RESOLUTION OF THE BOARD OF DIRECTORS OF ALDER POINT OWNERS ASSOCIATION

The following actions were taken at the meeting of the Board of Directors (the "Board") of Alder Point Owners Association ("Association") held on May 24, 2006, at which at least a quorum of the Directors were 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, California Civil Code Section 1363.03, operative July 1, 2006, mandates that common interest development associations adopt detailed rules and procedures relating to the conduct of campaigns and elections;

WHEREAS, the Association's existing election procedures do not address the provisions and procedures mandated by Civil Code Section 1363.03;

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 Election Rules;

WHEREAS, the Board finds that the Election Rules will comply with the requirements of Civil Code Section 1363.03, California law and the Association's governing documents, and will assist in achieving efficient, effective and fair campaigns and elections;

WHEREAS, the Association has followed the procedures for adopting rules as required by Civil Code Section 1357.100 *et seq.*; and

WHEREAS, the Association has complied with the provisions of its governing documents that pertain to the adoption of rules.

NOW, THEREFORE, IT IS RESOLVED, that the Election Rules, are hereby approved;

IT IS FURTHER RESOLVED, that any previously-adopted election procedures and rules that are in conflict with the Election Rules are hereby immediately repealed;

IT IS FURTHER RESOLVED, that the Board shall, within 15 days following the adoption of these Election Rules, notify every Association Member that the Election Rules have been adopted; and

IT IS FURTHER RESOLVED, that the Board shall act in accordance with the relevant provisions, if any, of the Association's governing documents pertaining to the distribution of rules following their adoption.

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 was duly approved at the regular meeting of the Board held on May 24, 2006, and that said Resolution remains in full force and effect.

Dated: July 11, 2006

[*Sign Name*]

Rick Stalker, Secretary

[*Print Name*]

ALDER POINT OWNERS ASSOCIATION

ELECTION RULES

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ALDER POINT OWNERS ASSOCIATION
ELECTION RULES

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 Election, 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 ("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)(i).

B. **Qualifications**

1. The Inspector(s) of Election 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 Election shall preside over an election or vote dealing with any of the matters set forth in Civil Code Section 1363.03(b).

2. The Inspector(s) of Election 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 Election shall be effective in all respects as the decision or act of all.

4. The Inspector(s) of Election may appoint and oversee additional persons to count and tabulate votes as the Inspector(s) of Election deems appropriate, if permitted by California law.

D. **Duties**

1. The Inspector(s) of Election 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 Election 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 meet the qualifications established in the Bylaws, if any exist.

Section 3. Nomination Procedures

A. Notwithstanding any provision contained in the Association's governing documents to the contrary, Members may nominate themselves as candidates for election to the Board of Directors.

B. Any director or member may nominate candidates for directorships at least 15 days before the date of the election.

C. Nominations must be submitted to the Association's Secretary, through its community manager, at least 15 days before the distribution of the ballots to the Members in order for the nominees' names to appear preprinted upon the ballot.

D. 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

A. If common area meeting space exists, it 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, subject to procedural rules as may be adopted by the Board to assure orderly use of such meeting space.

B. If required by the governing documents, the Association will schedule a community election forum prior to an election of the Board or a vote subject to these Election Rules, whereby candidates and Members who are advocating a point of view which is the subject matter of the pending election or vote may attend and speak to any Association Members choosing to attend. The community election forum shall be conducted in accordance with the governing documents and any procedural rules adopted by the Board.

C. Any Member desiring to use the common area meeting space for such a purpose shall be responsible for leaving the premises in the condition they were found. The Member shall

be required to provide a deposit which will be returned when the premises are returned clean and undamaged.

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**. Only Members of the Association may vote on any issue or matter presented to the Members for approval.

B. **Voting power of each Member**. Class A Members may cast one vote per lot owned. Class B Members, if any exist, may cast three votes per lot.

