

RESOLUTION OF THE BOARD OF DIRECTORS OF HILLSBOROUGH NORTH AT JOHNSON RANCH OWNERS ASSOCIATION

The following actions were taken at the meeting of the Board of Directors (the "Board") of Hillsborough North at Johnson Ranch Owners Association (the "Association") held on 6/30/06 at which at least a quorum of the Directors was present. The Board finds and resolves as follows:

WHEREAS, the Association seeks to insure that campaigns and elections are conducted efficiently, effectively, fairly and in compliance with California law;

WHEREAS, State Senate Bill 61 was signed into law on October 3, 2005, amending and adding provisions to the Davis-Stirling Common Interest Development Act relating to the conduct of campaigns and elections held within Common Interest Developments;

WHEREAS, State Senate Bill 61 mandates that Common Interest Developments adopt election rules and procedures on or before July 1, 2006, as defined in Civil Code Section 1363.03;

WHEREAS, the Association's existing election procedures do not address the provisions and procedures mandated by State Senate Bill 61;

WHEREAS, pursuant to Civil Code Section 1357.110(a), the Association's Election Rules must be in writing;

WHEREAS, the Board, with the assistance of its legal counsel, has prepared the Association's Election Rules, which are attached hereto as Exhibit "A" (the "Election Rules"); and

WHEREAS, the Board finds that the Election Rules will comply with the requirements of State Senate Bill 61, California law and the Association's governing documents, and will assist in the efficient, effective and fair campaigns and election process.

NOW, THEREFORE, IT IS RESOLVED, the attached Election Rules, which address all of the above issues, are hereby approved by the Association's Board at a duly noticed meeting of the Board;

IT IS FURTHER RESOLVED, that all previously adopted election procedures and rules be repealed and the Election Rules are effective as of July 1, 2006; and

IT IS FURTHER RESOLVED, that a copy of the Election Rules be mailed, by first-class mail, to every member of the Association by not later than 15 days after the adoption of this Resolution.



CERTIFICATE OF SECRETARY

The undersigned declares that he/she is the duly appointed Secretary of the Association and that the foregoing Resolution of the Board of Directors was duly approved at the regular meeting of the Board held on JUNE 30, 2006 and that said Resolution remains in full force and effect.

Dated: 8/23, 2006

Raedeann Landon
[Sign Name]

Raedeann Landon, Secretary
[Print Name]

HILLSBOROUGH NORTH AT JOHNSON RANCH OWNERS ASSOCIATION

ELECTION RULES

EFFECTIVE JULY 1, 2006

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HILLSBOROUGH NORTH AT JOHNSON RANCH OWNERS ASSOCIATION
ELECTION RULES
EFFECTIVE JULY 1, 2006

The Board of Directors adopted these election rules in accordance with California Civil Code Section 1357.100 et seq. Notwithstanding any other law or provision of the governing documents, these rules shall apply to all matters set forth in Section 1363.03(b) of the California Civil Code.

Section 1. Inspector(s) of Election

A. Appointment and Term

1. **Appointment.** The Board of Directors shall appoint one or three persons to serve as the Inspector(s) of Elections, who shall serve at the discretion of the Board, and who shall have such powers and duties as the Board shall determine, subject to the limitations imposed by these Election Rules.
2. **Term.** The Inspector(s) of Election shall serve in their capacity until they resign, are discharged by the Board, or until they submit their completed written report to the Board as required by Section 1(D)(2)(j).

B. Qualifications

1. The Inspector(s) of Elections must be an independent third party who is not any of the following:
 - a. Currently a Member of the Board of Directors or a candidate for the Board of Directors; or
 - b. Related to a Member of the Board of Directors or a candidate for the Board of Directors.
2. Within the absolute discretion of the Board, an independent third party may be a person who is currently employed or under contract to the Association for any compensable services.

C. Powers

1. Notwithstanding any provision in the Association's governing documents to the contrary, an Inspector(s) of Elections shall preside over an election or vote dealing with any of the matters listed in Civil Code Section 1363.03(b).

2. The Inspector(s) of Elections may meet and discuss election issues amongst themselves and/or with the Association's legal counsel.
3. If there are three Inspectors of Election, the decision or act of two or more Inspectors of Elections shall be effective in all respects as the decision or act of all.
4. The Inspector(s) of Elections may appoint and oversee additional persons to count and tabulate votes as the Inspector(s) of Elections deems appropriate, if permitted by California law.

D. Duties

1. The Inspector(s) of Elections shall perform his or her duties impartially, in good faith, to the best of his or her ability, and as expeditiously as is practical.
2. The Inspector(s) 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 ballots.
 - 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 closed.
 - g. Determine the result of the election.
 - h. Perform any acts as may be proper to conduct the election with fairness to all Members in accordance with this section and all applicable rules of the Association regarding the conduct of the election that are not in conflict with this section.
 - i. Prepare a written report of the activities undertaken in any election.

Section 2. Director Qualifications

All persons nominated for election to the Board of Directors shall be a Member of the Association. A "Member" shall mean and refer to a person entitled to membership in the Association as provided in the declaration.

