

CAMBRIDGE TERRACE OWNERS' ASSOCIATION

GENERAL RULES AND PROCEDURES FOR ELECTIONS AND VOTING

1. These rules, policies and procedures shall apply to all items legally requiring a vote of the membership as required by Civil Code section 5100, and any amendments thereto, including but not limited to, elections of Directors, votes to remove one or more Directors, votes on assessments that legally require a vote, amendments of the Governing Documents, grants of exclusive use of Common Areas, and such other votes as the Board determines should be conducted by secret ballot.
2. As described in these Rules and Procedures, votes may be cast by Members in good standing either in person, by proxy, or by mail-in ballot.

SUSPENSION OF VOTING RIGHTS AND RIGHT TO RUN FOR DIRECTOR

3. A Member may be declared to be not in good standing and ineligible to vote at meetings of the Association or to be a candidate for election during the period of time any Association assessment against the Unit remains delinquent; and/or for up to thirty (30) days for any violation of the governing documents. A finding of "not in good standing" can only be made following a "show cause" hearing, pursuant to Civil Code section 5855, where the Member has been given ten (10) days' prior notice setting forth the reasons for the suspension and the Member has been given an opportunity to be heard.

QUALIFICATION AND NOMINATION OF DIRECTORS

4. The affairs of the Association shall be managed by a Board of five (5) Directors. Members of the Board must be Members of the Association. Candidates for election must be Members in good standing, as that term is defined by the Bylaws.
5. Prior to any election of Director(s), the Association will seek nominations for candidates by publishing a request for candidates in the Association's newsletter, other direct mailing or by posting an appropriate notice as determined by the Board of Directors. The Association shall also make available a "Candidate's Qualification Form." All Members desiring to run for a position on the Board of Directors, or who wish to nominate another Member, must complete a Candidate's Qualification Form and return the completed form to the designated person(s) on or before the deadline date noted on the Form. Members failing to submit a Candidate's Qualification Form by the deadline date will not have their names, or the name of the Member they wish to nominate, placed on the ballot but are eligible to be nominated from the floor at the annual meeting and may receive write-in votes.
6. No member may be a nominee if the member, if elected, would be serving on the Board at the same time as another member who holds a joint ownership interest in the same Lot or Unit and the other member is either properly nominated for the current election or an incumbent director.
7. The Candidate's Qualification Form submitted by each candidate will be enclosed with the ballot for the election and mailed at least thirty (30) prior to the meeting. Candidate Qualification Forms and accompanying materials that are received after the time prescribed on the Candidate Qualification Form will not be enclosed with the ballot for election. The Association will not edit the content of these forms, but will publish a general statement of

non-responsibility for the content of all published forms. Any candidate can request in writing that his/her form not be published as provided herein and the Association will honor any such request received prior to the date of publication of all forms.

8. No Candidate's Qualification Form or other editorial or campaign material will be published in the Association's newsletter or other Association media.

Nominations for election to the Board of Directors may be made from the floor during the meeting of the membership or the Board. A nomination from the floor is not a condition for candidates to receive write-in votes.

VOTING BY SECRET BALLOT

9. Pursuant to Civil Code section 5100, elections regarding the following topics must be conducted by double envelope secret ballots pursuant to Civil Code section 5115: Assessments legally requiring a vote, election and removal of Directors, amendments to the governing documents, the grant of exclusive use of Common Area, or any other topic expressly identified in the Association's operating rules. Voting by affirmation on any of these topics is prohibited. The Board has the right to determine whether other topics requiring a membership vote will be conducted using double envelope secret ballots.

a. Notwithstanding the secret balloting requirement in Section 5100, or any contrary provision in the governing documents, in an election of directors, when the number of qualified candidates is not more than the number of vacancies to be elected, as of the deadline for submitting nominations, as determined by the inspector or inspectors of the elections, the Association may consider the qualified candidates elected by acclamation if all of the conditions of Civil Code Section 5103 have been met.

