

LAKE HILLS MAINTENANCE CORPORATION
AMENDED AND RESTATED
VOTING AND ELECTION RULES AND PROCEDURES
(Civil Code Section 5105)

Effective March 9, 2020

1. **Secret Ballots and the Delegate System.**

- a. The Association utilizes a delegate voting system. The Association is divided into Delegate Districts, and the members within each District elect a Delegate and Alternate Delegate. The elected Delegates cast the voting power attributable to members within their District for election of Directors and other matters that require a vote of the members. Voting on election of Delegates will be conducted pursuant to the secret ballot process described herein.
- b. For some matters, the members of each Delegate District will be given the opportunity to vote on instructing their Delegate on how to cast the members' votes. The Association will utilize a secret ballot process, as described in these rules for these Delegate "instructional" votes on:
 - i) Election and removal of Directors.
 - ii) Member instructional votes on "Specified Actions" as that term is defined at Section 4.04(c) of the Association's CC&Rs.
 - iii) Other membership votes on matters requiring the approval of Association members, including:
 - (1) Prior to granting exclusive use of common area property where required by Civil Code Section 4600.
 - (2) Assessments that require a membership vote.
 - (3) Proposed Amendments to the Association's CC&Rs, Bylaws or Articles of Incorporation that require a membership vote.
 - (4) Any other matters where a secret ballot vote is required by law.
- c. Delegates will cast votes at Delegate meetings or by written ballot, as appropriate. The secret ballot procedures and requirements do not apply to votes by Delegates.
- d. Other business at Association or Delegate District meetings, such as approval of minutes, motions to close registration, motions to adjourn and other parliamentary procedures required by a recognized system of parliamentary procedure may be conducted by a show of hands, voice vote or other method, including a roll call vote.
- e. Members will have one vote per lot owned.

- f. If allowed by law, any membership vote (except for a vote on election of Directors) to be conducted pursuant to the secret ballot process described herein may be conducted by mail without holding a membership or Delegate District meeting for voting purposes. However, the counting and tabulation of votes may only be performed by inspector(s) of election in the open at a properly noticed member meeting or open Board meeting.
2. **Opportunity for Internal Dispute Resolution ("IDR").** Any member disputing or challenging any aspect or application of these rules, including, without limitation, the member's qualifications to be nominated as a candidate for the Board, has the opportunity to engage in IDR with the Association pursuant the procedure provided at Civil Code Section 5915.
3. **Association Membership Meetings, Annual Meetings and Election of Directors.**
- a. The Association will hold an Annual Meeting of the Delegates to elect Directors and to conduct Association business.
 - b. The Board of Directors consists of five Directors. Directors must be Association members. Directors are elected for two-year terms. The terms are staggered so that three Directors are elected one year and two Directors the next.
 - c. The Association will send out a Notice of Annual Meeting with information on when polls will open and when the members and candidates may attend the Annual Meeting and witness the review, count and tabulation of ballots by the inspector(s) of election.
 - d. Other membership meetings may be noticed and held by the Association to vote on matters which are proper for member vote. For votes that are to be conducted pursuant to the secret ballot process described herein, the meeting notice sent by the Association will include information on when polls will open and when the members may attend a membership or Board meeting to witness the review, count and tabulation of ballots by the inspector(s) of election.
 - e. For the Delegate District "instructional" votes for election of Directors, cumulative voting will be used, pursuant to Section 4.05 of the Bylaws. Each member, for each lot owned, shall have the number of votes equal to the number of Directors to be elected and the member may cast all votes for one candidate or divide up the votes among the candidates. No fractional votes are permitted.
4. **Delegate District Meetings and Election of Delegates**
- a. Each Delegate District will hold an annual balloting of its membership to elect Delegates and for the members of each Delegate District to instruct their Delegate on how to cast their votes for election of Directors. The notice for the Delegate District meetings will contain information on when the polls will open and when the members and candidates may witness the review, count and tabulation of votes by the inspector(s) of election.
 - b. Each district will elect one Delegate and one Alternate Delegate. Delegates are elected for one-year terms, or until their successor is elected, whichever is later. Delegates must be Members of the Association.

- c. The Association will send out a Notice of Delegate District Balloting with information on when polls will open and when the members and candidates may attend the Annual Meeting and/or Board meeting to witness the review, count and tabulation of ballots by the inspector(s) of election.
- d. Meetings of the members of a Delegate District may be noticed by the Association from time to time to vote on matters which are proper for such vote.

