A G E N D A
REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL SEVEN
November 20, 2019
Meeting begins at 1:00 p.m.
Administration Building, Conference Room A

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

2. SHAREHOLDER COMMENTS **(2-3 minutes per shareholder, agenda items only)**

3. ROLL CALL

4. INTRODUCTION OF GRF REPRESENTATIVE, STAFF, AND GUEST(S):

   Ms. Rapp, GRF Representative
   Mr. Rotter, Solar Committee Chair
   Mr. Rocha, Security Director
   Ms. Hopkins, Mutual Administration Director
   Mr. Rodriguez, Building Inspector
   Ms. Givehand, Recording Secretary

5. APPROVAL OF MINUTES:
   Regular Meeting Minutes of October 16, 2019
   Approval of Special Meeting Minutes from October 10, 2019

6. BUILDING INSPECTOR'S REPORT Mr. Rodriguez
   Permit Activity; Escrow Activity; Contracts & Projects; Shareholder and Mutual Requests **(pp. 3-6)**
   a. Discuss and vote to approve 174-G remodel by Hadi Construction **(p.7)**
   b. Discuss and vote to approve 174-G patio by Hadi Construction **(p.8)**
   c. Discuss and vote to approve 157-B remodel (**p.9)**

7. **GUEST SPEAKER** **Mr. Rocha**

8. **GUEST SPEAKER** **Mr. Rotter**
   a. Discuss Solar Report benefits of monitoring

9. CHIEF FINANCIAL OFFICER'S REPORT Mrs. Fellows
   a. Approval of monthly finances **(p.9)**
   b. Discuss and vote to authorize transfers of funds for Mutual Seven **(p.10)**

10. **<u>UNFINISHED BUSINESS</u>**
    a. Discuss laundry contract with National Service Company
    b. Update on holiday potluck

11. **<u>NEW BUSINESS</u>**
    a. Discuss and vote to approve for 911 Sewer Specialist **(p.11)**
    b. Discuss vote and approve for MJ Jurado to repair Building 155 **(p.12)**

(11-07-19 DS)

c. Discuss and vote to cancel or reschedule December Board Meeting
d. Discuss miscellaneous painting touch-ups
e. Update on Building Captain meeting
f. Discuss and vote to approve $500.00 flat rate fee to Roseman Law per SB 323 **(p.14)**
g. Discuss and vote on resignation of Director **(p.15)**
h. Discuss and vote to rescind Policy 7210 – Annual Elections and adopt Policy 7210.7 – Annual Elections **(pp.17-34)**
i. Discuss Fire Extinguisher Servicing

STAFF BREAK BY 3:00 p.m.

11. SECRETARY / CORRESPONDENCE — Ms. Repasi

12. GRF REPRESENTATIVE — Ms. Rapp

13. MUTUAL ADMINISTRATION DIRECTOR — Ms. Hopkins

14. ANNOUNCEMENTS

NEXT REGULAR MEETING: Wednesday, December 18, 2019, 1:00 p.m., Administration Building, Conference Room A

Holiday Party: Thursday, December 19, 2019, 4:30 p.m., Club House 4

15. COMMITTEE REPORTS

16. DIRECTORS' COMMENTS

17. SHAREHOLDERS' COMMENTS **(2-3 minutes per shareholder)**

18. ADJOURNMENT

19. EXECUTIVE SESSION

STAFF WILL LEAVE THE MEETING BY 4:00 p.m.

NEXT REGULAR MEETING: Wednesday, December 18, 2019, 1:00 p.m.
Administration Building, Conference Room A

(11-12-19 KG)

MUTUAL: (07) SEVEN

INSPECTOR: George Hurtado

MUTUAL BOARD MEETING DATE: November 20, 2019

PERMIT ACTIVITY

UNIT #	DESCRIPTION OF WORK	GRF/CITY PERMIT	PERMIT ISSUE	COMP. DATE	CHANGE ORDER	RECENT INSPECTION	CONTRACTOR / COMMENTS
160H	heat pump	yes	07/29/19	10/29/19	no		Greenwood
162A	electrical and panel	yes	07/15/19	09/30/19	no		Mamusia
145L	patio shades	GRF	09/20/19	09/20/19	no		AAA Awnings
151I	heat pump	yes	09/12/19	12/23/19	no	final 10/22/19	Greenwood
148J	cart pad	yes	09/10/19	09/30/19	no		Frank;s Gardening
171A	heat pump	yes	07/30/19	11/12/19	no		Greenwood
156H	carport cabinet	yes	09/27/19	10/15/19	no		Imagination Unlimited
149C	kitchen bath remodel	yes	07/15/19	10/29/19	yes	ground plumbing 10/11/19	Roberts
150A	modify shower	yes	10/04/19	10/04/19	no		Roberts
150B	windows	yes	10/04/19	12/15/19	no		Cunningham Windows
147J	bath,kitchen countertops	yes	10/11/19	12/27/19	no		Bergkvist
160G	concrete	yes	10/24/19	12/01/19	no		Anguiano
157G	plank flooring	yes	10/24/19	11/30/19	no	final 11/4/19	Karys Carpet
157G	float ceilings	yes	10/07/19	10/17/19	no		Hadi
157I	flooring	yes	10/29/19	12/05/19	no		Kary's Carpet
169J	slate stone walkway	yes	10/25/19	11/28/19	no		Jurado
157G	retro fit windows	yes	11/15/19	01/30/20	no		Mamusia
155G	screen door	yes	10/11/19	12/831/19	no		Mamuscia
159F	ADA Cut down	yes	09/05/19	10/13/19	no	final 10/22/19	Nu-Kote
168E	heat pump	yes	08/06/19	11/08/19	no		Greenwood

