

STREAM HOUSE COMMUNITY ASSOCIATION

ELECTION AND VOTING RULES

(California Civil Code Sections 5100-5135)

1. INTRODUCTION

These Election and Voting Rules (“Rules”) establish certain procedural rules for the successful management of membership meetings and implement the relevant provisions of the Association's Bylaws, the California Civil Code, and the California Corporations Code concerning membership elections and membership voting. These Rules shall become operative upon approval by the Board of Directors at duly noticed and held Board meeting that is open to the membership..

2. EQUAL ACCESS

If any candidate or member advocating a point of view is provided access to Association media, newsletters, or Internet Web sites during a campaign, for purposes that are reasonably related to that election, equal access shall be provided to all candidates and members advocating a point of view, including those not endorsed by the Board, for purposes that are reasonably related to the election. The Association shall not edit or redact any content from these communications, but may include a statement specifying that the candidate or member, and not the Association, is responsible for the content.

Equal access to common area meeting space, if any, shall exist during a campaign, at no cost, to all candidates, including those who are not incumbents, and to all members advocating a point of view, including those not endorsed by the Board, for purposes reasonably related to the election.

3. USE OF ASSOCIATION FUNDS FOR CAMPAIGN PURPOSES PROHIBITED

Association funds shall not be used for campaign purposes in connection with any Association Board election. Funds of the Association shall 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.

As set forth within Civil Code Section 5135(b), for the purposes of this section "campaign purposes" include, but are not limited to, the following:

A. Expressly advocating the election or defeat or any candidate that is on the association election ballot.

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, provided that this is not a campaign purpose if the communication is one for which subdivision (a) of Civil Code Section 5105 requires that equal access be provided to another candidate or advocate.

4. CANDIDATE QUALIFICATIONS AND NOMINATION PROCEDURES

All candidates for election or appointment to the Board of Directors must be Members of the Association.

Nominations for election to the Board of Directors shall be made by a Nominating Committee to the extent Members volunteer to serve on such a Committee. A candidate who is qualified to serve on the Board shall be also entitled to nominate himself or herself for election by submitting his or her name as a candidate using the candidacy form prescribed by the Association, provided the form is received by the date prescribed. “Write-in” candidates on the ballot are not permitted.

The Association shall, at least 30 days before any deadline for submitting a nomination, provide general notice (Section 4045) of the procedure and deadline for submitting a nomination. Individual notice shall be delivered pursuant to Section 4040 if individual notice is requested by a member.

The Association shall retain, as association election materials (Section 5200(a)(13)), both a candidate registration list and a voter list. The voter list shall include name, voting power, and either the physical address of the voter's separate interest, the parcel number, or both. The mailing address for the ballot shall be listed on the voter list if it differs from the physical address of the voter's separate interest or if only the parcel number is used.

Members shall be permitted to verify the accuracy of their individual information on both lists at least 30 days before the ballots are distributed. The association or member shall report any errors or omissions to either list to the inspector or inspectors who shall make the corrections within two business days.

5. **VOTING QUALIFICATIONS AND THE VOTING POWER OF EACH MEMBERSHIP**

Each membership shall be entitled to one (1) vote, provided that positions on the Board of Directors shall be filled by cumulative voting as provided for within Section 6.07 of Article VI of the Bylaws.

If title is held by a legal entity that is not a natural person, the governing authority of that legal entity shall have the power to appoint a natural person to be a member of the Association for purposes of Sections 5100 through 5145.

The Association shall, at least 30 days before the ballots are distributed, provide general notice (Section 4045) of all of the following:

- A. 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;
- B. The date, time, and location of the meeting at which ballots will be counted; and
- C. The list of all candidates' names that will appear on the ballot.

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

6. **INSPECTORS OF ELECTION**

In accordance with Civil Code Section 5110, the Board of Directors shall appoint either one (1) or three (3) independent third parties to serve as Inspector(s) of Election. An "independent third party" includes, but is not limited to, (a) a volunteer poll worker with the county registrar of voters, (b) a licensee of the California Board of Accountancy, (c) a notary public, or (d) a member of the Association who is neither a director, a candidate for election as a director, nor related to a director or candidate for election as director. An Inspector of Election, and any person appointed by an Inspector of Election to assist in verifying signatures or in counting and tabulating votes, may not be a person, business entity, or subdivision of a business entity who is currently employed or under contract to the Association for any compensable services other than serving as an inspector of elections. The Inspector(s) of Election, shall perform the duties set forth below impartially, in good faith, to the best of the Inspector's ability, as expeditiously as possible, and in a manner that protects the interests of all members of the Association. The decision of a majority of the Inspectors shall control. Any report made by the Inspector(s) of Election is prima facie evidence of the facts stated in the report.

A. Duties of Inspectors of Election:

1. Determine the number of memberships entitled to vote and the voting power of each;
2. Confirm the number of memberships represented at the meeting;
3. Confirm the existence of a quorum;
4. Determine the authenticity, validity and effect of proxies and ballots;
5. Hear and determine all challenges and questions in any way arising in connection with the right to vote;
6. Count and tabulate all votes;
7. Determine when the polls shall close;
8. Determine the result of the voting;
9. Perform any acts as may be proper to conduct the election with fairness to all members in accordance with Civil Code Sections 5100-5135, the Corporations Code, and all applicable rules of the Association regarding the conduct of the election that are not in conflict with Civil Code Sections 5100-5135.

