DATE: December 10, 2012  
TO: All Casa Blanca Owners  
FROM: Board of Directors  
SUBJECT: AMENDING CASA BLANCA’S BYLAWS

QUORUM - Casa Blanca (CB) must hold an election every year and according to our current Bylaws for the election to be legal or legitimate 50% of CB owners, 19 of us, aka a “quorum”, must vote. This creates a challenge every year as we often end up spending a lot of time and energy to round up 19 ballots – and if we ever fell short we would have to hold a second election that would be an additional cost to the association. To change from the current high quorum to something more reasonable, we are suggesting that quorum be reduced to 25% or ten ballots. Such a change requires a Bylaw amendment that half of CB’s owners must approve. In addition to an unreasonably high quorum, there are some other quirks in our Bylaws that make elections more complicated and/or less fair, which the ballot will also address. Please continue reading.

PROXIES - The second problem with our Bylaws is proxies. Proxies are forms that you would give to another CB owner authorizing him or her to vote on your behalf, similar to a “power of attorney”. Proxies were helpful in the days when homeowner association (HOA) elections were held at an annual meeting that people attended in person to cast their vote; if you couldn’t attend the meeting you could give your proxy to another person to vote for you. However, HOA election law changed in 2006 and now elections are done by mail using secret ballots. In other words, HOA elections are now modeled after California’s absentee / early voting system. This change made proxies obsolete, hence our desire to officially eliminate their use in the future.

CUMULATIVE VOTING - The third problem with our Bylaws has to do with cumulative voting (CV). The example on the back page illustrates how CV works. CV is specified in the original bylaws of many HOAs as a way to equalize the balance of power between a developer who might own many units and a small group of owners. However, for a community such as ours where the developer is long gone, cumulative voting is a confusing, illogical, and unfair method of voting.

BALLOT CONTENT & FORMAT - The actual language of the proposed Bylaw amendments are shown using underlined, *italics* and the deletions are shown using strikethrough. It is important that the words being added or deleted are shown on the actual ballot, even though it makes for a long ballot.

SUMMARY - We think these improvements are good for Casa Blanca and we enthusiastically support them. However, for the changes to be adopted, we need over half of CB owners – **you** – to approve the enclosed Bylaw amendment (structured as a single YES or NO vote for simplicity). Please vote YES on the enclosed ballot to simplify board elections and to put a framework in place that will make elections more fair and transparent going forward.

**Board of Directors**
Casa Blanca HOA

P.S. – We have also attached a diagram with detailed instructions re how complete your ballot and the envelopes.
CUMULATIVE VOTING EXAMPLE

Assume three candidates, Jack, Jill, and Joe are running to fill seats on the board. Here is how the ballot would look:

☐ ☐ ☐ Jack
☐ ☑ ☑ Jill
☐ ☐ ☐ Joe

Each voter has a total of three votes to cast and they can cast A) a single vote for each candidate, B) all three votes for one candidate (the example used above), C) two votes for Jack and one vote for Jill, or D) any other combination of three votes / check marks.

As you can see, cumulative voting is complicated and counter-intuitive. Since it does not make elections any more fair, there is no real benefit to keeping it in place. Eliminating cumulative voting will result in voters being able to cast only one vote per candidate the same way that city, state, or federal elections are conducted.

Still confused? Here is what a respected attorney who specializes in homeowners association law says about cumulative voting as well as proxies and quorum requirements – which he recommends eliminating, but we simply want to reduce to a more attainable level:

UNNECESSARY. There are no true benefits to cumulative voting. No federal, state, county, or municipal election procedure uses it... Cumulative voting is [often] automatically included in a new homeowner association’s bylaws... to give owners a voice when the association is controlled by the developer. Once the developer is out of the picture, there is no need for cumulative voting. As noted by Robert’s Rules of Order:

… this method of voting, which permits a member to cast multiple votes for a single candidate, must be viewed with reservation since it violates the fundamental principle of parliamentary law that each member is entitled to one and only one vote on a question.

AMENDMENT. Because cumulative voting only applies if it is authorized in an association’s governing documents, associations can amend their documents to remove it.

RECOMMENDATION. To simplify elections and reduce costs, associations should also consider eliminating quorum requirements for the election of directors and eliminating proxy voting.
BALLOT

TO AMEND CASA BLANCA’S BYLAWS
CAST THIS BALLOT BY MARKING ONE OF THE CHECKBOXES AT THE BOTTOM
(SEE DIAGRAM ON BACK FOR HOW TO MAIL IT)

The members of Casa Blanca HOA (CB) hereby agree to amend CB’s Amended Bylaws, dated April 13, 1984, aka CB’s current Bylaws by adding the underlined text and deleting the strikethrough text. The regular text is provided help you locate the passage in CB’s Bylaws which are posted on CB’s website at www.thehoamanager.com/casa_blanca.

Proposed Bylaw Amendments
Plain text = original Bylaws, underlined text = new language, strikethrough text = deleted language

1) Page 2, ARTICLE III, SECTION 4 – QUORUM. The presence at the meeting of Members entitled to cast (or of proxies entitled to cast) a majority of the total voting power of the Members shall constitute a quorum for any action, except as otherwise provided in the Declaration and these Bylaws. Quorum for board elections shall be 25%, ten ballots. If, however, such quorum...

2) Page 3, ARTICLE III, SECTION 5 – PROXIES. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease upon the conveyance by the member of the title to his Lot, or upon the death or judicially declared insanity of such Member. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise specifically provided in the proxy but in no event more than three (3) years from the date of its execution. Proxies shall not be valid in any election.

3) Page 3, ARTICLE III, SECTION 6 – ACTION WITHOUT MEETING. Any action which may be taken by the vote of Members at a regular or special meeting, except the election of Directors where cumulative voting is a requirement, may be taken without a meeting if done in compliance with the provisions of Section 7513 of the California Corporations Code.

4) Page 4, ARTICLE III, SECTION 7.C – CUMULATIVE VOTING. Every Member entitled to vote for the election or removal of a Director or Directors may cumulate his votes and give one candidate a number of votes equal to the number of Directors to be elected, multiplied by the number of votes to which he is entitled, or distribute his votes on the same principle among as many candidates as he thinks fit. Cumulative voting shall not be used in any election.

5) Page 5, ARTICLE V, SECTION 2 - ELECTION. Election to the Board shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy as many votes as they are entitled to exercise under provisions of the Declaration and these Bylaws. The persons receiving the largest number of votes shall be deemed elected. Each Member may cumulate his votes in the manner described in Article III, Section 7, Paragraph C, above. Cumulative voting shall not be used in any election including Board election.

☐ YES, I approve the amendments listed above
☐ NO, I do not approve the amendments listed above
VOTING INSTRUCTIONS
Casa Blanca Bylaw Amendment Election / Referendum

Do not sign your ballot. The requirement for passage of the Bylaw amendments is 19 YES votes, a majority of the voting power of the association. Ballots must be received by the inspectors of election by Tuesday, January 15, 2012. A meeting to count ballots will be held on January 15, 2012 at 7:00 PM at a unit to be announced.