ESCROW ACTIVITY

MUTUAL: **(07) SEVEN** **INSPECTOR:** **George Hurtado**

MUTUAL BOARD MEETING DATE: **November 20, 2019**

UNIT #	NMI	PLI	NBO	FI	FCOEI	ROF	DOCUMENTS/COMMENTS
161A		04/08/19					
147E		07/09/19	09/03/19	10/04/19	10/16/19		
151B		04/02/19					
168E		08/01/19					
151D		07/31/19					
147J	8/12/2019						
171L		08/23/19	10/18/19	10/21/19			
153A		08/13/19	10/04/19	10/15/19			
172D	8/30/2019						
157B		08/26/19	10/17/19	1018/19	10/30/19		
163D		09/17/19	10/30/19	10/31/19	10/29/19		
157H		08/08/19					
168B		09/17/19	10/14/19	10/14/19			
172K		09/20/19					
169K		11/08/19					
173K		07/15/19					

NMI = New Member Inspection **PLI** = Pre-Listing Inspection **NBO** = New Buyer Orientation

FI = Final Inspection **FCOEI** = Final COE Inspection **ROF** = Release of Funds

CONTRACTS

CONTRACTOR	PROJECT
Fenn	termites and pests
Total Landscape	gardening
Empire Pipe	sewer cleaning
Innovative Cleaning Services	laundry rooms / partitions
Bruno Alvarez	termite and dry rot repairs

MUTUAL: **(07) SEVEN** **INSPECTOR:** **George Hurtado**

MUTUAL BOARD MEETING DATE: **November 20, 2019**

APARTMENT VISITS

157B NBO
151K checked skylight
171L escrow final
157G installed key in lockbox
158H meet with shareholder
149C meet with Roberts Construction
145E checked paint
151C checked cracked refer shelf
147E meet with Felix - escrow
160G checked sidewalk
170G checked patio walkway
156 fire inspections
157B escrow final
150I checked crack at shower
170K met with shareholder/son re: repairs

MUTUAL: **(07) SEVEN**

INSPECTOR: **George Hurtado**

MUTUAL BOARD MEETING DATE: **November 20, 2019**

151I heatpump final - Greenwood A/C
159F shower cutdown final - Nu-Kote
158C meet with Shareholder - skylight
149C meet with Roberts Construction
162 fire inspections
163 fire inspections
164 fire inspections
148E checked bath countertop
147E checked door hinges and shower
157K checked backsplash at stovetop
176J checked kitchen cabinets
164G checked for termites in bath
153A final/final escrow inspection
155 met with 911 sewer specialists for repair / Jurado
158C met with shareholder - kitchen skylight
162D checked rian gutter
162E checked rain gutter
162F removed leaves from rain gutter
155F met with 911 Sewer Specialists
164J checked dishwasher
158D met with shareholder re skylight
164J checked skylight
149C shareholder and contractor
173K checked kitchen countertop
166 fire inspections
171 fire inspections
172 fire inspections
155G installed key in lockbox

Mutual Corporation No. Seven

MEMO

TO:	MUTUALBOARD OF DIRECTORS
FROM:	MUTUAL ADMINISTRATION
SUBJECT:	DISCUSS AND VOTE TO APPROVE 174-G REMODEL BY HADI CONSTRUCTION (BUILDING INSPECTOR'S REPORT, ITEM A)
DATE:	NOVEMBER 20, 2019
CC:	MUTUAL FILE

I move to approve the 174- G Remodel by Hadi Construction.

Mutual Corporation No. Seven

MEMO

TO:	MUTUALBOARD OF DIRECTORS
FROM:	MUTUAL ADMINISTRATION
SUBJECT:	DISCUSS AND VOTE TO APPROVE 174- G PATIO BY HADI CONSTRUCTION (BUILDING INSPECTOR'S REPORT, ITEM B)
DATE:	NOVEMBER 20, 2019
CC:	MUTUAL FILE

I move to approve the 174- G Patio by Hadi Construction.

Mutual Corporation No. Seven

MEMO

TO: MUTUALBOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE 157-B REMODEL MP CONSTRUCTION (BUILDING INSPECTOR ITEM C)
DATE: NOVEMBER 20, 2019
CC: MUTUAL FILE

I move to approve the 157-B Remodel by MP Construction.