C. **Voting period for elections**. Voting periods shall be determined by the Board of Directors.

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. If any proxies are received, they are valid and effective only if they comply with California law and the Association's Bylaws. The Inspector(s) of Election shall determine the authenticity of any proxies received and may deem a proxy used to vote by secret ballot authentic only if the proxy complies with California Civil Code Section 1363.03(d). When making such a determination, the Inspector(s) of Election may also take into consideration any reasonable criteria established by the Board of Directors to authenticate a proxy. The authenticity, validity and effect of proxies with respect to any other Member voting matter that is not determined by secret ballot shall be as set forth in the Association's Bylaws, as such Bylaws may be amended from time to time, and in California law.

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 Election 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, a smaller (inner) envelope and a larger (outer) envelope, along 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 deadline for voting.

2. A voter may not be identified by name, address, or the lot number 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 the smaller (inner) envelope that is sealed by the Member. This envelope is inserted into larger (outer) envelope that is sealed by the Member.

4. The larger (outer) 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 lot number 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. In no event shall any ballots be opened if insufficient ballots exist to meet the quorum requirement.

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.

3. If the Inspector(s) of Election determine that insufficient ballots exist to meet the quorum requirement, the Board:

   a. Shall extend the voting period for elections to the Board of Directors.

b. May extend the voting period for any other matter subject to these Election Rules.

4. In a Board of Director election, if there is a tie vote between those candidates who receive the lowest number of votes , the tie shall be broken by a random method, as determined by the Inspector(s) of Election.

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 Election 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.

SECRET BALLOT VOTING INSTRUCTIONS

Dear Members:

Enclosed is your secret ballot to vote on [***insert the subject matter***]. Please review these instructions *prior* to completing your secret ballot as it differs from written ballots you may have used in past Association elections or votes. Following these instructions better ensures that your secret ballot will be counted to determine the outcome of the pending matter.

A. The secret ballot describes the nature of the election or vote being conducted. Once you have reviewed the ballot, and any supplemental materials regarding the matter being voted upon, please indicate your vote on the secret ballot by checking the appropriate box or boxes.

B. Do not write your name, address, or lot number on the secret ballot. Do not sign your ballot.

C. Once you have voted your secret ballot, place it into the smaller (inner) envelope. Seal the smaller (inner) envelope.

D. Place the sealed smaller (inner) envelope containing the completed ballot into the larger (outer) envelope that is pre-addressed to the Inspector of Election. Seal the larger (outer) envelope.

E. On the blank lines in the *upper left-hand corner* of the larger (outer) sealed envelope, PRINT your name, address and lot number. SIGN your name below the information you printed on the larger (outer) envelope.

F. You may mail your envelope to the Inspector(s) of Election (the address has been pre-printed onto the larger (outer) envelope) or you may hand deliver your envelope to the following location(s):

[***Place Designated by the Inspector***]
[***Address***]

and/or

[***Place of Annual Meeting***]
[***Address***]

G. Once your secret ballot is cast, it cannot be revoked. A ballot is "cast" when it is received at the location(s) designated by the Inspector of Election.

SECRET BALLOT

This secret ballot is for the election of Directors. In this election [***insert number***] Directors will be elected to the Association's Board. You may cast a total of [***insert number***] and may only vote once for a candidate.

I hereby vote for the following candidates to serve as Directors:

Name of Candidate	[ ]
Name of Candidate	[ ]
Name of Candidate	[ ]
Name of Candidate	[ ]
Name of Candidate	[ ]

The [***insert number***] candidates receiving the highest number of votes shall be elected to the Board of Directors.

The quorum requirement for this election is [***insert quorum requirement***] of the Members eligible to cast a secret ballot.

The balloting period for this election will close at [***insert date and time***]. If you elect to return this secret ballot by mail, the ballot must be received no later than 5:00 p.m. on [***insert the date selected***]. If you elect to return this ballot in person at [***insert location as designated by the Inspector(s) of Election and/or place of annual membership meeting if applicable***], the secret ballot must be inserted into the ballot box prior to [***insert time***] on [***insert date***]. The balloting period may be extended by the Board of Directors if sufficient secret ballots have not been received.