeen) shall elect one Director who shall be a member of such Mutual (all of the aforesaid Seal Beach Mutual Corporations are sometimes referred to in these By-Laws collectively as "Mutuals" and singularly as "Mutual").

**Term of Office:** The Terms of Office of the Directors elected at the first annual meeting of members in 1963 shall expire upon the installation of their successors at the annual meeting in 1964. The terms of the Directors elected in 1964 from the odd-numbered Mutuals shall be one year, and the terms of the Directors elected in 1964 from the even-numbered Mutuals shall be two years. The term of the Director for Seal Beach Mutual No. Seventeen shall be for two years and such Director shall be elected in the same years as the election for the Directors from the other odd numbered mutuals.

**Method of Balloting:** Election of Directors shall be by secret ballot and shall be held by mail. Each year, the Secretary shall mail ballots to all active members of the Corporation in good standing who are members of Mutuals from which Directors are to be elected that year. The ballots shall be mailed not less than twenty-five (26) days nor more than thirty (30) days prior to the annual meeting of members. The ballots shall be returned to the principal office of the Corporation on or before the twentieth (20<sup>th</sup>) day following mailing. Any ballots not received within said period shall not be counted. The Board of Directors of the Corporation shall establish such procedures as it may deem necessary and proper to assure the integrity and secrecy of the balloting.

**Nominations:** The Board of Directors of each Mutual, in any year in which a Director is to be elected from the Mutual, shall at least sixty (60) days prior to the annual meeting appoint a nominating committee composed of five (5) active members of the Corporation who are



members of the Mutual. Such a nominating committee shall deliver to the Secretary of the Mutual a list containing not less than one nor more than three candidates for each Director to be elected. Additional nominations may be made by petition signed in behalf of a candidate by at least twenty (20) active members of the Corporation who are members of the Mutual and delivered to its Secretary. Said Secretary shall deliver to the Secretary of the Corporation, at least 45 days before the annual meeting, a list of all candidates, whether nominated by the nominating committee or by petition, and the latter shall incorporate their names in the ballot which shall be mailed to the active members of the Corporation who are members of the Mutual, in the manner hereinabove provided. Each candidate shall submit to the Secretary a statement of three-hundred (300) words or less setting forth his background, qualifications and platform. A copy of such statement, together with similar statements of other candidates shall be mailed with the ballot. Each member shall cast one vote for each Director to be elected. The candidate or candidates receiving the highest number of votes shall be elected and shall be installed at the annual meeting next following. The foregoing procedure shall be followed in the case of each Mutual.

**Section 4. Organization Meeting.** A meeting of the Board of Directors for the purpose of organization shall be held within thirty (30) days of the date of the annual meeting of members at which the newly elected Directors were installed.

**Section 5. Voting.** Each Director shall be entitled to one vote; provided, that no Director shall have the right to vote unless and until 90% of the authorized shares of the Mutual from which he was elected have been sold and issued.

**Section 6. Vacancies.** Any vacancy in the Board of Directors caused by death, resignation or disability of a Director shall be filled by a majority of the remaining Directors or by the sole remaining Director.

Upon occurrence of such vacancy, the secretary of this Corporation shall notify the president of the Mutual Corporation affected by such vacancy and shall at the same time notify the members of this corporation who are residents of said Mutual Corporation. Within five (5) days of the date of said notice to the president of the Mutual Corporation and to the members of said Mutual Corporation, the secretary of this corporation shall be notified in writing by the secretary of the Mutual Corporation of the names of the nominees for the office in which said vacancy has occurred and in the event no nominees are named by said Corporation, said office shall be filled by a vote of a majority of the remaining directors of this corporation or by the sole remaining director.

Within ten (10) days after receipt of the names of such nominees, the secretary of this corporation shall cause ballots to be mailed to the members of this corporation who are residents of the Mutual Corporation affected by said vacancy.

The ballots mailed to the members of this corporation who are residents of the Mutual Corporation shall be returned to the secretary of this corporation within fifteen (15) days of mailing. The secretary of this corporation is authorized to delegate the counting of said ballots to the Administrator or a certified public accounting firm for counting and tallying. Within twenty (20) days of the mailing of the ballots the Board of Directors of this corporation shall, at a meeting open to all members of this corporation, declare the name of the member elected as a director to fill said vacancy by reason of said ballots. Said director so elected shall immediately be installed in office as a member of the Board of Directors of this corporation.