The Inspector(s) of Election shall further deliver, or cause to be delivered, at least 30 days before an election, to each member both of the following documents:

A. The ballot or ballots; and

B. A copy of the election operating rules. Delivery of the election operating rules may be accomplished by either of the following methods:

i) Posting the election operating rules to an internet website and include the corresponding internet website address on the ballot together with the phrase, in at least 12-point font: "The rules governing this election may be found here."; or

ii) Individual delivery, as described in California Civil Code section 4040.

Notwithstanding any other law, the Association and the Inspector(s) of Election shall not:

(A) Deny a ballot to a member of the Association for any reason other than not being a member of the Association at the time the ballots were distributed;

(B) Deny a ballot to a person with general power of attorney for a member. The ballot of a person with general power of attorney for a member of the Association shall be counted if returned in a timely manner.

7. **SECRET BALLOT PROCEDURES APPLICABLE TO CERTAIN VOTING AND PROXY USE**

Membership voting regarding assessments, election of members to the Board of Directors, amendments to the governing documents, and the proposed grant of exclusive use common area pursuant to Civil Code Section 4600 (hereinafter "Secret Ballot Topics") shall be conducted through secret ballot

procedures in compliance with Civil Code Section 5100. The Association will not distribute voting proxies in connection with Secret Ballot Topics, and the Inspectors of Election reserve the right to invalidate any proxy or other document purporting to cast a Member's vote used in connection with Secret Ballot Topics that does not comply with these Rules and applicable law, including the secret ballot procedures set forth within Civil Code Section 5100.

A Member may cast his or her vote on a Secret Ballot Topic in person at a meeting, provided the Member casts the vote using a secret ballot in compliance with Civil Code Section 5115. In the event the required quorum is not attained at an initial or adjourned meeting at which secret ballots will be utilized, and in the event the meeting is adjourned to another date, all secret ballots cast shall carry over until quorum is attained.

In those instances where voting proxies are permitted to be used, in order to be counted the proxy must (a) identify a proxyholder (who must be a Member of the Association in attendance at the meeting for which the proxy is given), (b) contain voting instructions, and (c) be dated and signed by the Member in good standing giving the proxy. The Inspectors may disqualify a voting proxy that does not satisfy these requirements. Any instruction given in a voting proxy that directs the manner in which the proxyholder is to cast the vote must be set forth on a separate page of the proxy that can be detached and given to the proxyholder to retain.

8. COUNTING OF BALLOTS/PROXIES

All votes shall be counted and tabulated by the Inspectors of Election in public at a properly noticed open meeting of the Board of Directors or at a properly noticed meeting of the membership. Any candidate or other member of the Association may witness the counting and tabulation of the votes. In accordance with the holding of Chantiles v. Lake Forest II Master Homeowners Association (1995) 37 Cal. App. 4th 914, only the Inspectors of Election and the Association's legal counsel shall be allowed to inspect the proxies during the counting process in those instances in which proxy voting is permitted in order to protect the members' privacy rights.

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.

A. Unless otherwise provided within the Notice of Meeting or the Ballot solicitation, as applicable:

1. The voting period for Secret Ballot Topics shall commence when the first ballot is mailed or delivered to an Association member, and shall end at such time as the Inspectors of Election determine the polls close;
2. With respect to voting at membership meetings on topics other than Secret Ballot Topics, the voting period shall commence at the meeting at such time as the chairperson declares the voting period open and shall end at such time as the Inspectors of Election shall determine the polls close; and
3. With respect to voting through a mail-in ballot on matters other than Secret Ballot Topics, voting shall commence when the first ballot is mailed or delivered to an Association member and shall end at such time as is specified on the ballot.

B. All questionable proxies and ballots are to be separated for a determination of validity by the Inspectors.

C. If the number of votes cast on a ballot or proxy exceeds the number of permissible votes, the ballot or proxy is invalid and shall not be counted for voting purposes.

D. When a box is checked or otherwise marked for a candidate, and it is the only box checked or marked, all of the member's votes shall be counted for that candidate. When fewer boxes are checked on the ballot than the number of Directors to be elected, the count shall be one vote per check not to exceed the number of authorized votes.

E. If votes are cast on a proxy but the member failed to check the box instructing votes to be cast, the votes cast shall be counted as marked by the member, provided there are no other conflicting instructions on the proxy and the proxy is otherwise valid.

9. ANNOUNCEMENT OF RESULTS/CUSTODY OF VOTING MATERIALS

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 next meeting of the Board of Directors and shall be available for review by members of the Association. Within 15 days following the election, the Board shall give general notice pursuant to Civil Code Section 4045 of the tabulated results of the election.

The sealed ballots, signed voter envelopes, voter list, proxies, and candidate registration list shall at all times be in the custody of the Inspector(s) of Elections or at a location designated by the Inspector(s) until after the tabulation of the vote, and until the time allowed by Section 5145 for challenging the election has expired, at which time custody shall be transferred to the Association. If there is a recount or other challenge to the election process, the Inspector(s) of Election shall, upon written request, make the ballots available for inspection and review by an Association member or the member's authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.