

Sonora Springs at Butterfield Ranch Homeowners Association

DATE: JUNE 28, 2006

**TO: ALL SONORA SPRINGS at BUTTERFIELD RANCH HOMEOWNERS
ASSOCIATION MEMBERS**

**FROM: THE BOARD OF DIRECTORS
SONORA SPRINGS at BUTTERFIELD RANCH HOMEOWNERS
ASSOCIATION**

SUBJECT: NEW ELECTION RULES

The Board of Directors has adopted the enclosed Election Rules to comply with the new Civil Code Sections, 1363.03 and 1363.04, which become effective July 1, 2006.

The Association's future elections will be held in accordance with the new election rules. Please read the rules carefully as it will affect how you send in your votes in the future.

Please keep these rules with your CC&R's and other Association documents.

BOARD OF DIRECTORS

SONORA SPRINGS AT BUTTERFIELD RANCH HOMEOWNERS ASSOCIATION

RESOLUTION RE: ADOPTION OF RULES FOR ELECTION PROCEDURES

The Board of Directors of the Sonora Springs at Butterfield Ranch Homeowners Association ("Association") hereby adopts the following resolution:

Whereas, by the authority contained in the Davis-Stirling Common Interest Development Act, *Civil Code* Section 1363.03 establishes new legal requirements, effective July 1, 2006, regarding Election Procedures; and,

Whereas, the Association Board of Directors has the duty to adopt rules for Election Procedures per the new Civil Code; and,

Whereas, the Association Board of Directors has reviewed the new Civil Code requirements with Association counsel and their management agent to insure the election procedures include all applicable Association Bylaw requirements; and

Whereas, the Association Board of Directors has determined these Election Procedures bring the Association into compliance with *Civil Code* Section 1363.03.

Now therefore, be it resolved that the Board of Directors of the Association adopts Rules for Election Procedures this 14th day of JUNE, 2006.

CERTIFICATE

I, GLADYS MERCADO, the PRESIDENT of the Sonora Springs at Butterfield Ranch Homeowners Association, hereby certify that the foregoing Resolution was duly and regularly adopted by the Board of Directors on JUNE 14th, 2006.

Gladys Mercado

SONORA SPRINGS AT BUTTERFIELD RANCH HOMEOWNERS ASSOCIATION MEMBERSHIP MEETING AND VOTING RULES

Campaigning

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, all candidates and Members advocating a point of view will be provided equal access. Any views, comments or opinions set forth in any communication from a candidate or Member are those solely of the candidate or Member, and the Association is not responsible or liable for such content. The candidate or Member, and not the Association, is solely responsible for the content of all materials and/or communications presented by the candidate or Member.

Access to the Common Area meeting space will be provided during a campaign, at no cost, to all candidates and to all Members advocating a point of view for purposes reasonably related to the election.

Association funds will 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. For the purposes of this section "campaign purposes" include, but are not limited to, the following:

- (1) Expressly advocating the election or defeat of any candidate that is on the Association election ballot.
- (2) Including the photograph or prominently featuring the name of any candidate on a communication from the Association or the Board, excepting the ballot and ballot materials, within thirty (30) days of election, provided that this is not a campaign purpose if the communication is one for which the law requires that equal access be provided to another candidate or advocate.

Board Member Qualifications

Directors must be Members who are in good standing with the Association.

Nomination Procedures

All individuals eligible to serve on the Board of Directors may declare their candidacy for the Board by issuing a statement from the floor of a Board or Membership meeting which is recorded into the official Minutes of any meeting of the Board or by submitting a written statement to the offices of Euclid Management Company prior to the mailing of the election materials. (See Board Candidate Application, Attachment #1) Any written declaration of candidacy received after the printing of the Notice of Annual Meeting will be announced by the Chair at the Annual Meeting. Candidates' names not shown on the official printed notice, proxy, or Secret Absentee Ballot, may be added to the Secret Absentee Ballot by the Member wishing to vote for the candidate as a write-in candidate.

Nomination for election to the Board of Directors shall also be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each Annual Meeting of the Members to serve from the close of such Annual Meeting until the close of the next Annual Meeting. The Nominating Committee shall make as many nominations for election to the Board as it may in its discretion, determine, but not less than the number of vacancies that are to be filled. Nominations may be from Members or Non-Members. Nominations may also be made from the floor at the Annual Meeting. Self-nominations are permitted.

Voting Qualifications

Each Member of record whose voting rights have not been suspended by the Board of Directors is entitled to vote. Voting shall be by secret written ballot. Members shall be entitled to cast one (1) ballot for each home owned within the community.

If a record date for voting is not fixed by the Board of Directors, Members on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting of the Association.

Voting Procedures

In any election of the Board in which two (2) or more positions on the Board are to be filled, every Member entitled to vote shall have the right to accumulate his/her votes and give one candidate, or divide among any number of candidates, a number of votes equal to the number of Directors to be elected provided that no Member shall be entitled to cumulate votes for a candidate or candidates unless the candidate's name or candidates' names have been placed in nomination prior to the voting and the Member has given notice at the meeting prior to the voting of the Member's intention to cumulate votes. If any one Member has given this notice, all Members may cumulate their votes for candidates in nomination.

The By-laws for your community authorize the use of secret ballots and proxies. Secret ballots will be provided to all Members for their use.

