

# **Assembly Bill No. 2460**

## **CHAPTER 401**

An act to amend Section 5115 of the Civil Code, and to amend Section 7512 of the Corporations Code, relating to common interest developments.

[Approved by Governor September 22, 2024. Filed with  
Secretary of State September 22, 2024.]

### **LEGISLATIVE COUNSEL'S DIGEST**

AB 2460, Ta. Common interest developments: association governance: member election.

Existing law, the Davis-Stirling Common Interest Development Act, defines and regulates common interest developments, including member elections. Existing law prescribes that a quorum is required only if stated in the governing documents or by law. In the absence of a quorum, existing law authorizes an association to adjourn the proceeding to a date at least 20 days after the adjourned proceeding, at which time the quorum required for purposes of a membership meeting is 20% of the voting members present in person, by proxy, or by secret written ballot received. Existing law requires an association to provide general notice of the membership meeting, as specified, no less than 15 days prior to the election of directors.

In the absence of a quorum, this bill would instead authorize an association to adjourn the meeting to a date at least 20 days after the adjourned meeting, at which time the quorum required for purposes of a reconvened meeting would be 20% of the members, voting in person, by proxy, or by secret ballot. The bill would require an association to provide general notice of the reconvened meeting, as specified, no later than 15 days prior to the date of the reconvened meeting.

Under existing law, for elections of directors and for recall elections, an association is required to provide general notice of specified information about the election at least 30 days before the ballots are distributed, including a statement that the board of directors may call a subsequent meeting at least 20 days after a scheduled election if the quorum is not reached, as specified.

This bill would instead require an association whose governing documents require a quorum for election of directors to provide general notice of a statement that the association may call a reconvened meeting to be held at least 20 days after a scheduled election if the quorum is not reached, as specified.

Existing law authorizes and regulates the formation and operation of various corporations, including a nonprofit mutual benefit corporation. Existing law sets forth the parameters of a quorum at a meeting of members, as specified. For a corporation that is a common interest development,

existing law imposes notice requirements for special meetings. In the absence of a quorum, existing law authorizes a corporation that is a common interest development to adjourn a membership proceeding to a date at least 20 days after the adjourned proceeding, at which time the quorum required for purposes of a membership meeting is 20% of the voting members present in person, by proxy, or by secret written ballot received.

In the absence of a quorum, this bill would instead authorize the corporation that is a common interest development to adjourn a meeting to a date at least 20 days after the adjourned meeting, at which time the quorum required for purposes of a reconvened meeting would be 20% of the members, voting in person, by proxy, or by secret ballot.

This bill would incorporate additional changes to Section 5115 of the Civil Code proposed by AB 2159 to be operative only if this bill and AB 2159 are enacted and this bill is enacted last.

*The people of the State of California do enact as follows:*

~~SECTION 1. Section 5115 of the Civil Code is amended to read:~~

~~5115. (a) An association shall provide general notice of the procedure and deadline for submitting a nomination at least 30 days before any deadline for submitting a nomination. Individual notice shall be delivered pursuant to Section 4040 if individual notice is requested by a member. This subdivision shall only apply to elections of directors and to recall elections.~~

~~(b) For elections of directors and for recall elections, an association shall provide general notice of all of the following at least 30 days before the ballots are distributed:~~

~~(1) The date and time by which, and the physical address where, 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 a quorum will be determined, if the association's governing documents require a quorum, and 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 paragraphs shall be delivered pursuant to Section 4040 if individual notice is requested by a member.~~

~~(5) (A) If the association's governing documents require a quorum for election of directors, a statement that the association may call a reconvened meeting to be held at least 20 days after a scheduled election if the required quorum is not reached, at which time the quorum of the membership to elect directors will be 20 percent of the association's members, voting in person, by proxy, or by secret ballot.~~

~~(B) This paragraph shall not apply if the governing documents of the association provide for a quorum lower than 20 percent.~~

~~(c) Ballots and two preaddressed envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered by the association to every member not less than 30 days prior to the deadline for~~

voting. In order to preserve confidentiality, a voter may not be identified by name, address, or lot, parcel, or unit number on the ballot. The association shall use as a model those procedures used by California counties for ensuring confidentiality of vote by mail ballots, including both of the following:

(1) The ballot itself is not signed by the voter, but is inserted into an envelope that is sealed. This envelope is inserted into a second envelope that is sealed. In the upper left-hand corner of the second envelope, the voter shall sign the voter's name, indicate the voter's name, and indicate the address or separate interest identifier that entitles the voter to vote.

