

SEAL BEACH MUTUAL NO. ONE**Mutual Operations – Stockholders Meetings****Rules for the Election and Removal of Directors by Secret Ballot**

In connection with the election and removal of directors, and in accordance with the California Civil Code Section 5100 et seq., the following rules and procedures shall apply:

1. **Frequency.** Elections for a seat on the Board of Directors shall be held at the expiration of the corresponding director's term.
2. **Meeting at which secret ballots shall be tabulated.**
 - 2.1. The inspector(s) of election or their designee(s) shall tabulate the ballots for the election and/or recall of directors at the annual meeting of the owners or a special meeting of the owners or at a special meeting of the Board of Directors duly noticed for the purpose of counting ballots.
 - 2.2. The Board of Directors shall determine the date, time and place of said annual or special meeting of the owners and/or the special meeting of the Board of Directors in accordance with the Association's Bylaws.
 - 2.3. The voting period for elections shall be at least thirty (30) days. The polls shall open and close as stated on the secret ballot distributed for each election or, if not stated, the polls shall open at the time of the meeting, and close at a reasonable period thereafter, as determined by the inspectors of election.
3. **Qualifications and Nomination of Candidates.**
 - 3.1. Notwithstanding anything to the contrary set forth in the Association's Bylaws, the only qualifications to be a candidate for election to the Board are as follows:
 - 3.1.1. A candidate shall be a "Member" of the Association. If title to a unit is held by a legal entity that is not a natural person, the governing authority of that legal entity shall have the power to appoint a natural person to be a "Member" for purposes of election to the Board.
 - 3.1.2. Each candidate must not be delinquent (as defined in the Association's collection policy) in the payment of any regular or special assessment levied by the Association (but not for nonpayment of monetary penalties, monetary penalties renamed as assessments, collection charges, late charges, or costs levied by a third party). For purposes hereof, a Member shall not be disqualified for failure to be current in payment of regular and special assessments if either of the following circumstances is true: (1) the Member has paid the regular or special assessment under protest pursuant to Civil Code Section 5658; or (2) the Member has entered

(Dec 20)

GOLDEN RAIN FOUNDATION Seal Beach, California

SEAL BEACH MUTUAL NO. ONE**Mutual Operations – Stockholders Meetings**

43 into a payment plan pursuant to Civil Code Section 5665.

44 **3.1.3.** A person may not be a candidate if the candidate discloses, or if the
 45 Association is aware of, or becomes aware of, a past criminal
 46 conviction that would either prevent the Association from purchasing
 47 the fidelity bond coverage required by Civil Code Section 5806
 48 should the person be elected or terminate the Association's existing
 49 fidelity bond coverage as to that person should the person be
 50 elected.

51 **3.1.4.** A person may not be a candidate if such person, if elected, would be
 52 serving on the Board at the same time as another person who holds
 53 a joint ownership interest in the same unit as the person and the
 54 other person is either properly nominated for the current election or
 55 an incumbent director.

56
 57 **3.2.** The Association shall not disqualify a person from nomination if the person has
 58 not been provided the opportunity to engage in internal dispute resolution
 59 pursuant to Civil Code Section 5900 et seq.

60
 61 **3.3.** Owners may nominate themselves or another person. Any candidate
 62 nominated by another person will be contacted to confirm that such candidate
 63 consents to having his or her name placed in nomination for election to the
 64 Board, and meets the foregoing qualifications for candidacy.

65
 66 **3.4.** All candidates who wish to serve on the Board of Directors and, if appropriate,
 67 have confirmed their willingness to run for election to the Board of Directors,
 68 shall be listed on the secret ballot if their candidate nomination form is received
 69 by the date stated on the form.

70
 71 **3.5.** Write-in candidates and nominations from the floor of the meeting are
 72 prohibited.

73
 74 **3.6.** The Candidate Nomination Form must be returned to the Association at the
 75 address provided on, and by the deadline stated on, such form.

76
 77 **4. Voter List and Candidate List; Right to Verify Accuracy of Individual Information.**

78
 79 **4.1.** The Association shall prepare a candidate registration list following the
 80 deadline for returning nominations. The Association shall also prepare a voter
 81 list at least thirty (30) days before the secret ballots are mailed, which list shall
 82 include for each owner, the name, voting power, and either the physical
 83 address of the voter's separate interest, the parcel number, or both. The
 84 mailing address for the ballot shall be listed on the voter list if it differs from the

SEAL BEACH MUTUAL NO. ONE**Mutual Operations – Stockholders Meetings**

85 physical address of the voter’s separate interest or if only the parcel number is
 86 used.

- 87
 88 **4.2.** The Association shall retain, as Association election materials, both the
 89 candidate registration list and the voter list. The Association shall permit
 90 members to verify the accuracy of their individual information on both lists at
 91 least thirty (30) days before the ballots are distributed. The Association or
 92 member shall report any errors or omissions to either list to the inspector or
 93 inspectors who shall make the corrections within two (2) business days.

