

CAMBRIDGE ESTATES HOMEOWNERS ASSOCIATION

ELECTION OPERATING RULES AND PROCEDURES

Pursuant to California Civil Code section 5105, the Cambridge Estates Homeowners Association (“Association”) adopts the following Election Operating Rules and Procedures (“Rules”) to govern election procedures and related issues.

As set forth in California Civil Code section 5100(a), and any revisions thereto, notwithstanding any other law or provisions of the Declaration of Restrictions of Cambridge Estates (“Declaration”) or the Association Bylaws (“Bylaws”) (collectively “Governing Documents”), elections regarding: 1) assessments legally requiring a vote; 2) election and removal of members of the Association Board of Directors; 3) amendments to the Governing Documents; or 4) the grant of exclusive use of Association Common Area property per Civil Code section 4600 shall be held by secret written ballot in accordance with the procedures set forth in these Rules. The Directors may, by a majority vote, have votes on other matters conducted by secret written ballots governed by these Rules.

The election of Directors is to occur at the annual member meeting to be held and noticed per section 3.01 of the Bylaws. The members may also vote on other matters and transact such other business of the Association as may properly come before them at the annual meeting.

In the event of any conflict between the Governing Documents and the provisions of these Rules, these Rules shall control. In the event of any conflict between these Rules and the provisions of California Civil Code sections 5100-5145, the provisions of those sections, and any revisions thereto, shall control. In the event of any conflict between any of these Rules that are required by the California Civil Code and any provision of the Nonprofit Mutual Benefit Corporations Law (commencing with California Corporations Code section 7110) relating to elections, the provisions of these Rules shall prevail.

Annual Meeting Procedures

1. Quorum. Pursuant to section 3.04 of the Bylaws, the presence in person or by proxy of members holding at least thirty-three and one-third percent (33 1/3%) of the votes shall constitute a quorum. Except as otherwise required by applicable law or the Governing Documents, the vote of the members holding a majority of a quorum of the members present in person or by proxy shall be effective for action to be taken by the membership.

(a) All written ballots that are timely returned count towards a quorum for all items that are included on the written ballots. If a quorum can only be obtained by counting the written ballots that are returned, plus members that are in attendance in person or by proxy, then a quorum is deemed to be present only as to those matters that were included in the written ballots.

2. Adjourned Meetings. Pursuant to section 3.05 of the Bylaws, if any meeting cannot be convened because a quorum has not been achieved, the members who are present, either in person or by proxy, may not transact any business except to adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called. The quorum requirement for the subsequent meeting shall be twenty five percent (25%) of the voting power of the Association. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the

time and place of the adjourned meeting shall be given to members in the manner prescribed for regular meetings.

Election Campaigning:

3. If any candidate or member advocating a point of view is provided access to Association media, newsletters, or Internet Websites 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 that content.

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

5. The posting of campaign signs must be in compliance with the Declaration, current Association Rules, and state and local law. In no event shall campaign signs be permitted to be erected or maintained within any portion of the Association common areas.

Campaign Funds

6. Association funds shall not be used for campaign purposes in connection with any Association Board of Directors 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.

7. For the purposes of these Rules "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 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 thirty (30) days of an election, provided that it is not a campaign purpose if the communication is one for which these Rules require that equal access be provided to another candidate or advocate.

Candidate Qualifications and Nominations

8. Nominations for the Board of Directors may be made by the Nominating Committee, as set forth in section 5.01 of the Bylaws. In addition, any member may nominate himself or herself, or any other member, for election to the Board of Directors. When a member is nominated by another member, the Association shall attempt to confirm with the nominated member that he or she desires to be a nominee before including the nominee on the ballot. If the nominee does not wish to be placed on the ballot, the nominee's name shall not appear on the ballot. Nominations may also be made from the floor at the annual meeting pursuant to section 5.01 of the Bylaws.

9. A person is disqualified from nomination as a candidate for a position on the Board of Directors in the event:

(a) Any lot(s) owned by the person is not current on all regular and special assessments, provided that Directors of the Board are also required to be current on all regular and special assessments for any lot(s) owned by the Directors. Further, a person shall not be disqualified for failure to be current in payment of regular and special assessments if the person has paid the regular or special assessments under protest pursuant to Civil Code section 5658 or the person has entered into a payment plan pursuant to Civil Code section 5665.

(b) If the person, if elected, will be serving on the Board at the same time as another person who holds a joint ownership interest in the same lot as the person and the other person is either properly nominated for the current election or an incumbent Director.