Mutual Corporation No. Seven

MEMO

TO: MUTUALBOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE MONTHLY FINANCIALS (CHIEF FINANCIAL OFFICER'S REPORT ITEM A)
DATE: NOVEMBER 20, 2019
CC: MUTUAL FILE

I move to acknowledge, that per the requirements of Civil Code Section 5500(a)-(f), a review has been completed of the mutual's reconciliations of the operating and reserve accounts, operating revenues and expenses compared to the current year's budget, statements prepared by the financial institutions where the mutual has its operating and reserve accounts, income and expense statement for the mutual's operating and reserve accounts, the check registers, the monthly general ledger and delinquent assessment receivable reports for the month of October 2019.

Mutual Corporation No. Seven

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO AUTHORIZE TRANSFERS OF FUNDS FOR MUTUAL SEVEN (CHIEF FINANCIAL OFFICER'S REPORT, ITEM B)
DATE: NOVEMBER 20, 2019
CC: MUTUAL FILE

I move that the board authorizes the following transfers of funds per detailed resolutions.

Transfer/ Invoice Date	*Amount*	*Originating/Destination Accounts or Payee*
11/05/2019	$163,024.37	ACH – Direct Debit from multiple Shareholders to US Bank Checking
11/06/2019	$61,204.31	US Bank to US Bank Checking Impound
11/05/2019	$87,134.92	US Bank Checking to GRF- US Bank Checking
10/23/2019	$260,438.40	US Bank Non-Restr. Money Mkt. to US Bank Non-Restr. Money Mkt.
10/29/2019	$75,000.00	US Bank Non-Restr. Money Mkt to US Bank Checking
10/29/2019	$94,315.20	US Bank Restr. Money Mkt. to US Non-Restr. Money Mkt.
11/06/2019	$13,000.00	Castlehead Escrows (sale of 168B) check # 031513
09/16/2019	94,315.20	Jordan Roof (Inv# 14011)
10/25/2019	$47,330.16	US Bank Checking to US Bank Restricted Money Mkt.

Mutual Corporation No. Seven

MEMO

TO: MUTUALBOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE 911 SEWER SPECIALIST (NEW BUSINESS ITEM A)
DATE: NOVEMBER 20, 2019
CC: MUTUAL FILE

I move to approve 911 Sewer Specialist proposal, at a cost not to exceed $4775.00, funds to be taken from Infrastructure Reserves.

Mutual Corporation No. Seven

MEMO

TO: MUTUALBOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE MJ JURADO REPAIR BUILDING 155 (NEW BUSINESS ITEM B)
DATE: NOVEMBER 20, 2019
CC: MUTUAL FILE

I move to approve a proposal from MJ Jurado to Repair of Building 155, at a cost not to exceed $4750.00 funds to be taken from Infrastructure Reserves.

Mutual Corporation No. Seven

MEMO

TO: MUTUALBOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE CANCEL OR RESCHEDULE DECEMBER BOARD MEETING (NEW BUSINESS, C)
DATE: NOVEMBER 20, 2019
CC: MUTUAL FILE

I move to approve to cancel the Mutual Seven December Monthly Board Meeting

Mutual Corporation No. Seven

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE $500.00 FLAT RATE FEE TO ROSEMAN LAW PER SB 323 (NEW BUSINESS, ITEM F)
DATE: NOVEMBER 20, 2019
CC: MUTUAL FILE

I move to approve the flat fee of $500.00 from Roseman Law APC regarding the drafting of a comprehensive set of Election Rules per SB 323.

Mutual Corporation No. Seven

MEMO

TO: MUTUALBOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE ON RESIGNATION OF DIRECTOR (NEW BUSINES, ITEM G)
DATE: NOVEMBER 20, 2019
CC: MUTUAL FILE

I move to respectfully accept Ms. Moore's resignation as Director on the Board.

Mutual Corporation No. Seven

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO RESCIND POLICY 7210 – ANNUAL ELECTIONS AND ADOPT POLICY 7210.7 – ANNUAL ELECTIONS (NEW BUSINESS, ITEM H)
DATE: NOVEMBER 20, 2019
CC: MUTUAL FILE

On March 30, 2007, the Board of Directors voted to adopt Policy 7210 – Annual Elections.

On November 21, 2019, the Board of Directors will vote to rescind Policy 7210 – Annual Elections (attached).

I move to rescind Policy 7210 – Annual Elections and to adopt Policy 7210.07 – Annual Elections on a preliminary basis until the 28-day posting period is completed.