10. Ballots may be submitted at any time from the Members' receipt of the ballot until the announced deadline or any extension thereof as set by the Inspectors of Election. Ballots returned by mail are to be returned to the office of the management company unless otherwise specified by the Inspectors of Election and so noted in the balloting materials. Ballots may be brought to the membership meeting and deposited in the ballot box at the meeting so long as the time for the polls to close is after the time the membership meeting is scheduled to be called to order.

a. The Inspector(s) of Elections shall have the right to verify the Member's information and signature on the outer envelope and to review the number of ballots collected prior to the deadline for voting and inform the Board of Directors of the number of ballots received. The Inspectors of Election shall have the right to extend the voting deadline if there is an insufficient or possibly an insufficient number of ballots received. Voting envelopes shall not be opened as part of this review – only a review of unopened envelopes is allowed to verify the Member's information and determine the total number of ballots returned.

b. Once the Inspector(s) of Election or their designee receives a secret ballot, the secret ballot cannot be revoked or changed, even if the Member attends the meeting and seeks to change or withdraw his or her vote before the polls close.

c. Proxy voting is allowed in any election or vote where a membership meeting will be held and voting will be allowed or tallied at the meeting.

d. The Board of Directors shall set a record date establishing those owners entitled to vote on any ballot. Should the Board fail to set a specific record date, the record date shall be the date the ballot was posted in the United States mail.

e. In accordance with the Governing Documents of the Association, Members shall be entitled to one vote per Unit owned, except in the election of Directors where cumulative voting is allowed. Cumulative voting for Directors shall be permitted in any secret ballot for the election of Directors.

11. Ballots and two pre-addressed 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 thirty (30) days prior to the deadline for voting. For the election of Directors, ballots and voting envelopes will also be distributed at the annual membership meeting. In order to preserve confidentiality, a voter will not be identified by name, address, or Unit number on the ballot. The Association shall generally use as a model those procedures used by California counties for ensuring confidentiality of voter absentee ballots, including the following:

a. The ballot itself will not be signed by the voter, but will be inserted into an envelope that is to be sealed by the voter. This envelope is to be inserted into a second (outer) envelope that is sealed by the voter. In the upper left-hand corner of the second envelope, the voter must print and sign his or her name, address (either address within the community or mailing address), and Unit number that entitles him or her to vote. The lack of a signature on the second envelope will not invalidate that ballot if the Inspector(s) of Elections is able to determine the Member who submitted the ballot.

b. The second (outer) envelope is to be addressed to the Inspector(s) of Election, who will be tallying the votes. Ballots must be returned in the official envelopes provided in the mailing or they will not be counted. The envelopes are to be mailed or delivered by hand to the address specified by the Inspector(s) of Election.

c. Balloting materials not completed in accordance with the instructions on or accompanying the balloting materials may result in the ballot being declared invalid, as determined by the Inspector(s) of Election. The Inspector(s) of Elections shall have the right to count ballots submitted by owners failing to complete all of the above requirements so long as all ballots with similar defects are treated equally and so long as the Inspector(s) are able to verify that only one ballot per voting owner has been submitted.

d. Only the official ballots distributed by the Association will be counted. Unofficial ballots will not be counted.

e. If a candidate whose name is on the ballot withdraws before the ballots are counted, the election will continue to go forward. However, the votes cast for a withdrawn candidate will not be counted.

12. Ballots shall be counted at a membership meeting of the Board or open Board meeting. Subject to reasonable restrictions established by the Inspector(s) of Election to prevent interference with or intimidation of the Inspector(s) during the tabulation of the ballots, any candidate or other Member of the Association may witness the counting and tabulation of the votes. No person observing the tabulation of the ballots may communicate with, interfere with, or in any way attempt to intimidate, harass or abuse the Inspector(s) or

other person counting the ballots or assisting the Inspector(s).

13. Except as provided above, 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.

14. The candidate(s) receiving the highest number of votes shall be elected. In the event of a tie vote between candidates for the last position on the Board, a run-off election may be conducted by written ballot pursuant to the Bylaws.