(2) The second envelope is addressed to the inspector or inspectors of elections, who will be tallying the votes. The envelope may be mailed or delivered by hand to a location specified by the inspector or inspectors of elections. The member may request a receipt for delivery.

(d) (1) A quorum shall be required only if so stated in the governing documents or other provisions of law. If a quorum is required by the governing documents, each ballot received by the inspector of elections shall be treated as a member present at a meeting for purposes of establishing a quorum.

(2) For an election of directors of an association, and in the absence of meeting quorum as required by the association's governing documents or Section 7512 of the Corporations Code, unless a lower quorum for a reconvened meeting is authorized by the association's governing documents, the association may adjourn the meeting to a date at least 20 days after the adjourned meeting, at which time the quorum required for purposes of a reconvened meeting to elect directors shall be 20 percent of the association's members, voting in person, by proxy, or by secret ballot.

(3) No less than 15 days prior to the date of the reconvened meeting described in paragraph (2), the association shall provide general notice of the reconvened meeting, which shall include:

(A) The date, time, and location of the meeting.

(B) The list of all candidates.

(C) Unless the association's governing documents provide for a lower quorum, a statement that 20 percent of the association's members, voting in person, by proxy, or secret ballot will satisfy the quorum requirements for the election of directors at that reconvened meeting and that the ballots will be counted if a quorum is reached, if the association's governing documents require a quorum.

(e) An association shall allow for cumulative voting using the secret ballot procedures provided in this section, if cumulative voting is provided for in the governing documents.

(f) Except for the meeting to count the votes required in subdivision (a) of Section 5120, an election may be conducted entirely by mail unless otherwise specified in the governing documents.

(g) In an election to approve an amendment of the governing documents, the text of the proposed amendment shall be delivered to the members with the ballot.

**SEC. 1.5.** Section 5115 of the Civil Code is amended to read:

5115. (a) An association shall provide general notice of the procedure and deadline for submitting a nomination at least 30 days before any deadline for submitting a nomination. Individual notice shall be delivered pursuant to Section 4040 if individual notice is requested by a member. This subdivision shall only apply to elections of directors and to recall elections.

(b) For elections of directors and for recall elections, an association shall provide general notice of all of the following at least 30 days before the ballots are distributed:

(1) The date and time by which, and the physical address where, ballots are to be returned by mail or handed to the inspector or inspectors of elections.

(2) If the association allows for voting in an election by electronic secret ballot as provided for in Section 5105, the date and time by which electronic secret ballots are to be transmitted to the internet-based voting system and preliminary instructions on how to vote by electronic secret ballot upon commencement of the voting period.

(3) The date, time, and location of the meeting at which a quorum will be determined, if the association's governing documents require a quorum, and at which ballots will be counted.

(4) The list of all candidates' names that will appear on the ballot.

(5) Individual notice of the above paragraphs shall be delivered pursuant to Section 4040 if individual notice is requested by a member.

(6) (A) If the association's governing documents require a quorum for an election of directors, a statement that the association may call a reconvened meeting to be held at least 20 days after a scheduled election if the required quorum is not reached, at which time the quorum of the membership to elect directors will be 20 percent of the association's members, voting in person, by proxy, or by secret ballot.

(B) This paragraph shall not apply if the governing documents of the association provide for a quorum lower than 20 percent.

(c) Ballots and two preaddressed envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered by the association to every member not less than 30 days prior to the deadline for voting, unless an association conducts an election by electronic secret ballot as provided for in Section 5105, in which case only members who will vote by written secret ballot pursuant to Section 5105 shall be mailed or delivered the ballots and envelopes. In order to preserve confidentiality, a voter may not be identified by name, address, or lot, parcel, or unit number on the ballot. The association shall use as a model those procedures used by California counties for ensuring confidentiality of vote by mail ballots, including both of the following:

(1) The ballot itself is not signed by the voter, but is inserted into an envelope that is sealed. This envelope is inserted into a second envelope that is sealed. In the upper left-hand corner of the second envelope, the voter shall sign the voter's name, indicate the voter's name, and indicate the address or separate interest identifier that entitles the voter to vote.