5. **Candidates for Elected Office**

- a. The Association will provide notice of the procedure and deadline for submitting a nomination at least 30 days before any deadline for submitting a nomination.
- b. The Association will distribute request-for-candidate forms seeking candidates for the Board or for Delegates. The forms will be distributed prior to the annual Delegate District meetings. The form must be completed by the candidate or nominating member and received by the Association by the deadline stated in the form in order to ensure the candidate's name appears on the ballot. Regardless of whether a candidacy form was completed, any candidate may still be nominated by himself, herself or by someone else from the floor of the meeting.
- c. Disqualification.
 - i. The Association shall disqualify a person from a nomination as a candidate for not being a member of the Association at the time of the nomination.
 - ii. The Association shall disqualify a nominee if that person discloses, or if the Association is aware or becomes aware of, a past criminal conviction that would either prevent the Association from purchasing the fidelity bond coverage required by Section 5806 should the person be elected or terminate the Association's existing fidelity bond coverage as to that person should the person be elected.
 - iii. The Association shall disqualify a nominee for failure to be current in the payment of regular and special assessments which are consumer debts subject to validation. The Association also requires a director to be current in the payment of regular and special assessments. The Association may not disqualify a nominee for nonpayment of fines, fines renamed as assessments, collection charges, late charges or costs levied by a third party. The Association shall not disqualify a nominee for failure to be current in payment of assessments if any of the following circumstances are true:
 - (1) The nominee has paid the regular assessment or special assessment under protest pursuant to Section 5658;
 - (2) The nominee has entered into a payment plan pursuant to Section 5665;
 - (3) The nominee has not been provided the opportunity to engage in internal dispute resolution pursuant to Article 2 (commencing with Section 5900) of Chapter 10 of the Davis-Stirling Act.

- iv. The Association shall disqualify a nominee if the person, if elected, would be serving on the Board at the same time as another person who holds a joint ownership interest in the same separate interest parcel as the person and the other person is either properly nominated for the current election or an incumbent director.
- v. The Association shall disqualify a nominee if that person has been a member of the Association for less than one year.

6. Association Election Materials

- 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.
- b. Candidate Registration List. A candidate registration list shall be prepared with names of candidates that will appear on the secret ballot.
- c. The Association shall permit members to verify the accuracy of their individual information on the candidate registration list and voter list at least thirty (30) days before ballots are distributed. The Association or member shall report any error or omissions in either list to the inspector(s) of election who shall make any correction within two (2) business days.
- d. The returned ballots from the members and other Association election materials at all times shall be in the custody of the inspector(s) or at a location designated by the inspector(s) for one (1) year after the tabulation of the votes, at which time custody shall be transferred to the Association.

7. Inspector(s) of Election

- a. One or three independent third party inspector(s) of elections ["Inspector(s)"] will be selected and appointed by the Board of Directors.
- b. For purposes of this section, 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 an Association member, provided the member is not a director, a candidate for director or related to a director or a candidate. The Board may not select as an Inspector a person, business entity, or subdivision of a business entity currently employed or under contract to the Association for any compensable services, other than serving as an Inspector. The Inspector(s) can be volunteers or be hired by the Association.
- c. If an Inspector is unwilling or unable to perform his/her duties or becomes ineligible to be an Inspector, the Board may remove and replace that Inspector with another Inspector that meets the requirements set forth above.
- d. Inspectors' Duties:

- i. Correct errors on the voter list and candidate registration list.
- ii. At least thirty (30) days before an election, deliver to each member (or cause to be delivered) a ballot or ballots and a copy of these rules. Delivery of these rules maybe be accomplished by: posting these rules to an internet website and including 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 via individual delivery as specified at California Civil Code Section 4040.
- iii. Determine number of memberships entitled to vote and the voting power of each.
- iv. Determine the authenticity, validity, and effect of proxies, if any.
- v. Receive secret ballots and proxies, if any.
- vi. Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote.
- vii. Count and tabulate all votes.
- viii. Determine when the polls shall close.
- ix. Determine the tabulated results of the election or vote.
- x. Perform any acts as may be proper to conduct the election with fairness to all members, in accordance with California law and these rules.
- xi. All duties must be performed in good faith, to the best of the Inspector(s)' ability, as expeditiously as practical, and in a manner that protects the interest of all members.
- xii. Prior to the mailing of the secret ballots, the Inspector(s) will determine the location where the sealed secret ballots will be mailed or delivered. The Inspector(s) of Elections shall also determine where the Inspector(s) will maintain custody of the secret ballots, signed voter envelopes, voter list, proxies, and candidate registration list before and after the count and tabulation of the vote by the Inspector(s).
- e. The Inspector(s) may appoint and designate additional personnel to assist them in their duties, but the Inspector(s) will oversee and be responsible for all actions of such designees. Any additional persons appointed to assist the Inspector(s) must meet the Inspector qualifications stated above.
- f. If there are three Inspectors, the decision to act or make a decision must be by a majority of the Inspectors and is effective, in all respects, as the decision of all.