MUTUAL OPERATIONS

STOCKHOLDERS MEETINGS

Annual Elections – Mutuals 3, 4, 6, 7, 11, and 16

~~In accordance with State Law and the Mutual 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 Bylaws, all members in good standing are eligible to run for election to the Mutual Board of Directors. "Good Standing" means that the member 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 also place notice in the *Golden Rain News* and in the Mutual laundry rooms not less than 90 days prior to the annual meeting that any member of the Mutual in good standing may place his/her name into nomination for the election of directors.~~

~~c. Self-Nomination by Shareholders~~

~~Mutual members who wish to nominate themselves as a candidate for election to the Mutual 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. There is no provision in the Mutual Bylaws allowing for write-in candidates.~~

~~e. 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 members advocating a point of view, including those who are not endorsed by the Mutual 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.~~

MUTUAL OPERATIONS

STOCKHOLDERS MEETINGS

Annual Elections – Mutuals 3, 4, 6, 7, 11, and 16

~~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 under current 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:~~

~~3. Election Materials~~

~~a. Notice Letter~~

~~The notice letter, mail-in secret ballot, voting instructions and mailing instructions for the Mutual annual election shall be mailed out to each Mutual apartment no later than 30 days prior to the annual meeting.~~

~~b. Secret Ballots Returned By Mail~~

~~The mail-in secret ballot 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, if sealed and properly mailed, will be opened the day of the annual meeting by the inspectors of the election. The mail-in secret ballot is irrevocable once it is validated by the inspectors of election.~~

~~4. Inspectors of the 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. 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 (90) days before the annual meeting day. The Board may also appoint alternative observers of the election. The observers of the election may appoint~~

MUTUAL OPERATIONS

STOCKHOLDERS MEETINGS

Annual Elections – Mutuals 3, 4, 6, 7, 11, and 16

~~and oversee additional assistant observers of the election in any number deemed to be reasonable by the Mutual Board of Directors.~~

~~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 proxy forms and ballots.~~
~~4) Open mail-in proxy forms and ballots 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 members 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.~~

~~b. Cumulative Voting~~

~~In accordance with the Mutual Bylaws, voting will be "cumulative."~~

~~c. Voting by Secret Ballot~~

~~All ballots shall be prepared in a manner consistent with providing and ensuring that the member'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.~~

MUTUAL OPERATIONS

STOCKHOLDERS MEETINGS

Annual Elections – Mutuals 3, 4, 6, 7, 11, and 16

~~MUTUAL~~	~~ADOPTION~~	~~AMENDED~~
~~ONE:~~		~~(See Policy 7210.1)~~
~~TWO:~~		~~(See Policy 7210.2)~~
~~THREE:~~	~~09 Feb 07~~	
~~FOUR:~~	~~14 Feb 07~~	
~~FIVE:~~	~~21 Feb 07~~	~~17 Aug 11 (See Policy 7210.05)~~
~~SIX:~~	~~27 Feb 07~~	
~~SEVEN:~~	~~30 Mar 07~~	
~~EIGHT:~~		~~(See Policy 7210.8)~~
~~NINE:~~		~~(See Policy 7210.9)~~
~~TEN:~~		~~(See Policy 7210.10)~~
~~ELEVEN:~~	~~15 Feb 07~~	
~~TWELVE:~~		~~(See Policy 7210.12)~~
~~FOURTEEN:~~		~~(See Policy 7210.14)~~
~~FIFTEEN:~~		~~(See Policy 7210.15)~~
~~SIXTEEN:~~	~~20 Feb 07~~	
~~SEVENTEEN:~~	~~06 Feb 07~~	~~(See Policy 7210.17)~~

ROSEMAN LAW APC
ATTORNEYS AT LAW

Corporate Headquarters
Warner Center Towers
21650 Oxnard Street, Suite 2000
Woodland Hills, CA 91367
Tel: 866.839.9400
Fax: 818.380.6710
www.Roseman.law

November 12, 2019

File No.: sea022019.081

VIA GENERAL DELIVERY

To: Shareholders of Seal Beach Mutual No. Seven

Re: Notice of Proposed Rule Change – Election Rules

Dear Homeowner:

This office represents Seal Beach Mutual No. Seven ("Mutual"). This notice of a proposed rule change ("Notice") is provided on behalf of the Board of Directors ("Board"), as required by Civil Code §4360.

A. <u>Purpose and Effect of Proposed Rule</u>

The purpose and effect of the enclosed proposed Election Rules is to set certain procedural rules for the successful management of meetings of the Mutual's shareholders and the implementation of the relevant provisions of California Law and the Mutual's Bylaws concerning elections and voting. As you may be aware, on October 12, 2019, the Governor of California approved Senate Bill 323 which amended, *inter alia*, California Civil Code §§ 5100; 5105; 5110; 5115; 5125; and 5145 which govern member elections, and which take effect on January 1, 2020. The enclosed proposed Election Rules have been revised to incorporate those amendments.

B. <u>Comment Period</u>

Pursuant to California Civil Code §4360, the shareholders are entitled to a twenty-eight (28) day review and comment period. If you wish to comment on the proposed Election Rules, please mail your comments to Seal Beach Mutual No. Seven c/o Jodi Hopkins, P.O. Box 3519, Seal Beach, CA 90740 OR via email to jodih@lwsb.com so that they are received no later than close of business on _____. You may also provide your comments to the Board at the Board meeting at which the Board will consider the shareholders' comments before voting to adopt or not to adopt the proposed Election Rules.