15. The results of the election shall be promptly reported to the Board of Directors of the Association and shall be recorded in the minutes of the meeting and shall be available for review by Members of the Association. Within fifteen (15) days of the election, the Board shall publicize the results of the election in a communication directed to all Members or by posting it in the Common Area.

16. Ballots will be retained by the Inspector(s) of Elections or the Inspector's/Inspectors' designee for one (1) year, for one (1) year following the vote count. Thereafter, the Inspector(s) of Elections shall turn over all ballots to the Association, or its designated agent. At the conclusion of the one-year period, the ballots may, at the option of the Board of Directors, be destroyed.

17. The mailed secret ballots described in these Rules, once received by the Inspector(s) of Elections, will serve to establish a quorum at any meeting of Members.

PROXIES

18. Voting by proxy will be permitted in accordance with the provisions of the Bylaws, although the Board of Directors need not prepare and distribute proxy forms with the election or voting materials. The Association will continue to honor proxies submitted in accordance with the Bylaws. Proxies submitted to and accepted by the Association must conform to the requirements of the law. Proxy holders will be given a secret ballot to complete. Proxies will not be counted as secret ballots.

INSPECTORS OF ELECTION

19. Inspector(s) of Elections may not be Board members or a candidate for election or related to or reside with Board members or the candidates for election. Inspector(s) of Elections are to faithfully perform their responsibilities so as to ensure that the announced results of the voting and/or election represent the true and honest votes of the Members casting ballots.

20. The Board of Directors shall appoint one or three Inspectors of Election to oversee and certify the results of the voting. The Inspector(s) of Elections may be a person, business entity, or subdivision of a business entity who is currently employed or under contract to the Association for compensable services, including but not limited to, Association's managing agent. Any other qualified person or persons may also be appointed. Unless only outside consultants are engaged to serve as the Inspectors, at least one Inspector of Elections shall be a Member of the Association, although all Inspectors of Elections may be Members of the Association if so appointed by the Board of Directors. If not Members of the Association, Inspectors of Elections may be compensated for their services. Members of the Association shall not be compensated for serving as

Inspectors of Election.

21. The Inspector(s) of Election shall be responsible to:

- a. Determine the number of memberships entitled to vote and the voting power of each;
- b. Determine the authenticity, validity and effect of proxies;
- c. Receive the ballots and determine the location to which all ballots are to be returned;
- d. Hear and determine all challenges and questions to the balloting or election;
- e. Count and tabulate all ballots;
- f. Determine when the polls shall close;
- g. Determine the results of the election or balloting;
- h. Report the results of the election or balloting promptly to the Board of Directors;
- i. Perform such other acts as may be necessary to conduct the election or balloting in fairness to all Members and in accordance with all rules of the Association.

22. The Inspectors of Election may appoint additional persons to assist in performing any of the above duties. Any such persons shall meet the qualifications for appointment as an Inspector of Election.

23. The Board of Directors shall have the authority to remove and/or replace an Inspector of election at any time if an Inspector resigns or whenever the Board determines that an Inspector will not be able to perform his or her duties impartially and in good faith or if the Inspector ceases to meet the qualifications to serve as described above.

24. Inspector(s) of Election shall have the authority to consult with the Association's legal counsel in the event of uncertainties in the interpretation or application of Civil Code section 5100, et seq., these Rules and Procedures, the Association's Governing Documents or as might otherwise be necessary to ensure a fair election that complies with the law and the Governing Documents. All such consultations shall be protected by the Association's attorney-client privilege and shall be kept confidential from all persons other than the Board of Directors. Note, however, that neither the Inspector(s) of Election nor the attorney shall disclose to others, including the Board, how a particular ballot is to be voted.