8. **Secret Ballot Procedures.**

- a. At least thirty (30) days before the ballots are distributed, the Association shall provide general notice of the date and time by which, and the physical address where, ballots are to be returned by mail or handed to the Inspector(s); the date, time and location of the

meeting where the ballots will be counted; and the list of candidates that will appear on the ballot.

- b. At least thirty (30) days prior to the deadline for voting, the ballots will be mailed by first-class mail or delivered to every member along with two preaddressed envelopes and instructions on and deadlines for return of ballots.
- c. The ballot will not identify the voter by name, address, parcel number or unit number. The ballot is not signed by the voter but is inserted into an inner envelope preaddressed to the Inspector(s) (Envelope #1). The voter then seals Envelope #1 and inserts Envelope #1 into the outer mailing envelope (Envelope #2) preaddressed to the Inspector(s) which is then also sealed by the voter.
- d. In the upper left-hand corner of Envelope #2, the voter prints and signs his or her name and prints the address of the separate interest that entitles him/her to vote.
- e. An owner of multiple properties must submit a separate ballot in separate sealed envelopes (#1 and #2) for each property owned.
- f. Ballots may be mailed to the selected address or delivered by hand to the location selected by the Inspector(s). Where a membership meeting is being held for purposes of conducting a vote pursuant to these rules, ballots may also be delivered to the Inspector(s) at the membership meeting prior to close of the polls.
- g. The member may request a receipt for hand delivery of the sealed Envelope #2 to the location selected by the Inspector(s). Any member desiring a receipt for mail delivery should send the ballot by certified mail, return receipt requested, to the location selected by the Inspector(s). A member shall not receive a receipt for hand delivery of a ballot brought to a meeting.
- h. Only the ballots and envelopes sent by the Association or Inspector or provided by the Association or Inspector will be accepted.
- i. No member shall be denied a ballot for any reason other than not being a member at the time when ballots are distributed. A person with general power of attorney for a member shall not be denied a ballot. The ballot of a person with general power of attorney for a member shall be counted if returned in a timely manner.
- j. Verification of information on the outside of Envelope #2 and registration of envelopes may be performed by the Inspector(s) or the Inspector(s)' designees under the Inspector(s)' supervision prior to the meeting or deadline for voting.
- k. Registration will be conducted by the Inspector(s) or their designees and votes counted and tabulated by the Inspector(s) at a duly noticed membership or Board meeting in front of any members or candidates who may wish to witness the registration and opening and counting of the ballots or proxies.

- l. A member wishing to vote in person at the membership meeting must present himself/herself to the Inspector(s) with identification acceptable to the Inspector(s) to show that he/she is an Association member. A person with general power of attorney for a member (which member has not already returned a ballot) seeking to vote in person on behalf of the member shall need to present the Inspector(s) with proof, deemed sufficient to the Inspector(s), of the individual's status as general power of attorney for the member.
- m. A member that already submitted a ballot may attend a membership meeting but will not be given a new ballot to vote at the meeting.
- n. If a ballot has not been previously received by the Inspector(s) for a particular property address, a member from that address in attendance at the membership meeting will be given a ballot along with two envelopes to mark and cast in secret at the membership meeting.
- o. No person may open any envelopes or otherwise review any ballot prior to the time and place at which the envelopes are opened and the ballots are counted and tabulated by the Inspector(s). Any candidate or Association member may witness the counting and tabulation of the votes.

9. **Proxies.**

- a. The Inspector(s) shall determine the authenticity, validity and effect of proxies, if any. A proxy will be accepted if the Inspector(s) determines the proxy meets the requirements of the Bylaws and California Civil and Corporations Codes.
- b. The proxy holder must be present in person at the membership meeting and shall cast the proxy giver's vote by ballot at the meeting unless the proxy is revoked by the proxy giver prior to the Inspector(s) receipt of the proxy giver's ballot.
- c. Any member who gives another member his or her proxy does so with the full understanding that the Association and Inspector(s) will not be responsible for ensuring that any proxy holder votes the proxy in accordance with the proxy giver's direction.

10. **Effect of Submitting a Ballot.**

- a. Once a ballot is received by the Inspector(s), that ballot cannot be changed, retrieved or revoked.
- b. Once a member submits a ballot with regard to the member's separate interest, no other ballot or proxy may be submitted for that property. Should more than one ballot be submitted with regard to a particular separate interest, the ballot which was earliest received shall be counted for that property. If it cannot be determined which ballot was earliest received, no ballot will be counted for that property except one ballot for quorum purposes only at the discretion of the Inspector(s).