Los Angeles: 818.380.6700 | Orange County: 949.339.2000 | Coachella Valley: 760.760.2000 | Inland Empire: 951.430.2000 | San Diego: 619.494.2000

ROSEMAN LAW APC
ATTORNEYS AT LAW

C. <u>Conclusion</u>

Thank you for taking the time to review the proposed Election Rules. If you have any questions, please direct them to your community manager at the above-referenced mailing address or via email.

Nothing contained herein or omitted herefrom is intended, nor shall be construed, to operate as an admission, limitation, or waiver of any of the Association's rights, remedies or defenses, at law and/or in equity, all of which are hereby expressly reserved.

Sincerely,

ROSEMAN LAW, APC

JACQUELINE PAGANO, ESQ.

Enclosure
cc: Client

SEAL BEACH MUTUAL NO. SEVEN

ELECTION AND VOTING RULES AND REGULATIONS

INTRODUCTION

The Board of Directors ("Board") of Seal Beach Mutual No. Seven ("Mutual") has adopted these Election and Voting Rules and Regulations ("Election Rules"), in accordance with Civil Code §5105, et seq., to establish certain procedural rules for the successful management of meetings of the Mutual's shareholders ("Shareholders") and the implementation of the relevant provisions of the Mutual's Bylaws concerning elections and voting. These Election Rules are not intended to replace or supersede the provisions of the Mutual's Bylaws. Notwithstanding the foregoing, these Election Rules were revised and adopted by the Board to comply with the changes to California Civil Code §§ 5100; 5105; 5110; 5115; 5125; and 5145 which take effect on January 1, 2020, pursuant to California Senate Bill 323. As such, any inconsistency between these Election Rules and the Bylaws shall be governed in accordance with the Civil Code.

These Election Rules shall not be amended less than ninety (90) days prior to an election.

RULES AND REGULATIONS

1. Qualifications of Candidates and Directors/Elected Positions

a. Candidates for election to the Board shall be Shareholders of the Mutual, and the Board shall be composed of five (5) persons who shall, at all times, be Shareholders of the Mutual.

b. In order to be a candidate for election for Director or any other elected position, such Shareholder, as of the date ballots are distributed: (a) must be current in the payment of Regular and Special assessments ; (b) must not have a joint ownership interest, either directly or indirectly, in the same separate interest as another candidate or incumbent Director; (c) must have been a Shareholder of the Mutual for not less than one (1) year; (d) must not have a past criminal conviction that, if elected, would either prevent the Mutual from purchasing the fidelity bond coverage required by Civil Code §5806, or terminate the Association's existing fidelity bond coverage. If title to a separate interest 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 Shareholder for purposes of running for and serving on the Board. Notwithstanding the foregoing, the candidate shall not be disqualified for election for Director for failure to be current in payment of Regular and Special assessments if either of the following circumstances is true:

(i) The candidate has paid the Regular or Special assessment under protest

pursuant to Civil Code §5658;

(ii) The candidate has entered into a payment plan pursuant to Civil Code §5665.

Furthermore, the Mutual shall not disqualify the candidate pursuant to this Section 1(b) if he or she has not been provided the opportunity to engage in Internal Dispute Resolution pursuant to Civil Code §§5900-5920.

c. In order to remain qualified to serve on the Board, at all times during such Shareholder's term as a Director, the Shareholder must: (a) remain current in the payment of Regular and Special assessments; (b) not enter into a joint ownership interest, either directly or indirectly, in the same separate interest as another Director; (c) must remain a Shareholder of the Mutual; (d) must not be convicted of a crime that would either prevent the Mutual from purchasing the fidelity bond coverage required by Civil Code §5806 or terminate the Mutual's existing fidelity bond coverage. Notwithstanding the foregoing, the Director shall not be disqualified for failure to be current in payment of Regular and Special assessments if either of the following circumstances is true:

(i) The Director has paid the Regular or Special assessment under protest pursuant to Civil Code §5658;

(ii) The Directors has entered into a payment plan pursuant to Civil Code §5665.

Furthermore, the Mutual shall not disqualify the Director pursuant to this Section 1(c) if he or she has not been provided the opportunity to engage in Internal Dispute Resolution pursuant to Civil Code §§5900-5920.

d. The Board may declare vacant the seat of any Director who ceases to meet the qualifications for a Director set forth in this Section upon the occurrence of the non-qualifying event, and the Director's seat shall then be deemed vacant in accordance with the Association's Bylaws and/or the Corporations Code.

