

ELECTION RULES OF SANDSIDE VILLAS HOMEOWNERS ASSOCIATION

These voting and election rules were adopted by the board on 2-Feb-2009 and are intended to comply with the requirements of Civil Code § 1363.03(a). These rules will stay in effect until modified by the board of directors pursuant to Civil Code § 1357.100 *et seq.*

Article 1 VOTING PROCEDURES

1.1 Voting by Secret Ballot. Not less than 30 days prior to voting period, the association will mail to each member of the association, by first-class mail or personal delivery, a ballot, an instruction sheet, and two pre-addressed envelopes with instructions on how and where to return the ballot. In order to preserve confidentiality, a voter will not be identified by name or address on the ballot. The ballot itself is not signed by the voter, but is inserted into an envelope that is sealed. This envelope is then inserted into a second envelope addressed to the inspector(s) of election. The voter then seals the outer envelope and, in the upper left hand corner, prints and signs his/her name, address, and unit number which entitles him/her to vote.

1.2 Voting Period. Ballots may be mailed or hand delivered to the inspector(s) of election at the address designated in the instruction sheet. The ballot must be received by the inspector(s) before the end of the voting period or it will be disregarded. A voter may request a receipt upon delivery of a ballot. Once a secret ballot is received by the inspector(s), it shall be irrevocable.

1.3 Election Not Required. If after the close of nominations the number of people nominated for the board is not more than the number of directors to be elected, the association may without further action declare that those nominated and qualified have been elected.

1.4 Tabulation of Ballots. The inspector(s) of elections will count and tabulate all votes in public at a properly noticed open meeting of the owners or board of directors. Any candidate or other owners may witness the counting and tabulation of the votes. No person shall open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated.

1.5 Reporting Results. The inspector(s) will promptly report the results of the election to the board. The board will record the results in the minutes of the next meeting of the board and make the results available for review by any member of the association at any time after the results are received from the inspector(s). The board will publicize the results of the election in a communication directed to all owners within 15 days of the election.

1.6 Ballot Custody. The sealed ballots, proxies, if any, and envelopes shall at all times remain in the custody of the Inspector(s) or at a location designated by the Inspector(s) until after the tabulation of the vote, at which time custody will be transferred to the association. They will be stored in a secure place for one year after the

date of the election. In the event of a recount or other challenge to the election process, the association will, upon written request, make the ballots, proxies, if any, and envelopes available for inspection and review by owners and their authorized representatives. Any recount or other challenge to the election process will be conducted in a manner that will preserve the confidentiality of the vote.

1.7 Elections by Mail-In Ballot. All elections covered by these rules may be conducted by mail-in ballot alone, except for the meeting to count the votes.

1.8 Modification Of Rules. These rules shall be construed to conform to any legislative changes in Civil Code § 1363.03 without any further adoption procedures. Any other change in these rules shall be done only after 30 days written notice to all owners in accordance with the provisions of Civil Code § 1357.130.

Article 2 INSPECTORS OF ELECTION

2.1 Inspector(s) of Elections. There may be one or three inspector(s) of elections. The board of directors, in its sole discretion, shall have the power to decide on the number of inspectors and appoint persons to fill those positions. An inspector shall be any independent third party, including, but not limited to, a person under contract with the association for compensation, such as a property manager, attorney, or certified public accountant, etc. The only persons who may not serve as an inspector are sitting owners of the board of directors, candidates for the board of directors, and persons related to sitting owners of the board of directors or candidates for the board of directors.

2.2 Indemnification of Inspectors. The association will defend, indemnify and hold harmless the inspector(s) of elections from any and all claims, demands, damages, costs, liabilities and expenses arising out of his/her activities absent gross negligence or willful misconduct.