Elections will be conducted in accordance with the following procedures:

1. Ballots and two pre-addressed envelopes (with instructions) shall be delivered or mailed by first-class mail to every Member not less than thirty (30) days prior to the deadline for voting, along with Instructions for Members (*See Instructions, Attachment # 2*) and Notice of the Meeting (*See Notice, Attachment # 3*);
2. Ballots are *not* to be signed by the voter and a Member that places any identifying marks or signature on his or her ballot will waive his or her right to secrecy (*See Ballot, Attachment # 4*);
3. Completed ballots must be placed into an inner envelope that has no identifying information on it (*e.g.*, no Member name, no property address, no signature, etc.), and the inner envelope is then sealed by the Member;

4. The inner envelope is then inserted into the outer envelope that is pre-addressed to the Inspector(s) of Election and then sealed by the Member;
5. In the upper left hand corner of the outer envelope, the Member *must* print his name and the address of the property, and then the Member *must* sign his or her name in the upper left hand corner of the outer envelope. RETURN ADDRESS LABELS SHOULD NOT BE USED. Ballots received in improperly completed envelopes (e.g., not completed by hand, not signed) may *not* be counted;
6. The envelope may be mailed or delivered by hand to the management office, unless another place is designated by the Inspector(s). The Member may request a receipt for delivery;
7. Once a ballot is received by the Association, in the place designated by the Inspector(s), it is deemed irrevocable, even if it is unopened;
8. The sealed ballots shall be in the custody of the Inspector(s) of Election or in the place designated by the Inspector(s) at all times;
9. No person may open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated; and
10. The voting period for Member meetings shall commence when the first ballot is mailed or delivered to a Member of the Association, and shall end at such time as the Inspector(s) of Election determine the polls close.

Use of Proxies

The By-laws for your Association authorize the use of proxies. If a Member chooses to use a proxy, the proxy must be filed with the Secretary of the Association before the appointed time for each meeting. Every proxy shall be revocable and shall automatically cease upon the earliest of the following: (a) the conveyance by the member of his Condominium; (b) the date of automatic termination, if any, specified in the proxy, or if not such date is specified, eleven (11) months from the date of issuance of the proxy; or (c) three (3) years from the date of issuance of the proxy.

A proxy must (A) identify a proxyholder (who must physically attend the meeting for which the proxy is being exercised), (B) contain voting instructions, and (C) be signed by the Member giving the proxy. Any instruction given in a proxy issued for an election 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. The proxyholder must cast the Member's vote by secret ballot. A proxy that does not satisfy these requirements may not be counted.

Inspectors of Election

Inspector(s) of Election will be appointed by the Board of Directors at a Board meeting held prior to the election and will serve as Inspectors until such time that their successors are

appointed by the Board of Directors (*See Resolution of the Board of Directors, Attachment # 5*). There shall be one (1) or three (3) Inspectors of Election for the Association. If there are three (3) Inspectors of Election, the decision or act of a majority shall be effective in all respects as the decision or act of all. Inspector(s) may be a Member of the Association, but may not be a Member of the Board, a candidate for the Board, or related to a Member of the Board or candidate for the Board. Inspectors may be a person who is currently employed or under contract to the Association for any compensable services.

Role of Inspectors of Elections

Inspector(s) will determine the number of Memberships entitled to vote and the voting power of each in accordance with the governing documents. Inspector(s) will determine the authenticity, validity, and effect of proxies, if any. Inspector(s) will hear and determine all challenges and questions in any way arising out of or in connection with the right to vote. Inspectors will oversee the registering of Owners attending the meeting and determining when quorum is achieved. Ballots will be returned to the Association's managing office, unless another location is designated by the Inspectors. Inspector(s) will determine when the polls shall close. Inspector(s) will determine and announce the results of the election.

Inspector(s) may also perform any acts as may be proper to conduct the election with fairness to all Members in accordance with the Inspector(s) of Election rules and all applicable rules of the Association regarding the conduct of the election that are not in conflict with the Inspector(s) of Election rules. Inspector(s) must perform all duties impartially, in good faith, to the best of his or her ability, and as expeditiously as is practical.

Tabulation of Votes

Inspector(s) count and tabulate all votes. All votes shall be counted and tabulated by the Inspector(s) at a duly noticed meeting of the Board of Directors or Members. Any candidate or other Member of the Association may witness the counting and tabulation of the votes. Members who are not Inspectors or being overseen by an Inspector must remain at least five feet away from the counting area. Members who are not Inspectors may not participate in the counting or tabulation process or any discussions that may arise among the Inspectors or their designated assistants.

Every Inspector(s) of Election must sign the Election Report and Oath for the Association's corporate records (*See Election Report and Oath, Attachment #6*). After the final tabulation of the votes, custody of all election materials will be transferred to the custody of the Association. After tabulation, the Association shall store ballots in a secure place for no less than one (1) year after the date of the election.

Tie Votes

In the event of a tie vote among any number of the candidates, another run-off election of only the candidates involved in the tie shall be held immediately following the announcement of the results. In this case, all Members voting in person and proxyholders in attendance shall re-register and upon which issued a new ballot marked with the word "RUN-OFF" and showing only the names of the candidates involved in the tie vote. Those voting in person and those holding proxies will then cast

their ballots. All Election and Voting Rules shall apply in the run-off election and shall be enforced to the same degree as in any other election. The person receiving the highest number of votes will be elected.

Recording and Announcing Election Results

Inspector(s) must report the results of the election promptly to the Board of Directors and the results will be recorded in the next regular session Board meeting Minutes. In addition to recording the election results in the next regular session Board meeting Minutes, the Association shall keep Annual Meeting Minutes that reflect the results of the election.

The Board of Directors will publicize the results of the election in a communication directed to all Members within fifteen (15) days of a successful (quorum achieved) election.