

**CITY WALK HOMEOWNERS ASSOCIATION
GENERAL RULES AND PROCEDURES FOR ELECTIONS AND VOTING**

INTRODUCTION

Under California law, associations must conduct a number of homeowner votes by means of a statutorily-defined "secret ballot." The provisions of the law are found in Civil Code § 1363.03. The statute provides that specified types of homeowner votes must be conducted by means of a double-envelope balloting system, which ballots may be cast in person or by mail. The votes in question are most often for the election (or removal) of directors, however, the statute also applies to other types of homeowner votes, such as amendments to the governing documents, votes to allow homeowners to use certain portions of the common area for exclusive use, and elections regarding assessments legally requiring a vote. It is important to note that, where the governing documents are inconsistent with Civil Code § 1363.03, § 1363.03 prevails.

The rules stated herein represent City Walk Homeowners Association's efforts to comply with the law.

GENERAL

1. These rules, policies and procedures shall apply to the items legally requiring a vote of the membership defined by Civil Code §1363.03, 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

3. A member may be declared to be not in good standing and ineligible to vote for any period during which the member is delinquent in the payment of assessments in an amount equal to at least one month's assessment; and for a period not to exceed 30 days for an infraction of the governing documents. A finding of "not in good standing" can only be made following a "show cause" hearing where the member has been given 15 days prior notice setting forth the reasons for the suspension and the member has been given an opportunity to be heard not less than 5 days before the effective date of the suspension of voting rights.

QUALIFICATION AND NOMINATION OF DIRECTORS

4. In accordance with Section 7.1 of the Association's bylaws, all persons, whether members of the Association or not, are eligible to run for and serve on the Board.

5. The Association will publish a request for candidates by direct mailing a letter to the members and/or by posting a notice on the Association's website (as the Board of Directors shall determine) approximately 90 - 150 days prior to the date of the annual meeting. All those interested in running for a position on the Board of Directors 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 or accompanying materials in order to be placed on the ballot by the Association. Those failing to submit a Candidate's Qualification Form by the deadline date will not have their names placed on the ballot or proxy, but are eligible to be nominated from the floor at the annual meeting and may receive write-in votes.
6. The Candidate's Qualification Form submitted by each candidate will be posted on the Association's website and enclosed with the notice of the annual membership meeting mailed approximately 30 - 60 days prior to the meeting. 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.
7. Except as provided in Paragraph 6, no Candidate's Qualification Form or other editorial or campaign material will be published in the Association's newsletter or other Association media.
8. As provided in the Association's bylaws, nominations for election to the Board of Directors may also be made from the floor during the annual meeting of members.

USE OF COMMON AREA FOR CAMPAIGN PURPOSES

9. In each election of Directors, the Board will hold a candidate's forum in one of the Association's lobby areas between 15 - 30 days prior to the election where members will be provided an opportunity to meet and ask questions of the candidates. All candidates known to be standing for election will be invited to attend the forum. Attendance by the candidates is optional.
10. All candidates for election and other members may reserve one of the Association's lobby areas to conduct campaign activities or advocate a point of view on an election or balloting issue pending before the membership. All candidates and members will be provided an equal opportunity to reserve these areas for these purposes. Reservations can be made by contacting the management company. No fees will be charged to any candidate or member for reservation of these areas for the purpose of conducting campaign activities or advocating a point of view on an election or balloting issue pending before the membership. All candidates or members reserving these areas are asked to leave them in a clean and undamaged condition.