2. Nomination Procedures

a. The Association shall send to all Shareholders a request-for-candidates form, seeking nominations for candidates for the Board and providing general notice of the procedure and deadline for submitting a nomination for election to the Board at least thirty (30) days before any deadline for submitting a nomination. Individual notice shall be delivered pursuant to Civil Code §4040 if individual notice is requested by a Shareholder.

b. Nominations will be valid so long as the nominee has either nominated himself or

herself, or provides notice of acceptance of the nomination prior to the close of nominations.

c. If a person or entity nominated is not qualified to serve on the Board pursuant to Section 1(b) of these Election Rules, and the candidate has been provided the opportunity to engage in Internal Dispute Resolution pursuant to Civil Code §§5900-5920, that candidate's name shall not appear on the ballot and that person or entity will not be permitted to serve if elected.

d. The Inspector shall retain, as Mutual election materials, both a candidate registration list and a voter list. The voter list shall include the name, voting power, and either the physical address of the Shareholder's Unit, the parcel number, or both. The mailing address for the ballot shall be listed on the voter list if it differs from the physical address of the Shareholder's Unit or if only the parcel number is used. The Mutual shall permit Shareholders to verify the accuracy of their individual information on both lists at least thirty (30) days before the ballots are distributed. The Mutual or Shareholder shall report any errors or omissions to either list to the Inspector or Inspectors who shall make the corrections within two (2) business days.

3. Voting Qualifications of Shareholders

a. All Shareholders shall be entitled to vote in any Shareholder vote.

b. These Election Rules expressly:

(1) Prohibit the denial of a ballot to a Shareholder for any reason other than not being a Shareholder at the time when ballots are distributed;

(2) Prohibit the denial of a ballot to a person with general power of attorney for a Shareholder;

(3) Require the ballot of a person with general power of attorney for a Shareholder to be counted if returned in a timely manner; and,

(4) Require the inspector or inspectors of elections to deliver, or cause to be delivered, at least thirty (30) days before an election, to each Shareholder both of the following documents:

(A) The ballot or ballots;

(B) A copy of these Election Rules. Delivery of these Election Rules may be accomplished by either of the following methods:

(i) Posting these Election Rules to an internet website and including the corresponding internet website address on the ballot together

with the phrase, in at least 12-point font: "The rules governing this election may be found here:"

(ii) Individual delivery.

c. Each Shareholder shall have one (1) vote per stock owned. In no event shall more than one (1) vote be cast with respect to any stock. When more than one (1) person holds a stock, all such persons shall be deemed Shareholders, provided however, that the vote for such stock shall be exercised as a unit, in accordance with the provisions of the Mutual's governing documents. If two or more ballots are received for any one stock, the first ballot received shall be counted and the additional ballot(s) discarded.

4. Inspector of Election

a. At an open meeting, the Board shall appoint one (1) or three (3) persons to serve as independent Inspector(s) of Election ("Inspector(s)").

b. The Inspector must be an independent third party who is not:

(i) Currently a member of the Board or a candidate for the Board;

(ii) Related to a member of the Board or a candidate for the Board; or

(iii) A person, business entity, or subdivision of a business entity who is currently employed or under contract to the Mutual for any compensable services other than serving as an Inspector of Elections.

c. The Board may select as the Inspector(s), Mutual Shareholder(s), a volunteer poll worker with the County registrar of voters, a licensee of the California Board of Accountancy, a notary public, or any other independent third-party authorized to serve as Inspector(s) under these Election Rules.

d. The Board, in its discretion, may remove and replace the Inspector(s) at any time prior to the date of any election.

e. The Board may pay reasonable compensation to a non-Shareholder third-party Inspector. If the Board determines that it will appoint and pay non-Shareholder third-party Inspector, the following terms must be fulfilled:

(i) A formal written contract for the Inspector, stating that the Inspector is an independent contractor;

(ii) The Inspector will maintain insurance with at least $1 million CGL

coverage, including completed operations coverage, and $1 million D&O/E&O (naming the Mutual and GRF as additional insureds on both policies); and

(iii) The contract shall require the Inspector to indemnify the Mutual for gross negligence and willful and/or malicious misconduct.

f. If an Inspector is unwilling, unable, or does not perform his/her duties as stated in these rules or becomes ineligible to be an Inspector at any time after appointment, the Board may remove that Inspector without notice, and may appoint another Inspector in his or her place.

g. The Inspector shall perform his/her duties impartially, in good faith, to the best of his or her ability, and as expeditiously as is practical.

h. The Inspector shall have the duty to:

(i) Determine the number of Shareholders entitled to vote and the voting power of each;

(ii) Determine the authenticity, validity, and effect of proxies, if required by statute;

(iii) Receive ballots;

(iv) Verify the Shareholder's information and the presence of a signature on the outer envelope. For mailed ballots, the Inspector(s) may verify the Shareholder's information and presence of a signature on the outer envelope prior to the election;

(v) Determine the existence of a quorum, if required by statute or the governing documents. For the purposes of determining a quorum, each ballot received by the Inspector(s) shall be treated as a Shareholder present, except in the case of duplicate ballots or multiple ballots from the same stock;

(vi) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote;

(vii) Count and tabulate all votes;