5. Inspector(s) of Election.

- 94
 95
 96
 97 **5.1.** The Board of Directors shall appoint one (1) or three (3) independent third
 98 parties as inspectors of election before the secret ballots are mailed to all of the
 99 owners. An independent third party includes, but is not limited to: a volunteer
 100 poll worker with the county registrar of voters; a licensee of the California
 101 Board of Accountancy; or a notary public. An independent third party may
 102 include a member of the Association provided such member is not a member
 103 of the Board of Directors or a candidate for the Board of Directors or related to
 104 a member of the Board of Directors or a candidate for the Board of Directors.
 105 An independent third party may not be a person, business entity, or subdivision
 106 of a business entity who is currently employed or under contract to the
 107 Association for any compensable services other than serving as an inspector of
 108 elections.

- 109
 110 **5.2.** Upon appointment, the inspector(s) of election shall meet to determine, among
 111 other things, who shall prepare and deliver the nomination procedures,
 112 candidate nomination forms, notices, ballots and other information required by
 113 the Act (collectively, “Election Materials”) to the members and to whom the
 114 Election Materials shall be returned on behalf of the inspector(s) of election
 115 (the “Ballot Collector”). The inspector(s) of election may delegate the task of
 116 preparing and delivering the Election Materials to a third party, and may
 117 designate that Election Materials be returned to the inspector(s) of election in
 118 care of a third party. Only the inspector(s) of election shall be authorized to
 119 open and tabulate secret ballots.

- 120
 121 **5.3.** The inspector(s) of election shall also do all of the following:
 122 **5.3.1.** Determine the number of memberships entitled to vote and the
 123 voting power of each (note: the voting rights of an owner may not be
 124 suspended under any circumstances);
 125 **5.3.2.** Determine the authenticity, validity, and effect of proxies, if any;
 126 **5.3.3.** Receive ballots;

SEAL BEACH MUTUAL NO. ONE**Mutual Operations – Stockholders Meetings**

owners), the Association shall provide general notice to the members of all of the following:

- 169
170
171 **6.2.1.** The date and time by which, and the physical address where, ballots
172 are to be returned by mail or handed to the inspector or inspectors of
173 elections.
- 174 **6.2.2.** The date, time, and location of the meeting at which ballots will be
175 counted.
- 176 **6.2.3.** The list of all candidates' names that will appear on the ballot.
- 177 **6.2.4.** Individual notice of the above paragraphs shall be delivered pursuant
178 to Section 4040 if individual notice is requested by a member.
179

6.3. Secret Ballot Procedure; Record Date.

- 181 **6.3.1.** The inspector(s) of election shall cause the Association to mail by
182 first-class mail or deliver to each member not less than thirty (30)
183 days prior to the election:
 - 184 **6.3.1.1.** Ballots and two (2) preaddressed envelopes with
185 instructions on how to return ballots; and,
 - 186 **6.3.1.2.** A copy of these election rules. Delivery of the election
187 operating rules may be accomplished by either of the
188 following methods:
 - 189 i. Posting the election operating rules to an internet
190 website and including the corresponding internet
191 website address on the ballot together with the
192 phrase, in at least 12-point font: "The rules
193 governing this election may be found here."
194 ii. Individual delivery.
- 195 **6.3.2.** Ballots must ensure the confidentiality of the voters.
 - 196 **6.3.2.1.** A voter may not be identified by name or separate interest
197 identifier on the ballot.
 - 198 **6.3.2.2.** The ballot shall not require the signature of the voter.
 - 199 **6.3.2.3.** The ballot itself is inserted into an envelope that is sealed.
200 This envelope is inserted into a second envelope that is
201 sealed. In the upper left hand corner of the second
202 envelope, the voter shall sign his or her name, indicate his
203 or her name and indicate the address or separate interest
204 identifier that entitles him or her to vote. The second
205 envelope is addressed to the inspector(s) of election, who
206 will be tallying the votes.
- 207 **6.3.3.** Owners may return their secret ballot by mail, hand deliver it to the
208 meeting or complete the ballot at the meeting; provided, only those
209 ballots which are delivered to the inspector(s) of election prior to the
210 polls closing shall be counted.

SEAL BEACH MUTUAL NO. ONE**Mutual Operations – Stockholders Meetings**

- 211 **6.3.4.** A member may request a receipt for delivery of his or her ballot.
212 **6.3.5.** The record date for purposes of voting shall be the date the ballots
213 are mailed to all of the owners.

