



business law · litigation & appellate practitioners

April 13, 2017

VIA EMAIL (SFCroftLaw@aol.com) AND CONFIRMED VIA U.S. MAIL

Sidney F. Croft, Esq.
314 Tejon Place
Palos Verdes Estates, CA 90274

RE: Election Quorum

Dear Sid,

As you know, I represent Residents for Open Board Elections ("ROBE.") I also represent Ried Schott, who was a candidate for the last board election. ROBE and Mr. Schott are contemplating filing litigation against the Homes Association to obtain a court order to lower the quorum. Before we file such a lawsuit, we wanted to provide the Homes Association an opportunity to participate in and be the plaintiff in the case. We have prepared the enclosed pleading that you may adapt for your use. In addition, ROBE is willing to contribute up to \$1500 to defray the Homes Association's court costs if you file and support the petition. We would think the Homes Association would prefer to be the plaintiff rather than defendant in this dispute. If you are willing to file such an action, please let us know within three weeks.

Very truly yours,

BROEDLOW LEWIS LLP

A handwritten signature in black ink, appearing to read 'Jeffrey Lewis', written in a cursive style.

Jeffrey Lewis

Encl.

ENCLOSURE

1 [Insert HOA's counsel here]
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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF LOS ANGELES – SOUTHWEST DISTRICT**
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11 In re the Matter of

) Case No.:

12 PALOS VERDES HOMES
13 ASSOCIATION,
14 _____

) **PETITION TO LOWER QUORUM OF
HOMEOWNERS ASSOCIATION**

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20 Petitioner Palos Verdes Homes Association (“Homes Association”) hereby
21 alleges as follows:

22 1. The Homes Association is a nonprofit mutual benefit corporation
23 formed under the laws of the State of California.

24 2. The Homes Association’s By-Laws require that the annual meeting of its
25 members occur in January each year and that a quorum of fifty percent of ballots must
26 be received from members to hold a valid election of its board members. The By-
27 Laws have not been successfully amended since being written in the 1920s because
28 amendment requires a two-thirds vote. An attempt to amend was made unsuccessfully

1 about fifteen years ago.

2 3. A quorum has not been reached for the annual meeting of the Home
3 Owners since 2009. For the years 2010 through 2017, no quorum has been reached.

4 4. The Homes Association has exerted efforts to inform its members of the
5 need to vote but it is no longer practical for the Homes Association to expect to ever
6 reach a quorum.

7 5. For the most recently scheduled election held in January 2017, only 1,589
8 ballots were returned by 5,420 members which was short of 2,711 required to conduct
9 an election. The Homes Association has not opened those 1,589 ballots and those
10 remain in the custody of a public accounting firm.

11 6. It has become impractical and unduly difficult for the Homes Association
12 to conduct its annual meeting, including a board of director's election.

13 7. Pursuant to Corporations Code, section 7515, the Homes Association
14 hereby requests that the Court:

15 a. As to the most recent election attempted to be held in January 2017:

16 a. Direct the Homes Association to open the 1,589 ballots
17 currently held by the public accounting firm and allow those
18 votes to be taken and the votes be determined valid;

19 b. Direct the Homes Association to install as members of the
20 Board of Directors the top five candidates receiving votes in
21 the January 2017 Election; and

22 c. Make such orders as the Court finds fair and equitable under
23 the circumstances pertaining to the January 2017 ballots.

24 b. As to all future annual meetings and board elections:

25 a. Lower the quorum for annual meetings and elections of board
26 of directors from fifty percent to 25 percent;

27 b. Direct the Homes Association to conduct at least 3 mailings of
28 ballots each year in the 4-month period before the January

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- c. Allow for cumulative voting;
- d. Allow for voting by written proxies;
- e. Allow for votes by members appearing in person at the January annual meeting; and
- f. Allow for voting by members dropping off ballots in a lock-box at the office of the Homes Association.

8. Corporations Code, section 7515 authorizes this Court to order that a meeting of the Homes Association members be called “in such a manner as the court finds fair and equitable under the circumstances.” The order may include reducing the quorum.

Wherefore, the Homes Association, hereby requests that the Court issue an order pursuant to Corporations Code, section 7515.

DATED: April 13, 2017

[Law Firm]

By: _____
[Lawyer]
Attorneys for Petitioner