Nominees for election as candidates for said office may be made by petitions signed by at least twenty (20) active members of the corporation who are members of the Mutual in which said vacancy in the office of the director exists, or by the Board of Directors of said Mutual Corporation. As provided in this section, said petitions shall be delivered to the secretary of the Mutual Corporation so affected so that nominations, whether by members or by the board of Directors of said Mutual, may be transmitted to the secretary of this corporation within the time specified in this section.

**Section 7. Removal of Directors.** Any Director may be removed with or without cause by a vote of a majority of the active members in good standing of the Corporation who are members of the Mutual from which the Director was elected at any annual or special meeting of the members of the Mutual, and a successor may then and there be elected to serve the remainder of the term of the Director who has been removed.

## **ARTICLE VII. Duties of Officers**

**Section 1. President.** The President shall appoint all committees, shall preside at all meetings of the Corporation and of the Board of Directors, and shall perform such other duties as ordinarily pertain to such office. The President shall be an ex-officio member of all standing committees.

The President shall, with the approval of the Board of Directors, appoint such committees as the Board shall from time to time order or direct, and as may be provided for in these By-Laws.

**Section 2. Vice-President.** It shall be the duty of the Vice-President to preside at meetings of the Corporation and Board of Directors in the absence of the President and to perform such other duties as ordinarily pertain to his office.

**Section 3. Secretary.** It shall be the duty of the Secretary to keep the records of membership, record of attendance at meetings, send out notices of meetings of the Corporation, Board and committees, record and preserve the minutes of such meetings, and perform such other duties as ordinarily pertain to such office.

**Section 4. Treasurer.** It shall be the duty of the Treasurer to account for all funds to the corporation at its annual meetings and at any other time upon demand by the Board of Directors, and to perform such other duties as pertain to such office. Upon his retirement from office, he shall turn over to his successor or to the President all funds, books of accounts or any other Corporation property in his possession.

## **ARTICLE VIII. Committees**

The President shall appoint such standing or special committees as may be provided by resolution of the Board of Directors, or as he may deem necessary for the administration of the affairs of the Corporation, and to carry out the purposes of the Corporation, subject to the approval of the Board of Directors.

**ARTICLE IX.**  
**Finance**

**Section 1. Fiscal Year.** The Fiscal year shall begin January 1 and end on December 31 of each calendar year.

**Section 2. Bond.** All officers and employees of the Corporation, who have the custody or control of any funds of the Corporation, shall give such bond as may be required by the Board of Directors. The cost of all said bonds shall be paid by the Corporation.

**Section 3. Moneys and Funds.** The moneys and funds of the Corporation shall be received, deposited and paid in such manner as shall be provided for by the Board of Directors; provided that all checks and vouchers for payment of money shall be signed in the name of the Corporation, and only such officers as may be designated by the Board of Directors be duly authorized so to do.

**ARTICLE X.**  
**Miscellaneous**

**Section 1. Method of Voting.** The business of this Corporation shall be transacted by the viva voce vote, except as otherwise hereinabove provided.

**Section 2. Inspection of Records.** The books of account and minutes of proceedings of the members and directors shall be open to inspection upon the written demand of any member at all reasonable times during office hours, and for a purpose reasonably related to his interest as a member. Such demand shall be made in writing upon the President or Secretary of the Corporation.

**Section 3. Contracts.** Except as hereinabove provided the members may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or consigned to specific matters; and unless so authorized by the Board of Directors, no officer, agent or employee will have any power or authority to bind the Corporation by any contract or agreement or to pledge its credit or to render it liable for any purpose or to any amount.

**Section 4. Inspection of By-Laws.** The Corporation shall keep in its principal office for the transaction of business the original or a copy of the By-Laws, as amended, or otherwise altered, to date, certified by the Secretary, which shall be open to inspection by the members at all reasonable times during office hours.

**Section 5. Amendments.** By-Laws may be adopted, amended or repealed by a majority of the voting members in good standing either at a meeting at which there is in attendance a majority of such members, or by the written assent of such members.

**Section 6. Record of Amendments.** Whenever an amendment or new By-Law is adopted, it shall be copied in the book of By-Laws with the original By-Law in the appropriate place. If any By-Law is repealed, the fact of repeal with the date of the meeting at which the repeal was enacted or written assent was filed shall be stated in said book.