VOTING BY SECRET BALLOT

11. In the announcement of any meeting at which an election will be held or other balloting conducted, the Board of Directors shall announce the applicable voting period, including any deadline for submission of ballots. The Inspectors of Election shall determine when and where ballots can be submitted and the time when the polls shall open and close at any meeting at which ballots are cast. The Inspectors of Election shall have the right to extend any voting deadline established for the return of ballots whenever the number of ballots is, or may be, insufficient to establish either a quorum or the minimum number of votes necessary to accomplish the particular action.
12. 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 Inspectors of Election 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 are 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 cast, secret ballots cannot be revoked or changed, even if the homeowner attends the meeting and seeks to change or withdraw his or her vote before the polls close.
 - (c) Voting by proxy is allowed in any election or vote where a membership meeting will be held and voting will be allowed or tallied at the meeting; however, the Association may elect not to prepare and distribute proxies in any vote or election covered by Civil Code § 1363.03. The responsibility to prepare and submit a proxy shall rest with the owner seeking to authorize another to vote by proxy.
 - (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, 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, so long as such votes are being cast for a candidate or candidates nominated prior to the annual meeting and/or from the floor at the annual meeting prior to the close of polls. Cumulative votes may not be cast for write-in candidates not formally nominated prior to the close of polls. Should a member attempt to cast cumulative votes for a write-in candidate not formally nominated prior to the close of polls, the Inspectors of Election may, at their sole discretion, count those cumulative votes as one vote toward that write-in candidate. Alternatively, the Inspectors of Election may invalidate the ballot.
13. 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 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 lot, parcel, 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 sign his or her name, indicate his or her name, and indicate the address or separate interest identifier that entitles him or her to vote.
 - (b) The second (outer) envelope is to be addressed to the Inspectors 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 Inspectors 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 Inspectors of Election. The Inspectors of Election 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 Inspectors 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. Proxies or other unofficial ballots will not be counted.
 - (e) The mailing of election materials may, but is not required to, include a proxy (see below) and return envelope for the proxy. At the option of the Board of Directors, the proxy form may be printed on the back of the second (outer) envelope in lieu of a separate form and envelope.
14. The ballots for election of directors shall be counted at the annual meeting if a quorum is established (see below), otherwise at a reconvened membership meeting. Ballots on other issues shall generally be counted at the next scheduled meeting of the Board of Directors following the expiration of the voting period. Subject to reasonable restrictions established by the Inspectors of Election to prevent interference with or intimidation of the Inspectors 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 Inspectors or other person counting the ballots or assisting the Inspectors.
 15. Except as provided in Paragraph 12(a), 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. At the request of the Inspectors of Election and upon a showing of good cause, the Board of Directors may authorize a postponement or extension of the counting of the ballots to another date and time, which shall be open to the membership. Inability to complete the counting of the ballots within three hours of the close of the polls shall constitute good cause for a delay or extension of the counting of the ballots. In case of a delay or extension of the time to complete the counting of the ballots, the Inspectors of Election or the Inspectors' designee shall retain custody of all ballots until the count has been completed and the results reported to the Board of Directors.
 16. 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 of the election, the Board shall publicize the results of the election in a communication directed to all members.
 17. Ballots will be retained by the Inspectors of Election or the Inspectors' designee for nine (9) months following an election, removal vote or other vote. Thereafter, the Inspectors of Election shall turn over all ballots to the Association, or its designated agent, for a period of at least three (3) additional months following the election or voting deadline, as the case may be. At the conclusion of the one-year period, the ballots may, at the option of the Board of Directors, be destroyed.

18. The mailed secret ballots described in these rules, once received by the Inspectors of Election, shall be treated as a member present at a meeting for purposes of establishing a quorum.
19. In any vote pertaining to the election or removal of Directors, a quorum of members must be established at a membership meeting before the ballots can be counted. In accordance with the bylaws, a quorum requires the presence either in person or by proxy of members entitled to cast votes equal to at least a majority of the total voting power of the members; although the quorum may change for adjourned meetings, or pursuant to statute. For other types of votes requiring a homeowner vote, if there is no quorum at the membership meeting at which the secret ballots were originally intended to be counted, the Inspectors of Election shall determine whether the ballots are to be counted at the next adjourned and reconvened membership meeting or the next Board of Directors meeting. If a proposed homeowner action requires a specific number of votes to be effective (*e.g.*, to amend the governing documents), then the action will not be effective unless that number of votes is received.
20. The above-stated quorum requirement for membership votes is based upon a percentage of the total voting power of the membership on the date the voting polls close. For the purpose of determining the total voting power of the members on this date, the Inspectors of Election shall subtract from the total number of units within the community (109), the number of units for which membership voting rights have been, and remain, suspended by the Board of Directors. The voting rights of a unit shall only be deemed suspended if the Board of Directors, prior to the date ballots are mailed to the members, formally suspends those rights in accordance with the procedures set forth in Paragraph 3, above. A member who regains his or her status of being in good standing prior to the close of the polls shall be entitled to vote and the quorum requirement shall be adjusted accordingly.