(c) If the person is not a member of the Association at the time of nomination.

(d) If the person has been a member of the Association for less than one (1) year.

(e) The Association may disqualify a nominee if that person discloses, or if the Association is aware or becomes aware of, a past criminal conviction that would, if the person was elected, either prevent the Association from purchasing the fidelity bond coverage required by Civil Code section 5806 or terminate the Association's existing fidelity bond coverage.

10. Nomination Deadline Notice. The Association shall provide general notice of the procedure and deadline for submitting a nomination at least thirty (30) days before any deadline for submitting a nomination. Individual notice shall be delivered pursuant to Civil Code section 4040 if individual notice is requested by a member.

Voter Qualifications

11. Membership voting rights are appurtenant to the ownership of a particular lot or lots. Pursuant to section 3.07 of the Bylaws, when more than one (1) person or entity owns a lot, the vote for such lot shall be exercised as the co-owners among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot. Pursuant to section 6.09 of the Declaration, no vote for a lot shall be cast on a fractional basis. Also pursuant to section 6.09 of the Declaration, if the co-owners of a lot are unable to agree among themselves as to how their vote shall be cast, they shall forfeit the vote on the matter in question. If only one (1) owner exercises the vote of a particular lot, it shall be conclusively presumed for all purposes that the owner was acting with the authority and consent of all other owners of the same lot. If more than one co-owner exercises the vote for a particular lot, their votes shall be not counted and shall be deemed void.

12. The Association shall not deny to deliver a ballot to a member for any reason other than not being a member at the time when ballots are distributed. The Association shall not deny to deliver a ballot to a person with general power of attorney for a member. The Association shall count the ballot of a person with general power of attorney for a member if the ballot is returned in a timely manner.

Proxies

13. The Association may use and accept proxies at all meetings of the members, as permitted by law and the Bylaws at section 3.06. A proxy is a written authorization signed by a member or authorized representative of a member that gives another member the power to vote on behalf of that member. "Signed" means the placing of the member's name on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the member or authorized representative of the member. Proxies shall not be interpreted to be ballots, and shall not be used in lieu of a ballot at a meeting.

14. Any instruction given in a proxy issued for an election that directs the manner in which the proxy holder is to cast the vote shall be set forth on a separate page of the proxy that can be detached and given to the proxy holder to retain. The proxy holder shall cast the member's vote by secret ballot unless the proxy is revoked by the member prior to the receipt of the proxy by the inspector of elections.

Written Ballots

15. The Association shall provide general notice of all of the following at least thirty (30) days before the ballots are distributed:

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

Individual notice of the above information shall be delivered pursuant to Civil Code section 4040 if individual notice is requested by a member.

16. Unless otherwise directed by the Board in the written instructions provided to all voting members before each election, members may return written ballots or proxies to the inspector of elections by mail or hand delivery at any time during the thirty (30) days preceding the election, up to and including the day before the election/meeting. Because state law requires the Association to utilize a double envelope ballot system in the election of directors, any ballots that are sent to the inspector of elections by facsimile transmission or email will not be counted. The election of directors will occur promptly after commencement of the annual member meeting.

17. Cumulative voting for Directors is required only in elections where three (3) or more positions on the Board are to be filled, pursuant to section 5.02 of the Bylaws.

Inspector of Elections/Secret Written Balloting

18. The Board shall appoint one (1) "independent third party" as the inspector of elections for all elections regarding: 1) assessments legally requiring a vote; 2) election or removal of members of the Board; 3) amendments to the Governing Documents; or 4) subject to the exceptions under Civil Code section 4600(b), the grant of exclusive use of common area pursuant to Civil Code Section 4600. All elections on the above matters shall be held by secret ballot in accordance with the procedures set forth herein.

19. Pursuant to Civil Code section 5110(b), an “independent third party” includes, but is not limited to, a volunteer poll worker with the county registrar of voters, a licensee of the California Board of Accountancy, or a notary public. An independent third party may also be a member of the Association, but may not be a member of the Board of Directors or a candidate for the Board of Directors or related to a member of the Board of Directors or a candidate for the Board of Directors. An independent third party may not be a person, business entity, or subdivision of a business entity who is currently employed or under contract with the Association for compensable services other than serving as an inspector of elections.

- (a) If a member of the Association is appointed as the inspector of elections, the Association will appoint the member/inspector of elections to an appropriate committee, or otherwise take steps to confirm directors and officers insurance coverage for the member/inspector of elections. The Association will defend, indemnify and hold harmless any inspector of elections that is a member from any and all claims, demands, damages, costs, liabilities, and expenses arising out of his or her activities as inspector of elections absent gross negligence or willful misconduct.