RECALL ELECTIONS

25. To initiate the recall of one or more directors or the entire Board, the Board must receive a recall petition for a special meeting for the recall election and signed by a majority of a quorum of the Board, the President of the Association, or by Members representing at least five percent (5%) of the voting power of the Association calling for a special meeting for the recall election. The recall petition signed by at least five percent (5%) of the Association's Members must also include the Members' printed names and the addresses

of their Unit for verification purposes. Any recall petition must set forth the reason(s) why the targeted Board member(s) or Board should be recalled.

a. Upon receipt of a legitimate recall petition, the Board will promptly appoint an Inspector(s) of Elections.

b. Within twenty (20) days of the Board's receipt of a legitimate recall petition, the Board will notice the Members of and will set the time, date, and location of the special meeting to hold the recall election. The special meeting must be held between thirty-five (35) and ninety (90) days of the Board's receipt of the petition. The "twenty day notice" will be a "save the date" notice, with the official notice being given when the ballots are mailed to the Members. The initial "save the date" notice will state the following: (i) the Board received a petition requesting a recall vote; (ii) the date, time and location of the recall meeting; (iii) the quorum required for the recall meeting; and (iv) a solicitation of candidates to run for election if the recall is successful. The official notice of the meeting will be sent to the Members once the candidates are known and the ballot finalized. If the Board does not set the date, time and place of the recall meeting and/or send out notice of the recall meeting within twenty (20) days of receiving the petition, the Members or Board member(s) calling the recall meeting may independently set a date, time and place of the recall meeting and send out the notice.

c. Any recall election as well as any election for the replacement Directors must be conducted by secret ballot according to Paragraph 12. The election for replacement Directors will be held at the same time as the recall vote. As such, the Members will vote on two issues: (i) the recall of Directors, and (ii) the replacement of Directors. The Inspector(s) of Elections will tabulate the votes on the replacement of Directors immediately following the recall vote, if the recall is successful.

d. In order to curb a potential superfluous use of Association funds, a recall election may not be initiated against a Board member(s) if the targeted Board member(s)'s term expires within one hundred (100) days from the date the Board received the recall petition unless the recall petition is petitioning to recall the entire Board.

e. The Association will facilitate the production of and pay for the cost of all recall election materials and the mailing of the same. If, however, a legitimate recall petition is received by the Board within twelve (12) months from the date of a prior recall election, whether the prior recall election was successful or not, the Association will again facilitate the production of all recall election materials and the mailing of same, but the cost of the recall election will be borne by the petitioning party.

ELECTION CHALLENGES AND BALLOT RECOUNTS

26. The Inspector(s) of Elections shall, upon written request, make the ballots available for inspection and review by an Association Member or the Member's authorized representative should a Member challenge the election or demand a ballot recount. Signed voter envelopes may be inspected but may not be copied pursuant to Civil Code section 5200(c).

27. Any recount will be conducted in a manner that preserves the confidentiality of the vote. To preserve the confidentiality of the vote, Members will not be entitled to inspect the ballot envelopes, the Inspector(s) of Elections tabulation documents or notes, or proxies

submitted to the Association.

28. Should a professional Inspector(s) of Elections act as the Association's Inspector(s) of Elections, the Member or Members challenging the election or demanding a recount of the ballot will bear the costs charged by the professional Inspector(s) of Election as a result of the election challenge and/or ballot recount. A professional Inspector of Elections is defined as an Inspector of Elections who may be compensated for their services pursuant to Paragraph 21.

MISCELLANEOUS

29. Other than the time frames set forth in Civil Code section 5100, *et seq.*, the time frames stated in these rules are guidelines, generally setting forth fair and reasonable procedures for the conduct of voting and elections. However, the failure of the Board or Inspectors to strictly adhere to these time frames will not invalidate any election or vote so long as the procedures used allow all Members an equal opportunity to participate in the election or voting process.

30. At the discretion of the Board of Directors, the above Rules may be modified, delayed or repealed by the Board, in whole or in part, if the California State Legislature takes any action to change the content of Civil Code section 5100, *et seq.*, which would affect said Rules.