(viii) Determine when the polls shall close, consistent with the governing documents;

(ix) Determine the tabulated results of the election;

(x) Report the tabulated results of the election or balloting promptly to the Board of Directors to ensure that the Board can publicize the results to the Shareholders within fifteen (15) days of the election; and

(xi) Perform any acts as may be proper to conduct the election with fairness to all Shareholders in accordance with Civil Code section 5110, the Corporations Code, and all applicable rules of the Mutual.

i. The Inspector may meet and discuss election issues amongst themselves and/or with Mutual counsel.

j. If there are three (3) Inspectors, the decision or act of two (2) or more Inspectors shall be effective in all respects as the decision or act of all.

k. The Inspector may appoint and oversee additional persons to verify Shareholders' information and signatures and to count and tabulate votes as the Inspector deems appropriate.

l. The Inspector's report of the election, once signed to certify the election, is prima facie evidence of the facts stated in the report.

5. Access to Association Media

a. No candidate or Shareholder shall be provided access to Mutual media, newsletters or internet web sites during the campaign except with the express consent of the Board, and solely for purposes that are reasonably related to that election. The Board's consent may be withheld at its sole discretion and for any reason.

b. In the event access to Mutual media, newsletter or internet web sites is granted to any candidate or Shareholder advocating a point of view, during any campaign for purposes that are reasonably related to that election, then all candidates and Shareholders advocating a point of view, including those not endorsed by the Board, shall be provided equal access for purposes reasonably related to that election.

c. In the event access to Mutual media, newsletter or internet websites is granted, the Mutual shall not censor, edit or redact any content from the communications of the candidates and Shareholders advocating a point of view, but may include a statement specifying that the candidate or Shareholder, and not the Association, is responsible for the content of the message. The following statement may be published by the Mutual:

"The views expressed are those of its author and do not reflect the view of the Mutual, its directors, managers, employees or agents. The author is solely responsible for its content. The Mutual was required by law to publish the communication as written, regardless of content."

6. Access to Common Area Meeting Space

a. If any Common Area meeting space exists within the Mutual, access to such meeting space shall be made available at no cost to all candidates, including those who are not incumbents, and to all Shareholders advocating a point of view, including those not endorsed by the Board, for purposes reasonably related to the election or vote, upon reasonable request.

7. Mutual Funds

a. Mutual funds shall not be used for campaign purposes in connection with any election except to the extent necessary to comply with the duties of the Mutual imposed by law.

8. Proxies

The Mutual is not required to prepare and distribute proxies. All proxies shall be in writing, dated and filed with the Secretary before the appointed time of each meeting. Each proxy shall be revocable and shall automatically cease upon conveyance by the Shareholder of his or her stock, or upon receipt of notice by the Secretary or the Board of the death or judicially declared incompetence of a Shareholder, or upon the expiration of three (3) years from the date of the proxy. The authenticity, validity and effect of proxies submitted by Shareholders shall be determined by the Inspector(s), consistent with the Mutual's Governing Documents and any statutory requirements. If a Shareholder submits both a proxy and a ballot to the Inspector(s), the ballot will supersede the proxy. Proxies may not be used in lieu of a ballot. Proxies may not be revoked once a proxyholder has submitted a ballot to the Inspector(s). Only a Shareholder may serve as a proxyholder.

9. Voting Period

a. The Board shall generally determine the dates upon which polls will open and close, consistent with the governing documents and applicable law.

b. The Mutual shall provide general notice of all of the following at least thirty (30) days before the ballots are distributed:

(1) The date and time by which, and the physical address where, the ballots are to be returned by mail or handed to the Inspector or Inspectors of Elections;

(2) The date, time, and location of the meeting at which ballots will be counted;

(3) The list of all candidates' names that will appear on the ballot;

(4) Individual notice of the above shall be delivered pursuant to Civil Code §4040 if individual notice is requested by a Shareholder.

c. All candidates shall have a reasonable opportunity to communicate their qualifications to Shareholders and to solicit votes.

10. Secret Balloting Procedures

a. The Mutual shall utilize a secret ballot process pursuant to Civil Code section 5115 for the following matters:

(i) A vote of the Shareholders regarding assessments per Civil Code section 5605;

(ii) Election of members of the Board;

(iii) Amendments to the governing documents;

(iv) Grant of Exclusive Use Common Area pursuant to Civil Code section 4600;

(v) Removal of Directors; and

(vi) Any other Shareholder vote which the law requires to be conducted via the secret ballot process;

b. Notwithstanding Paragraph 10(a) herein, the Mutual may utilize a secret ballot process for any other Shareholder vote, if allowed by law or the governing documents.

c. A ballot and two pre-addressed envelopes (Envelopes # 1 and # 2) with instructions on how to return the ballot shall be mailed by first-class mail or delivered by the Mutual to every Shareholder at least thirty (30) days prior to the deadline for voting.