(2) The second envelope is addressed to the inspector or inspectors of elections, who will be tallying the votes. The envelope may be mailed or delivered by hand to a location specified by the inspector or inspectors of elections. The member may request a receipt for delivery.

(d) (1) A quorum shall be required only if so stated in the governing documents or other provisions of law. If a quorum is required by the governing documents, each ballot received by the inspector or inspectors of elections shall be treated as a member present at a meeting for purposes of establishing a quorum.

(2) For an election of directors of an association, and in the absence of meeting quorum as required by the association's governing documents or Section 7512 of the Corporations Code, unless a lower quorum for a reconvened meeting is authorized by the association's governing documents, the association may adjourn the meeting to a date at least 20 days after the adjourned meeting, at which time the quorum required for purposes of a reconvened meeting to elect directors shall be 20 percent of the association's members, voting in person, by proxy, or by secret ballot.

(3) No less than 15 days prior to the date of the reconvened meeting described in paragraph (2), the association shall provide general notice of the reconvened meeting, which shall include:

- (A) The date, time, and location of the meeting.
- (B) The list of all candidates.

(C) Unless the association's governing documents provide for a lower quorum, a statement that 20 percent of the association's members, voting in person, by proxy, or secret ballot will satisfy the quorum requirements for the election of directors at that reconvened meeting and that the ballots will be counted if a quorum is reached, if the association's governing documents require a quorum.

(e) An association shall allow for cumulative voting using the secret ballot procedures provided in this section, if cumulative voting is provided for in the governing documents.

(f) Notwithstanding any contrary provision in the governing documents, except for the meeting to count the votes required in subdivision (a) of Section 5120, an election may be conducted entirely by mail, electronic secret ballot, or a combination of mail and electronic secret ballot, pursuant to Section 5105.

(g) (1) Except as provided in paragraph (2), in an election to approve an amendment of the governing documents, the text of the proposed amendment shall be delivered to the members with the ballot.

(2) Notwithstanding paragraph (1), if an association conducts an election to approve an amendment of governing documents by electronic secret ballot, the association may deliver, by electronic means, the text of the proposed amendment to those members who vote by electronic secret ballot, pursuant to Section 5105. The association shall also deliver a written copy of the text of the proposed amendment to those members upon request and without charge. If a member votes by written secret ballot, pursuant to

Section 5105, the association shall deliver a written copy of the text of the proposed amendment to the member with the ballot.

SEC. 2. Section 7512 of the Corporations Code is amended to read:

7512. (a) One-third of the voting power, represented in person or by proxy, shall constitute a quorum at a meeting of members, but, subject to subdivisions (b) and (c), a bylaw may set a different quorum. Any bylaw amendment to increase the quorum may be adopted only by approval of the members (Section 5034). If a quorum is present, the affirmative vote of the majority of the voting power represented at the meeting, entitled to vote, and voting on any matter shall be the act of the members unless the vote of a greater number or voting by classes is required by this part or the articles or bylaws.

(b) Where a bylaw authorizes a corporation to conduct a meeting with a quorum of less than one-third of the voting power, then the only matters that may be voted upon at any regular meeting actually attended, in person or by proxy, by less than one-third of the voting power are matters notice of the general nature of which was given, pursuant to the first sentence of subdivision (a) of Section 7511.

(c) Subject to subdivision (b), the members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum or, if required by this division, or by the articles or the bylaws, the vote of the greater number or voting by classes.

(d) In the absence of a quorum, any meeting of members may be adjourned from time to time by the vote of a majority of the votes represented either in person or by proxy, but no other business may be transacted, except as provided in subdivision (c).

(e) For an election of directors of a corporation that is a common interest development, and in the absence of meeting quorum as required by the association's governing documents or this section, unless a lower quorum for a reconvened meeting is authorized by an association's governing documents, the corporation may adjourn the meeting to a date at least 20 days after the adjourned meeting, at which time the quorum required for purposes of a reconvened meeting to elect directors shall be 20 percent of the association's members, voting in person, by proxy, or by secret ballot.

SEC. 3. Section 1.5 of this bill incorporates amendments to Section 5115 of the Civil Code proposed by both this bill and Assembly Bill 2159. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2025, (2) each bill amends Section 5115 of the Civil Code, and (3) this bill is enacted after Assembly Bill 2159, in which case Section 1 of this bill shall not become operative.

**L&S Note: This bill was enacted after AB 2159. Thus, Section 5115 as set forth in Section 1.5 is operative.**