PROXIES

21. 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. Proxies are not secret ballots in that they will be reviewed by management or other designated representative prior to the meeting.
22. Under Civil Code § 1363.03, proxies submitted to the Association are to consist of two separate parts: 1) the designation of the proxy holder coupled with the scope and effective dates of the proxy; and 2) the instructions to the proxy holder on how to vote. Proxies submitted to the Association not meeting these

requirements may result in the voter's voting preferences not remaining secret. The Inspectors of Election may, in their sole discretion, accept proxies that do not meet the standards set forth in this paragraph.

23. Civil Code § 1363.03 provides that instructions given in a proxy that directs the manner in which the proxy holder is to cast the vote are to be set forth on a separate page from the proxy that can be detached and given to the proxy holder by the proxy giver (member). Any voting instructions prepared by the proxy giver are not to be returned to the Association. However, should the proxy giver do so, the voting instructions will, upon request, be given to the proxy holder when the proxy holder signs in at the meeting. Members acknowledge that returning voting instructions to the Association may result in Association representatives seeing how the member instructs his or her proxy holder to vote. The proxy holder shall cast the member's ballot by secret ballot. The instructions to the proxy holder shall not be counted as a ballot.
24. Proxies are to be returned to the Association's management company or other designated recipient/address as may be designated prior to any deadline set by the Board of Directors for the return of proxies. Proxies received after the deadline set by the Board shall not be counted but may be allowed at an adjourned and reconvened meeting as determined by the Inspectors of Election.
25. The management company or other designated representative of the Inspectors of Election shall register proxies received by the Association and shall report any noted problems to the Inspectors of Election.
26. In any election or voting procedure in which proxies are authorized, the Inspectors of Election shall be responsible for authenticating and determining the validity and effect of any submitted proxy.

INSPECTORS OF ELECTION

27. An Inspector of Election may not be a Board member or a candidate for election or related to or reside with Board members or the candidates for election. The Inspectors of Election shall 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.
28. Approximately 60 - 120 days prior to the annual meeting of members, or approximately 60 days prior to the anticipated deadline for return of secret ballots for amendments to the Association's governing documents, votes on assessments, votes to grant exclusive use of common areas to one or more members, or other votes of the membership as determined by the Board or required by law, the Board of Directors will appoint three Inspectors of Election to oversee and certify the results of the voting. A maximum of one of the three Inspectors of Election may be an employee of the Association's management company. A maximum of one of the three Inspectors of Election may be an

employee of the Association retained law firm. 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 Election shall be a member of the Association, although all Inspectors of Election may be members of the Association if so appointed by the Board of Directors. If not members of the Association, Inspectors of Election may be compensated for their services. Members of the Association shall not be compensated for serving as Inspectors of Election.

29. The Inspectors of Election shall be responsible for:
 - (a) Determining the number of memberships entitled to vote and the voting power of each;
 - (b) Determining the authenticity, validity and effect of proxies;
 - (c) Receiving the ballots and determining the location to which all ballots are to be returned;
 - (d) Hearing and determining all challenges and questions to the balloting or election;
 - (e) Counting and tabulating all ballots;
 - (f) Determining when the polls shall close;
 - (g) Determining the results of the election or balloting;
 - (h) Reporting the results of the election or balloting to the Board of Directors within 10 days of the date the polls shall close;
 - (i) Performing 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.
30. 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.
31. 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.
32. Management or the Board shall provide the Inspectors of Election with a membership list accurate as of the record date established by the Board for

voting eligibility and such other documents as may be necessary for the Inspectors to verify the results of the election or votes.

33. The Inspectors 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 § 1363.03 *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 Inspectors of Election nor the attorney shall disclose to others, including the Board, how a particular ballot or proxy is to be voted.