Section 3. Nomination Procedures

- A. Notwithstanding any provision contained in the Association's governing documents to the contrary, Members may nominate themselves for candidacy in an election.
- B. Nominations must be submitted to the Association's Secretary through its community manager at least 15 days before the distribution of the Secret Ballots to the Members in order for the nominee's name to appear pre-printed upon the Secret Ballot.
- C. The Secretary shall prepare a list of candidates, whose nominations were received at least 15 days before the date of distribution of the Secret Ballots, and forward said list to each Member with the notice of the meeting where a director is to be elected.
- D. If the directors are being elected at a meeting of the members, any person present at a meeting where a director is to be elected may place names in nomination for directorship. Any such nominations shall be deemed write-in candidates, and any member wishing to cast a vote for such a candidate shall be required to write that persons name in on the space provided on his or her Secret Ballot.
- E. If a person nominated is not qualified to hold an elected position his or her name shall not appear on the ballot and he or she will not be permitted to serve if elected.

Section 4. Media Access

- A. If any publicity is provided by the Association for purposes that are reasonably related to the election, it shall be provided to all candidates and Members advocating a point of view.
- B. If any publicity is provided by the Association, the Association will not censor, edit or redact the communication but shall include a statement specifying that the message is that of the Members and the Association is not responsible for its content. The following statement shall be published by the Association: "*The views expressed are those of its author and do not reflect the views of the Association, its directors, managers, employees, or agents. The author is solely responsible for its content. The Association is required by law to publish the communication as written regardless of the content.*"

Section 5. Common Area Meeting Space

If the Association has any common area meeting space, access to it during a campaign shall be provided at no cost to all candidates and Members advocating a point of view for purposes reasonably related to the election or vote.

Section 6. Association Funds

Association funds shall not be used for campaign purposes in connection with any election, except that the Association may provide publicity equally in its discretion.

Section 7. Voting Qualifications

- A. Voting qualifications of each Member. Persons entitled to vote at any meeting of the Members, or upon any action requiring a vote of the Membership, shall be Members as of the date determined in accordance with Section 3.11 of the Bylaws.
- B. Voting power of each Member. On each matter submitted to a vote of the Members, whether at a meeting of the membership called and held pursuant to the provisions of the Bylaws or otherwise, each Member shall be entitled to cast one vote for each lot owned by such Member. If more than one person owns a lot, all such person shall be deemed to be one Member for the purposes of voting. Any one of the multiple Owners shall be entitled to vote the membership. When voting by Secret Ballot, the first valid ballot received shall be the one counted as the vote for that Unit.
- C. Voting period for elections. The Board of Directors shall establish the voting period for elections.
- D. Date of Election. The date that ballots are distributed shall be the date of election.

Section 8. Methods of Voting

- A. The association shall not be required to prepare or distribute proxies when voting on any matter requiring vote by secret ballot under Civil Code Section 1363.03.
- B. Proxies shall be deemed valid and effective only if they comply with both the Association's governing documents and California law. The Inspector(s) of Elections shall be the sole judge of the authenticity of a Proxy, however the Board of Directors may provide the Inspector(s) with the criteria to apply in making such a determination.
- C. Each Member entitled to vote at any election of directors shall have the right to cumulate his votes in accordance with section 3.08 of the Bylaws.

Section 9. Voting Period

- A. The Board of Directors shall generally determine the dates upon which polls will open and close. Once appointed to oversee an election, the Inspector(s) of Elections shall determine, in their discretion, the specific days and times when the polls close.
- B. In the Board of Directors sole discretion the voting period may be extended if sufficient ballots have not been received.

Section 10. Ballot Requirements

Voting with regard to the matters addressed in Civil Code Section 1363.03(b) shall be determined by using a double envelope system to ensure the anonymity of the Member casting his or her vote.

Section 11. Ballot and Voting Procedure

A. Ballots

1. A ballot and two pre-addressed envelopes with instructions on how to return the ballot shall be mailed by first-class mail or delivered by the Association to every Member not less than 30 days prior to the date that the polls will close.
2. A voter may not be identified by name, address, or the separate interest that entitles him or her to vote on the ballot.
3. The ballot itself is not to be signed by the Member voting, but is to be inserted into an envelope that is sealed by the Member. This envelope is inserted into a second envelope that is sealed by the Member.
4. The second envelope is addressed to the Inspector(s) of Election. In the upper left-hand corner of the second envelope, the voter prints and signs his or her name, address, and separate interest that entitles him or her to vote.
5. The ballot may be mailed or delivered by hand to a location specified by the Inspector(s) of Election. The Member may request a receipt for delivery.
6. Once a ballot is cast it cannot be revoked. A ballot is "cast" when it is received.

B. Vote Tabulation

1. The ballots shall not be opened or otherwise reviewed prior to the time and place at which the ballots are counted and tabulated.
2. All votes shall be counted and tabulated by the Inspector(s) of Election, or the duly authorized persons appointed by the Inspector(s) of Election to count and tabulate the votes if allowed under California law, in public at a properly noticed open meeting of the Board of Directors or Members.

Section 12. Voting Results, Storage and Retention

A. Election Results

1. The Inspector(s) of Election shall promptly report the results of the election to the Board of Directors who shall record the results of the election in the minutes of the

next Board meeting and make them available to the Members of the Association for review.

2. Within 15 days of the election, the board shall publicize the results of the election in a communication directed to all Members.

B. **Custody, Storage and Retention of Ballots from Elections**

1. **Custody**

- a. The sealed ballots shall remain in the custody of the Inspector(s) of Election or at a location designated by the Inspector(s) of Elections at all times prior to tabulation of the vote.
- b. After the votes have been tabulated, physical custody of the ballots shall be transferred to the Association.

2. **Storage and Retention**

- a. After tabulation, ballots shall be stored by the Association in a secure place for at least one year after the date of election.
- b. In the event of a recount or other challenge to the election process, upon written request, the Association shall make the ballots available for inspection and review by Association Members or their authorized representatives. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.