11. **Determination of Quorum.** The Inspector(s) will determine whether quorum has been obtained based upon the count of the number of members voting by proxy or by a returned

ballot. Upon determination that a quorum has been obtained, the Inspector(s) may close registration at the polls.

12. **Adjourned for Lack of Quorum/Recessed Meeting.**

- a. If any membership meeting is adjourned to another date due to lack of quorum, ballots already received by the Inspectors in properly completed, sealed Envelopes #1 and #2 will be valid for adjourned meetings.
- b. The ballots will be counted during a properly noticed open meeting of the Board or during a membership meeting. The Inspectors may request that any meeting be recessed to allow the Inspectors to continue the counting and tabulation of the ballots at another time. Notice of the recessed meeting will be given as required by law. The Inspectors will continue to maintain custody of all ballots until the counting and tabulation is complete.

13. **Consultation With Association Counsel.** The Inspectors will have the authority to confer with Association legal counsel in advance or at the meeting. Legal counsel represents the Association and does not represent the members, Inspectors, Board members, management or any other person. By the adoption of these rules, Association legal counsel has been authorized by the Board of Directors to provide advice to and to waive the attorney-client confidential communication privilege as determined necessary or prudent by the attorney to inform and advise the Inspectors regarding issues related to the Inspectors performing their duties for the Association. The Inspectors may confer with Association legal counsel outside the presence of the members.

14. **Tabulation, Counting, Inspectors' Conduct, Etc.**

- a. Once a quorum is determined present and balloting has been closed by the Inspector(s), the Inspector(s) may open the sealed envelopes and begin the count and tabulation at a duly noticed membership meeting or Board meeting.
- b. Members and candidates may witness the counting and tabulation from a distance of at least five (5) feet from any Inspector.
- c. The Inspector(s) are not required to provide members or candidates with information, answer questions, or engage in discussion.
- d. Any witness or observer may be ejected or removed by the Inspector(s) for disruptive, noisy or rude behavior.
- e. Inspectors shall make all determinations regarding ballots and vote counts, including deciding whether to count a ballot for quorum purposes only if the Inspector(s) find they cannot determine the voter's intent.

15. **Voting by Delegates.** Delegates shall cast votes in accordance with the membership instructions from their districts except to the extent the Delegates are permitted by the governing documents to exercise discretion. Delegate-cast ballots are not secret ballots, and by necessity, each must reflect the Delegate district for which the Delegate ballot was cast.

The Inspectors of Election may employ such Delegate voting procedures as the Inspectors of Election determine are reasonably necessary to facilitate the Delegates' performance of their duties and ensure the will of the members is accurately transmitted via Delegate voting.

16. **After Tabulation**

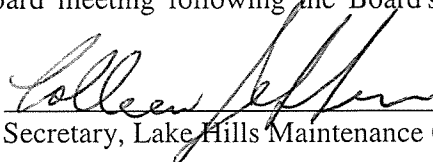
- a. The tabulated results of the election shall be announced and be promptly reported to the Board of Directors, shall be recorded in the minutes of the next meeting of the Board and shall be available for review by the Association members.
- b. Tie Votes: In the event of a tie vote among any number of the candidates, the Association will notice a special membership meeting and send out ballots to all eligible members for a vote to break the tie. Said vote shall be conducted in accordance with the procedures herein, to the extent they are applicable to a run-off vote. No previously cast ballots or proxies will be used at the meeting to break the tie.
- c. Within 15 days of the election, the Board shall publicize the tabulated results of the election in a communication directed to all the members.
- d. If there is a recount or other challenge to the election process, the Inspector(s) 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 shall preserve the confidentiality of the vote. However, the Association will not be responsible for redacting or protecting any information added to a ballot by a member. The Inspector(s) may establish procedures for the review and recount by members.

17. **Access to Association Facilities and Communications/Use of Association Funds.**

- a. If any candidate or member advocating a point of view is provided access to any Association media, including newsletters, Internet web sites or other Association publications during any campaign, for purposes that are reasonably related to that election, then all candidates and members advocating a point of view shall be provided with equal access for purposes reasonably related to that election.
- b. The Association shall not edit or redact any content from these communications but will provide a statement specifying that the candidate or member, not the Association, is responsible for that content.
- c. The Association has no common area meeting space.

The foregoing Amended and Restated Membership Meeting and Voting Rules were adopted 3-9, 2020, by the Board of Directors, Lake Hills Maintenance Corporation, in a duly noticed open Board meeting following the Board's compliance with Civil Code Section 5915.

ATTESTED TO BY:


Secretary, Lake Hills Maintenance Corporation