d. The ballot shall contain the names of any candidates known to the Mutual at the time the ballot is mailed. If no candidates are known or if there are fewer candidates than the number of Directors to be elected, the Mutual will send out a ballot which has the names of the known candidates.

e. Cumulative voting is permitted in all elections in which two or more positions are being filled.

f. Write-in candidates and nominations from the floor shall not be permitted.

g. A voter may not be identified by name, unit number, or address on the ballot.

h. The ballot itself is not signed by the Shareholder voting, but rather, is to be inserted into Envelope # 1 that is sealed by the Shareholder. Envelope # 1 is then inserted into Envelope # 2, which is then sealed by the Shareholder.

i. Envelope # 2 is addressed to the Inspector(s). In the upper left-hand corner of Envelope # 2, the voter shall sign his or her name, print his or her name, and indicate the address or separate interest identifier that entitles him or her to vote.

j. Envelope # 2 may be mailed or delivered by hand to a location specified by the Inspector(s). The Shareholder may request a receipt for delivery.

k. Once a ballot has been cast, it cannot be revoked.

l. Only the Mutual's ballots and envelopes which are sent out to the Shareholders by the Mutual or are provided by the Mutual at the membership meeting will be accepted by the Inspector(s).

11. Vote Tabulation

a. All votes shall be counted and tabulated by the Inspector(s), or the duly authorized persons appointed by the Inspector(s), in public at a properly noticed Shareholders meeting.

b. The ballots shall not be opened or otherwise reviewed prior to the time and place which the ballots are counted and tabulated.

c. Any candidate or Shareholder may witness the counting and tabulation of the votes. Shareholders are prohibited from speaking to the Inspector(s) of Elections or their designee(s) during the tabulation process or from interrupting the tabulation process in any way.

d. The Inspector(s), or his or her designee, may verify the Shareholder's information and signature on Envelope #2 prior to the meeting at which ballots are tabulated.

12. Election Results

a. The Inspector(s) shall promptly report the results of the election to the Board. The Board shall record the results of the election in the minutes of the next Board meeting and

make them available to the Shareholders for review.

b. Within fifteen (15) days of the election, the Board shall publicize the results of the election in a communication directed to all Shareholders.

13. Custody, Storage and Retention of Ballots

a. The sealed ballots, signed voter envelopes, voter list, proxies, and candidate registration list (collectively referred to as "election materials") shall, at all times be in the custody of the Inspector(s), or at a location designated by the Inspector(s), until after the tabulation of the vote, and until the time allowed by Civil Code §5145 for challenging the election has expired, at which time the ballots shall be transferred to the Mutual.

b. If there is a recount or other challenge to the election process, the Inspector(s) shall, upon written request, make the ballots available for inspection and review by an Shareholder or his or her authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.

c. After the transfer of the ballots to the Mutual, the election materials shall be stored by the Mutual in a secure place for no less than three (3) years following the date of the election.

d. The Inspector shall retain, as Mutual election materials, both a candidate registration list and a voter list. The voter list shall include the name, voting power, and either the physical address of the voter's Unit, the parcel number, or both. The mailing address for the ballot shall be listed on the voter list if it differs from the physical address of the voter's Unit or if only the parcel number is used.

Corporate Headquarters
Warner Center Towers
21650 Oxnard Street, Suite 2000
Woodland Hills, CA 91367
Tel: 866.839.9400
Fax: 818.380.6710
www.Roseman.law

SB 323 GENERAL REFERENCE ELECTION TIMELINE

120 Days Prior	Deadline for giving notice of any amendment to the Election Rules requiring a 28-day comment period.
110 Days Prior	Send out call for candidates and procedure for nominations by general notice* (provide 30 days to return nominations).
90 Days Prior	Cut-off for adopting amendment to Election Rules.
80 Days Prior	Cut-off for receipt of nominations.
79 Days Prior	Send out notice of disqualification to any nominees who are not qualified to run, advising that nominee has 7 days from date of notice to request IDR in writing, which, if requested, will be completed within 15 days of the date of the notice of disqualification.
64 Days Prior	Deadline for completing IDR with disqualified candidates. Candidate list finalized.

60 Days Prior	• Provide general notice* containing all of the following:
	  ○ The date and time by which, and the physical address where, ballots are to be returned by mail or handed to the inspector;
	  ○ The date, time and location of the meeting at which ballots will be counted; and
	  ○ The list of all candidates' names that will appear on the ballot.
	• Deadline for members to verify the accuracy of their individual information on the candidate registration list and voter list upon request.

30 Days Prior	• Ballots and double envelopes sent to members.
	• Copy of election operating rules delivered to members by either of the following methods:
	  ○ Posting the election operating rules to a website and including the website address on the ballot together with the phrase, in at least 12-point font: "The rules governing the election may be found here;" or
	  ○ Individual delivery.

Day of Election	Inspector opens and counts ballots at open meeting.
Within 15 days After Election	Provide general notice* of election results to members.

**If a member has requested individual delivery of all Association notices, the Association will have to provide individual notice to any member so requesting.*