20. An inspector of elections shall perform all duties impartially, in good faith, to the best of the inspector of election’s ability, as expeditiously as is practical, and in a manner that protects the interests of all members of the Association. Any report made by the inspector of elections is prima facie evidence of the facts stated in the report.

21. The inspector of elections shall do all of the following:

- (a) Determine the number of memberships entitled to vote and the voting power of each.
- (b) Determine the authenticity, validity, and effect of proxies, if any.
- (c) Receive and maintain custody of ballots as called for under these Rules.
- (d) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote.
- (e) Count and tabulate all votes.
- (f) Determine when the polls shall close, consistent with the Governing Documents.
- (g) Determine the tabulated results of the election.
- (h) Perform any acts as may be proper to conduct the election with fairness to all members in accordance with the Davis-Stirling Common Interest Development Act (“the Act”), the California Corporations Code and all applicable rules of the Association regarding the conduct of the election that are not in conflict with the Act or the California Corporations Code .

Voting Procedures

22. All elections on matters identified in Section 18, above, shall be held by secret ballot in accordance with the procedures set forth herein.

23. 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 thirty (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 the following:

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

24. Each ballot timely received by the inspector of elections by mail or personal delivery shall be treated as a member present at the meeting for purposes of establishing a quorum, unless the second envelope called for in Section 23(a), above, is not signed by the voter. Any ballots that are sent to the inspector of elections by any means other than mail or personal delivery, including but not limited to facsimile, email or other electronic transmission, will not be counted, except for purposes of establishing a quorum

25. Once a secret ballot has been received by the inspector of elections, it shall be irrevocable.

26. Except for an uncontested election as set forth below, all votes shall be counted and tabulated by the inspector or of elections or the designee of the inspector of elections, in public at a properly noticed open meeting of the Board of Directors or members. Any candidate or other member may witness the counting and tabulation of the votes. No person, including a member 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. The inspector of elections, or the designee of the inspector of elections, may verify the members' information and signatures on the outer envelopes prior to the meeting at which ballots are calculated.

- (a) If the Directors election is uncontested, that is, if after the close of nominations, including nominations from the floor at the annual meeting, 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.

27. For the election of Directors, the candidates receiving the highest number of votes, up to the number of positions to be filled in the election, shall be elected as Directors and shall take

office immediately following the election. In the event there is a tie vote between those candidates who received the lowest number of votes necessary to qualify a candidate for election, the tie shall be broken by random drawing.

28. The inspector of elections shall promptly report the results of the election to the Board. The results shall be recorded in the minutes of the next meeting of the Board and shall be available for review by members of the Association. Within fifteen (15) days of the election, the Board shall give general notice of the tabulated results of the election to the members pursuant to Civil Code section 4045.

29. The sealed ballots, signed voter envelopes, voter list, proxies and candidate registration list at all times shall be in the custody of the inspector of elections or at a location designated by the inspector of elections until after the tabulation of the vote and until the time allowed by Civil Code section 5145 for challenging the election has expired, at which time custody shall be transferred to the Association.

30. In the event of a recount or other challenge to the election process, the inspector of elections shall, upon written request, make the ballots available for inspection and review by Association members or their authorized representatives. Any recount shall be conducted in a manner that shall preserve the confidentiality of the vote.

General Provisions

31. These Rules shall be construed to conform to any legislative changes or revisions to Civil Code sections 5100-5145 without any further amendment or adoption procedures. These Rules may be amended by a majority vote of the Board of Directors, in compliance with the notice to member and other requirements of Civil Code section 4340 et. seq., although no such amendment may be made: 1) that is inconsistent with applicable law or the Governing Documents; or 2) less than ninety (90) days prior to an election subject to these Rules.

32. The Association shall develop ballot and proxy forms, and letter(s) of instructions that shall be provided to the members that are consistent with the requirements of these Rules. However, the ballot and proxy forms and letters of instruction(s) themselves shall not be considered "Rules" within the meaning of Civil Code Section 4340 et seq., so that they may be modified as experience may justify without following the Notice to Member and other requirements of Civil Code Section 4340 et seq. Such modifications must be consistent with these Rules and the governing law.

ADOPTED SEPTEMBER 8, 2020
BOARD OF DIRECTORS
CAMBRIDGE ESTATES HOMEOWNERS' ASSOCIATION