2.3 Duties of Inspectors of Elections. Inspector(s) of elections shall have the following duties: (a) perform any acts as may be proper to conduct the election with fairness to all owners in accordance with these rules; (b) determine the number of ownerships entitled to vote and the voting power of each; (c) determine the authenticity, validity, and effect of proxies, if any; (d) receive ballots; (e) hear and determine all challenges and questions in any way arising out of or in connection with the right to vote; (f) count and tabulate all votes in such a way as to preserve their secrecy; (g) determine when the polls shall close; and (h) determine the result of the election. An inspector shall perform his/her duties impartially, in good faith, to the best of his/her ability, and as expeditiously as is practical. If there are three inspectors, the decision or act of a majority shall be effective in all respects as the decision or act of all. Any report made by the inspector(s) of election is *prima facie* evidence of the facts stated in the report.

Article 3 CANDIDATES FOR THE BOARD OF DIRECTORS

3.1 Candidate Qualifications. A candidate for the board of directors shall be an owner of a unit in the development.

3.2 Nominating Procedure. The procedures for nominating a candidate for the board of directors are as follows: (a) an owner may nominate himself or herself as a candidate; (b) an owner may nominate any other owner or resident as a candidate; or (c) the board

may appoint a three person nominating committee, chaired by a board member to nominate an owner or resident as a candidate. All nominations to be included in the written ballot must be in writing and delivered to the association not less than 5 days prior to the date set for mailing the ballots to the members.

Article 4 VOTING RIGHTS

4.1 Voting Power. The owners of each unit shall have one vote per unit, except for the election of directors, where each unit shall have one vote for each vacant director position to be elected. When two more units have been combined, the owners of the combined units shall have all of the votes associated with all of the combined units. Where there are multiple owners of a single unit, they shall decide among themselves who among them shall cast the vote on behalf of the unit. If one vote is cast on behalf of a single unit, then it shall be conclusively presumed that the vote was cast by the authorized owner. If more than one vote is cast on behalf of a single unit, then all such votes shall be disregarded.

4.2 Cumulative Voting. Until such time as the association's governing documents are amended, all elections of two (2) or more directors shall be by cumulative voting.

4.3 Qualifications for Voting. The right to vote of any owner shall be temporarily suspended if said owner is in arrears more than sixty (60) days in the payment of his maintenance charges (see CC&Rs Article III Section A).

4.4 Proxies. A "proxy" means a written authorization signed by an owner or the authorized representative of an owner that gives another owner or owners the power to vote on behalf of that owner. The owner to whom a proxy is given is called a "proxy holder". The owner who gives a proxy may restrict the proxy holder's authority to vote in accordance with his or her instructions. Any instructions that restrict the manner in which the proxy holder can vote must be set forth on a separate page and attached to the proxy, so that it can be detached and given to the proxy holder when the proxy is delivered to the inspector(s) of elections. A proxy and a ballot cannot be combined. A proxy may not be used as a ballot. All proxies must be submitted to the inspector(s) of elections before the close of the voting period. Failure to file a proxy with the inspector(s) of elections before the close of the voting period invalidates the vote by proxy.

Article 5 ASSOCIATION ACCESS

5.1 Access To Association Media. If the association should ever have association media, newsletters, or internet web sites and provide access during a campaign, for purposes reasonably related to the election, to any candidate or member advocating a point of view, then the association will provide equal access to all candidates and members advocating a point of view, including those not endorsed by the board.

5.2 Restrictions on Editing. If the association should ever have association media, newsletters, or internet web sites and provide access during a campaign, then the association will not edit or redact any content from campaign communications, but may include a statement specifying that the candidate or member, and not the association, is responsible for the content of the communications. The association and its directors, officers, and agents shall be immune from liability for the content of those

communications. The association may require the person submitting a potentially defamatory or obscene communication to sign an indemnity and hold harmless agreement protecting the association from liability for the publication.

5.3 Campaign Fund Restrictions. Association funds will not be used for campaign purposes in connection with any association board election. Funds of the association will not be used for campaign purposes in connection with any other association election except to the extent necessary to comply with duties of the association imposed by law. Campaign purposes include, but are not limited to, the following: (a) expressly advocating the election or defeat of any candidate that is on the association's election ballot; and (b) including the photograph or prominently featuring the name of any candidate on a communication from the association or its board, excepting the ballot and ballot materials, within 30 days of an election. This restriction does not prevent distribution of campaign materials as otherwise specifically allowed under the equal access provisions of these rules.