7. Campaigning.

- 214
215
216
217 **7.1.** Association funds may not be used for “campaign purposes” in connection with
218 any board election. The term “campaign purposes” is defined to include,
219 without limitation, (1) “expressly advocating the election or defeat” of any
220 candidate that is on the ballot; or (2) “including the photograph or prominently
221 featuring the name of a candidate on a communication” from the association
222 (except the ballot and voting materials and equal access communications sent
223 pursuant to this Section).
224
225 **7.2.** If any such access is provided at all, all candidates or members advocating a
226 point of view during a campaign, including those not endorsed by the Board of
227 Directors, shall be provided equal access to Association media, newsletters, or
228 internet websites (if any) for purposes that are reasonably related to the
229 election. The Association may not edit or redact any content from these
230 communications, but may include a statement specifying that the candidate or
231 member, and not the Association, is responsible for that content.
232
233 **7.3.** All candidates, including those who are not incumbents, and all members
234 advocating a point of view, including those not endorsed by the Board of
235 Directors, for purposes reasonably related to the election, shall be provided
236 equal access to any common area meeting space, if any exists, during a
237 campaign at no cost.
238

8. Handling of Ballots.

- 239
240
241 **8.1.** As secret ballots are returned to the Ballot Collector, the Ballot Collector shall
242 check off on a sign-in sheet that a ballot has been received for such unit.
243 Subject to validation by the inspector(s) of election, once a secret ballot is
244 received by the inspector(s) of election, it shall be irrevocable. Any subsequent
245 ballots received for the same unit shall be deemed invalid and shall be
246 discarded.
247
248 **8.2.** The sealed ballots at all times shall be in the custody of the inspector(s) of
249 election or at a location designated by the inspector(s) until delivered to the
250 inspector(s) at the meeting for the opening of the ballots and the tabulation of
251 the vote.
252

SEAL BEACH MUTUAL NO. ONE**Mutual Operations – Stockholders Meetings**

- 253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
- 8.3.** No person, including a member of the Association or an employee of the management company, shall open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated.
- 8.4.** The inspectors of election shall not:
- 8.4.1.** Deny a ballot to a member for any reason other than not being a member at the time when ballots are distributed.
- 8.4.2.** Deny a ballot to a person with general power of attorney for a member.
- 8.5.** After the tabulation of the vote and for one (1) year after the election or removal, election ballots shall be kept in the custody of the inspector(s) of election. After such time, the custody shall be transferred to the Association. If there is a recount or other challenge to the election process, the inspector(s) of election shall, upon written request, make the ballots available for inspection and review by an Association member or his or her authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.
- 9. Tabulation of Votes; Quorum Requirement.**
- 9.1.** All votes shall be counted and tabulated by the inspector(s) of election or their designee(s) in public at a properly noticed open meeting of the members or of the Board of Directors. A quorum of members or a quorum of Board members, as the case may be, must be present if required by the Association's governing documents. Each ballot received by the inspector(s) of election shall be treated as a member present at a meeting for purposes of establishing a quorum.
- 9.2.** The inspector(s) of election shall confirm that no more than one (1) ballot was returned for each unit, and that:
- 9.2.1.** The printed name of the member on the upper left hand corner of the envelope is legible and matches the name of at least one of the record owners of the property as shown on the Association's membership list;
- 9.2.2.** The member's signature is on the address envelope; and
- 9.2.3.** The address shown on the address envelope corresponds to the member's address on the Association's membership list.
- If, in the sole discretion of the inspector(s), the requirements above are not met, the envelope will not be valid for any purpose, including establishing a quorum.

SEAL BEACH MUTUAL NO. ONE**Mutual Operations – Stockholders Meetings**

337 proxyholder will fill out the ballot and enclose it in the "secret ballot" envelope.
 338 This envelope will then be enclosed in the second envelope, as discussed
 339 above. In the upper left hand corner of the second envelope, the proxyholder
 340 will sign his or her name, indicate his or her name and indicate the address or
 341 separate interest identifier that entitles the owner to vote; however, as the
 342 "voter", the proxyholder will sign and print his/her name underneath the name
 343 and address of the owner. The proxy must be returned with the ballot, but NOT
 344 placed inside the "secret ballot" envelope. If any instruction is given in a proxy
 345 issued for an election (or other vote) that directs the manner in which the
 346 proxyholder is to cast the vote, such instruction shall be set forth on a separate
 347 page of the proxy that can be detached and given to the proxyholder to retain.
 348 A proxy may be revoked by the owner prior to the receipt of the secret ballot by
 349 the inspector(s) of election. If a proxy and a secret ballot are received for the
 350 same separate interest, the proxy shall be deemed to have been revoked and
 351 the secret ballot shall be counted (if verified by the inspector(s) of election
 352 pursuant to these rules). If more than one proxy is received on behalf of a
 353 separate interest, the most currently dated proxy shall be counted.
 354

- 355 **12.3.** Voting on Other Matters. The Association may, but is not obligated to, vote by
 356 secret ballot on any other topic which requires the vote of the Owners.
 357

Document History

Adopted: Dec 20

Keywords: Mutual One Limitation Shareholders

358