ELECTION

34. Provided that a quorum is established at the membership meeting at which the election or removal of directors is held, the number of secret ballots returned to the Inspectors of Election, whatever the number might be, shall determine the election of directors. The number of votes necessary for the removal of a director or directors shall be as provided in Corporations Code Section 7222 or any successor statute; a membership meeting for the purpose of removal also requires establishment of a quorum as set forth above. Secret ballots can only be opened and counted at a meeting of the members or Board of Directors at which a quorum of members or directors, as applicable, has been established.
35. Provided that the Association has distributed the ballots to the members in accordance with Civil Code Section 1363.03, nothing in these rules, policies and procedures is intended to prevent the members from electing by voice acclamation all of the candidates standing for election whenever the number of candidates is equal to or less than the number of vacant positions being filled. If the candidates are elected by voice acclamation, the Inspectors of Election and the Association will nevertheless preserve the submitted ballots as provided above.

MISCELLANEOUS

36. At the discretion of the Board of Directors, the above Rules and Procedures 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 Section 1363.03 which would affect said Rules and Procedures.
37. The time frames set forth in these rules, except for those mandated by Civil Code §1363.03, are general guidelines and the failure to comply strictly with such guidelines shall not invalidate any vote of election conducted under these rules.

**CITY WALK HOMEOWNERS ASSOCIATION
PROXY**

DESIGNATION OF PROXY HOLDER

I declare that I am the record owner of the City Walk Unit(s) identified below.

I hereby appoint _____ to be my proxy holder for the City Walk Homeowner
(print name)
Association membership vote scheduled to occur on _____, 20___. I authorize this proxy holder to act
for me in the same manner and with the same effect as if I were personally present at this vote, but only as to
the matters listed below. The proxy holder shall not be authorized to act for me on matters not listed below.

* * * * *

I hereby instruct that this Proxy shall be used only as follows (check only one box):

- Only to establish a quorum; or
- To establish a quorum and to vote on all matters as the proxy holder shall deem appropriate or as I have instructed the proxy holder to vote on the separate Instructions to Proxy Holder; or
- To establish a quorum and to cast my vote(s) on the following matters:

(Note: If no box above is selected, this Proxy will be used only to establish a quorum.)

This Proxy is executed in accordance with California Corporations Code Section 7613. This Proxy may be revoked by the attendance of the undersigned at the meeting for which this Proxy is valid, or by express revocation by execution and delivery of a subsequent Proxy. Unless earlier revoked, this Proxy shall automatically expire after the completion of the vote(s) referred to above.

(Signature of Proxy Giver)

(Printed Name of Proxy Giver)

(Date)

(Address of City Walk Unit(s) Owned by Proxy Giver)

*RETURN THIS PAGE OF THE PROXY TO THE ASSOCIATION'S MANAGEMENT COMPANY ON OR BEFORE THE PUBLISHED DEADLINE FOR
SUBMITTING PROXIES.*

INSTRUCTIONS TO PROXY HOLDER

Proxy holder, _____, you are hereby authorized and instructed to:

- Attend or otherwise submit a ballot on my behalf for the membership vote scheduled for _____, 20__ *solely* for the purpose of establishing a quorum; or
- Attend or otherwise submit a ballot for the membership vote scheduled for _____, 20__ for the purpose of both establishing a quorum and casting votes on any measure brought before the membership for a vote in any manner you deem appropriate; or
- Attend or otherwise submit a ballot for the membership vote scheduled for _____, 20__ for the purpose of both establishing a quorum and casting vote(s) on my behalf as specified below.

VOTING INSTRUCTIONS:

- Vote for the following candidates for the Board of Directors:

NAME	NO. OF VOTES

- Vote on the issue of _____ as follows:

Yes / Approve No / Disapprove Abstain

- Vote on the issue of _____ as follows:

Yes / Approve No / Disapprove Abstain

- Vote on the issue of _____ as follows:

Yes / Approve No / Disapprove Abstain

- Other: _____

 (Signature of Proxy Giver) (Printed Name of Proxy Giver) (Date)

*PROVIDE THIS PAGE OF THE PROXY TO YOUR PROXY HOLDER.
 DO NOT RETURN THIS PAGE OF THE PROXY TO THE ASSOCIATION'S MANAGEMENT COMPANY.*